Swiggy Limited

05-Nov-24

SUBSCRIBE for LONG TERM

Rinkle Vira
rinklevira@rathi.com

RINKLE SHAILESH VIRA
Digitally signed by RINKLE SHAILESH VIRA
Date: 2024.11.05 17:00:41 +05'30'

Issue Details

Issue Details	
Issue Size (Value in ` million, Upper Band)	1,13,274.3
Fresh Issue (No. of Shares in Lakhs)	1,153.6
Offer for Sale (No. of Shares in Lakhs)	1,750.9
Bid/Issue opens on	06-Nov-24
Bid/Issue closes on	08-Nov-24
Face Value	Rs. 1
Price Band	371-390
Minimum Lot	38

- **Objects of the Issue**

- **Fresh Issue: ₹ 44990 million**

Objects of the issue (` Million)	
Investment in Material Subsidiary, Scootsy	1648
Investment in Scootsy for expansion of Dark Store	11787
Investment in technology and cloud infrastructure	7034
Brand Marketing	11153
General Corporate Purpose	13368

- **Offer for sale: ₹ 68284 million**

Book Running Lead Managers
Kotak Mahindra Capital Company Limited, Citigroup Global Markets India Private Limited, Jefferies India Private Limited, Avendus Capital Pvt Ltd, J.P. Morgan India Private Limited, Bofa Securities India Limited and ICICI Securities Limited
Registrar to the Offer
Link Intime India Pvt Limited

Capital Structure (` Million)	Aggregate Value
Authorized share Capital	2800.0
Subscribed paid up Capital (Pre-Offer)	2123.1
Paid up capital (Post - Offer)	2238.4

Share Holding Pattern %	Pre Issue	Post Issue
Promoters & Promoter group	0.0%	0.0%
Public	100.0%	100.0%
Total	100.0%	100.0%

Financials

Particulars (Rs. In Million)	3M FY25	FY24	FY23	FY22
Revenue from operations	**32222.2**	**112473.9**	**82646.0**	**57049.0**
Operating expenses	37664.6	134554.0	125404.2	93559.9
EBITDA	**-5442.4**	**-22080.1**	**-42758.3**	**-36510.9**
Other Income	878.9	3,870	4,498	4,149
Depreciation	1216.7	4205.9	2857.9	1700.9
EBIT	**-5780.2**	**-22416.4**	**-41118.1**	**-34063.0**
Interest	198.3	714.0	581.9	483.8
PBT	**-5978.5**	**-23130.4**	**-41700.0**	**-34546.8**
Tax	0.0	0.0	0.0	0.0
Consolidated PAT	**-5978.47**	**-23130.44**	**- 41700.03**	**- 34546.76**
EPS	**(2.67)**	**(10.33)**	**(18.63)**	**(15.43)**
Ratio	**3M FY25**	**FY24**	**FY23**	**FY22**
EBITDAM	-16.9%	-19.6%	-51.7%	-64.0%
PATM	A -18.6%	-20.6%	-50.5%	-60.6%
Sales growth		36.1%	44.9%	

Company description

Established in 2014, Bengaluru based Swiggy is a new-age, consumer-first technology company offering users an easy-to-use convenience platform, accessible through a unified app - to browse, select, order and pay for food "Food Delivery", grocery and household items "Instamart", and have their orders delivered to their doorstep through its on-demand delivery partner network.

Swiggy primarily operates in a B2C marketplace platform where it aggregate restaurant & merchant partners that can list their food & products, while users can discover and purchase such items which facilitates the fulfilment of these orders through enabling delivery, reservations, payments, and lead generation for partners.

It augments the value proposition to users through its membership programme called "Swiggy One" providing discounts and offers; in-app payment solutions like digital wallet "Swiggy Money" (a pre-paid payment instrument), "Swiggy UPI", and Swiggy-HDFC Bank credit card for additional benefits. The company offers comprehensive business enablement solutions to restaurant partners, merchant partners (that sell grocery and household items on its platform) and brand partners including alliance partners.

Swiggy is unique, as it is the only unified app in India that fulfils through its own platform all food and related missions of urban users of ordering-in, eating-out and cooking-at-home. According to the Kantar BrandZ Most Valuable Indian Brands Report 2024, Swiggy is the most valuable brand in the consumer technology & services platforms category and is among the top 25 most valuable brands in India overall.

Swiggy operates in 5 segments namely i) food delivery-present in 681 cities; ii) Out-of-home consumption, covering dining out and events present in 52 cities; (iii) quick commerce covering on-demand delivery of grocery and household items-present in 32 cities, (iv) supply chain and distribution covering business-to-business (B2B) supplies, warehousing, logistics and distribution for wholesalers and retailers, and (v) platform innovations covering its new initiatives and offerings, such as Swiggy Genie, Swiggy Minis, among others-present in 69 cities. As of Jun'24, the company has achieved a milestone of 112.7 million users transacted on the platform. Swiggy, with 605 dark stores vs Zomato's 791, highlights this widening gap on critical parameters, and plans to invest fresh capital into expanding dark stores and repaying debt via its subsidiary Scootsy.

Valuation & outlook

Swiggy Limited, is one of the leading company in India's food delivery and hyper local logistics sectors, which quickly gained recognition as a household name. Over the years, Swiggy has transformed into a comprehensive technology-driven multi-service platform, providing food, groceries, and other essentials to millions of consumers across India. Around 45% of IPO proceeds is embarked for investments directly related to quick commerce business with company planning to expand dark stores count in existing as well as into new cities

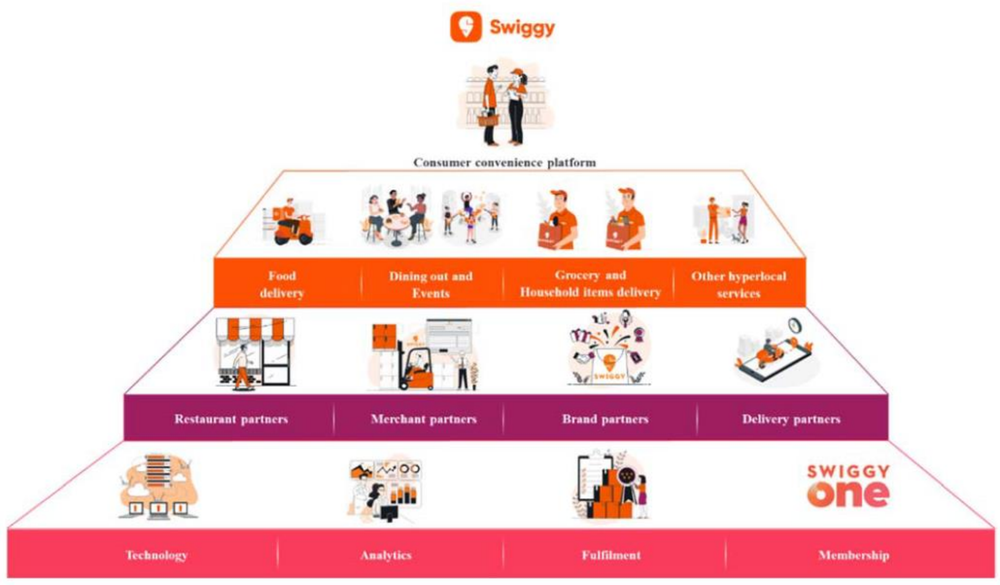
With low cash burn, it is well positioned and funded to fight out with existing as well as any new entrants into this attractive space. Like its rival in its initial day's food delivery operator is yet to turn profitable, but shows steady revenues and is scaling up its quick commerce vertical amid intense competition. On Valuation parse, at the upper price band the company's implied market cap is around Rs 872986 Mn value at price-to-sales of 7.8 times of its FY24 financials on post issue which appears to be fairly priced.

Swiggy is well positioned to tap huge opportunities in quick commerce. Therefore we believe that as it is fairly priced the issue may be considered for its long term growth as scales up its revenue and gradually improve its bottom line. Hence we give "**SUBCRIBE for LONG TERM**" rating to this IPO.

Company's Operations

Swiggy is a new-age, consumer-first technology company offering users an easy-to-use convenience platform, accessible through a unified app - to browse, select, order and pay for food ("Food Delivery"), grocery and household items ("Instamart"), and have their orders delivered to their doorstep through our on-demand delivery partner network. Our platform can be used to make restaurant reservations ("Dineout") and for events bookings ("SteppinOut"), avail product pick-up/ dropoff services ("Genie") and engage in other hyperlocal commerce (Swiggy Minis, among others) activities. Swiggy Limited, a leader in India's food delivery and hyper local logistics sectors, which quickly gained recognition as a household name. Over the years, Swiggy has transformed into a comprehensive technology-driven multi-service platform, providing food, groceries, and other essentials to millions of consumers across India.

The company's inception was driven by the need for reliable and convenient access to food in urban environments. By leveraging its technological capabilities, Swiggy created a digital marketplace that effectively connects consumers with a wide network of restaurant partners. The platform offers a user-friendly app that features extensive menu options, real-time tracking of deliveries, and various payment methods, enhancing the overall customer experience. Swiggy's rapid scaling, consistent innovation, and commitment to user satisfaction have firmly established its position as a dominant player in India's on-demand delivery landscape.

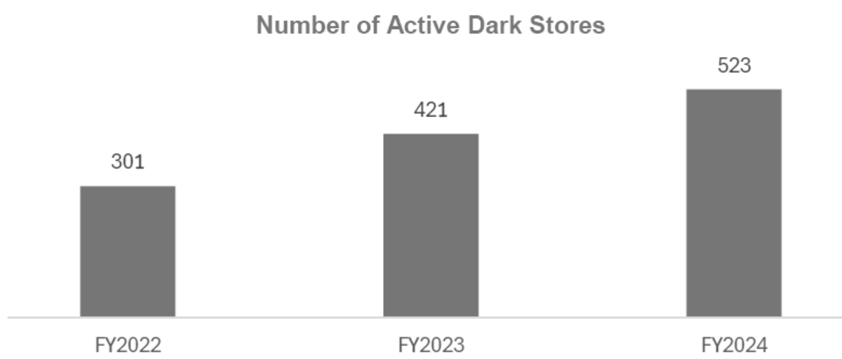


The company cater to users' needs of ease, immediacy, quality, variety, reliability and consistency in their food, grocery and household items consumption and other hyper local commerce needs. Although Food Delivery and Quick Commerce categories in India are large addressable markets that are witnessing rapid online penetration, they are relatively nascent and have high growth headroom, according to the Redseer Report. Swiggy is unique, as it is the only unified app in India that fulfils through its own platform all food and related missions of urban users of ordering-in, eating-out and cooking-at-home, as of June 30, 2024, according to the Redseer Report

Company's primary business is operating a B2C (business-to-consumer) marketplace platform where we aggregate restaurant and merchant partners that can list their food and products; users can discover and purchase such items; and we facilitate the fulfilment of these orders through enabling delivery, reservations and payments, and lead generation for partners. It has 5 business segments – (i) Food Delivery; (ii) Out-of-home Consumption, covering dining out and events; (iii) Quick Commerce covering on-demand delivery of grocery and household items, (iv) Supply Chain and Distribution covering business-to-business ("B2B") supplies, warehousing, logistics and distribution for wholesalers and retailers, and (v) Platform Innovations covering their new initiatives and offerings, such as Swiggy Genie, Swiggy Minis, among others.

	Q1 FY25 (Rs Millions)		Fiscal 2024 (Rs Millions)		Fiscal 2023(Rs Millions)		Fiscal 2022 (Rs Millions)	
Particulars	Amount	% of Revenue from operations	Amount	% of Revenue from operations	Amount	% of Revenue from operations	Amount	% of Revenue from operations
Food Delivery	17296	49.7%	60816	49.4%	51792	54.6%	44298	64.6%
Dining out	467	1.3%	1572	1.3%	777	0.8%	-	-
Quick Commerce	4034	11.6%	10877	8.8%	5473	5.8%	1242	1.8%
Supply chain	12683	36.5%	47796	38.8%	36863	34.7%	14653	21.4%
Platform/Others	293	0.8%	2143	1.7%	3892	4.1%	8411	12.3%
Total	**34773**	**100**	**123203**	**100**	**94797**	**100**	**68604**	**100**

The company's revenue from supply chain and distribution services includes sales to wholesalers and retailers, fees from supply chain management, and other business enablement services. As authorized distributors of leading brands in India, the company aims to expand its partnerships. The focus will shift towards increasing value-added services and reducing reliance on low-value trading activities, which is expected to decrease trading revenues but improve operating margins.



Swiggy also captures the largest share of consumer wallet in terms of Monthly GOV (Gross Order Value) per MTU (Monthly Transaction Users) in the hyper local commerce use-cases as of Jun'24.

Particulars (Rs Million)	Q1FY25		FY24		FY23		FY22	
	Average MTU	Monthly GOV per MTU	Average MTU	Monthly GOV per MTU	Average MTU	Monthly GOV per MTU	Average MTU	Monthly GOV per MTU
Swiggy Platform	16.0	21245	14.3	20394	12.7	18251	10.3	16338
Food Delivery	14.0	17340	12.7	15869	11.6	13321	9.9	15612
Quick Commerce	5.2	16179	4.2	16176	3.2	15494	1.1	12505

Out of the proceeds from the fresh issue, Rs 1648 Mn will be used for debt repayment of subsidiary Scootsy. Further Rs 11787 Mn will be invested in Scootsy to expand the dark store network in the quick commerce segment, with Rs 7554 Mn allocated for setting up dark stores and Rs 4233 Mn for lease or license payments. The company will also invest Rs 7034 Mn in technology and cloud infrastructure, Rs 11153 Mn for brand marketing and business promotion, and the balance funds will be allocated for inorganic growth and general corporate purposes.

Swiggy will strategically leverage the proceeds from its IPO to narrow the gap in market share with Zomato by expanding its services into new segments and cities. Swiggy will also accelerate Instamart to compete more strongly with Blinkit in quick commerce which will be done by expanding its network of dark stores, optimizing logistics for faster delivery, increasing its product range, and enhancing customer engagement through strategic partnerships and technology integration.

Operational KPIs of the company

Particulars	Unit	For the three months ended June 30, 2024	For the three months ended June 30, 2023	As of and for the fiscal ended March 31, 2024	2023	2022
Swiggy Platform						
B2C GOV(1)	₹ million	101,895.86	82,771.86	349,690.75	277,405.18	201,222.59
Consolidated Gross Revenue(2)	₹ million	34,772.87	26,938.48	123,203.14	94,796.89	68,604.44
Consolidated Adjusted EBITDA(3)	₹ million	(3,478.00)	(4,868.96)	(18,355.67)	(39,103.37)	(32,337.62)
Average Monthly Transacting Users(4)	million	15.99	13.88	14.29	12.67	10.26
Average Monthly Transacting Delivery Partners(5)	#	457,249	350,280	392,589	322,819	243,496
Platform frequency(6)	#	4.50	4.42	4.48	4.34	4.14
Swiggy One members(7)	million	5.71	1.38	5.33	1.39	0.95
Food Delivery						
GOV(8)	₹ million	68,083.44	59,587.43	247,174.41	215,170.76	184,788.26
Gross Revenue(9)	₹ million	17,296.30	14,545.32	60,815.51	51,792.05	44,298.07
Contribution Margin (as a percentage of GOV)(10)	%	6.40%	5.24%	5.72%	2.94%	1.59%
Adjusted EBITDA(11)	₹ million	578.43	(431.95)	(471.80)	(10,349.93)	(14,095.17)
Average Monthly Transacting Users(12)	million	14.03	12.56	12.73	11.57	9.86
Average Monthly Transacting Restaurant Partners(13)	#	223,671	183,138	196,499	174,598	129,036
Out-of-home Consumption(14)						
GOV(15)	₹ million	6,571.95	5,769.28	21,830.67	11,050.75	-
Gross Revenue(16)	₹ million	467.03	311.25	1571.86	776.86	-
Contribution Margin (as a percentage of GOV)(17)	%	3.49%	2.78%	2.45%	1.20%	-
Adjusted EBITDA(18)	₹ million	(131.57)	(490.13)	(1,735.96)	(1,372.06)	(65.22)
Average Monthly Active Restaurants(19)	#	33,352	22,889	26,575	10,426	-
Quick Commerce						
GOV(20)	₹ million	27,240.47	17,415.15	80,685.67	51,183.67	16,434.33
Gross Revenue(21)	₹ million	4,033.85	2,123.05	10,877.00	5,472.75	1,242.23
Contribution Margin (as a percentage of GOV)(22)	%	(3.18%)	(7.50%)	(6.01%)	(23.55%)	(32.26%)
Adjusted EBITDA(23)	₹ million	(3,179.15)	(3,121.09)	(13,090.94)	(20,267.59)	(8,832.56)
Average Monthly Transacting Users(24)	million	5.24	3.89	4.24	3.20	1.10
Active Dark stores(25)	#	557	421	523	421	301
Supply Chain and Distribution						
Revenue	₹ million	12,682.57	9,475.81	47,796.05	32,863.47	14,653.00
Adjusted EBITDA(26)	₹ million	(578.91)	(426.62)	(1,867.20)	(2,954.98)	(3,015.49)
Platform Innovations						
Gross Revenue (27)	₹ million	293.12	483.05	2,142.72	3,891.76	8,411.14
Adjusted EBITDA(28)	₹ million	(166.80)	(399.17)	(1,189.77)	(4,158.81)	(6,329.18)

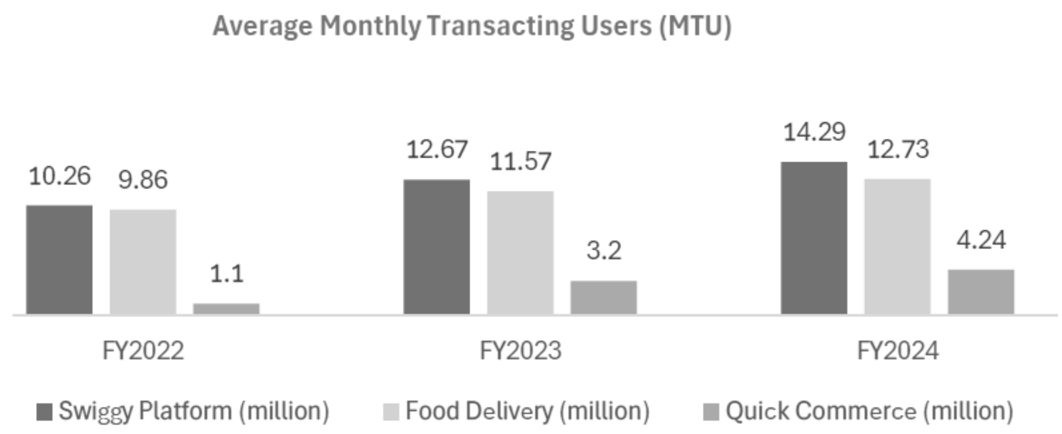
Strengths:

Pioneers of high-frequency hyper local commerce categories driven by an innovation-led culture

Swiggy launched its delivery service in 2014 and Quick Commerce in 2020, establishing itself as a leader in hyper local commerce innovation. The company focuses on enhancing user convenience, which drives engagement across its platform. By diversifying its offerings to include dining out, event bookings and product pick-up/drop-off, Swiggy expands both its service breadth and depth. Leveraging its technology stack, Swiggy quickly integrates new services, exemplified by the rapid launch of "Swiggy Mall" within Instamart. Strategic acquisitions, such as Dineout, enhance service capabilities and maintain low equity dilution of 1.36% since inception as of June 30, 2024. Swiggy's ecosystem enhances user interactions and creates stakeholder value through personalized recommendations and targeted advertising. Its data analytics capabilities further optimize offerings and supply chain efficiency, positioning the company for sustained growth and competitive advantage.

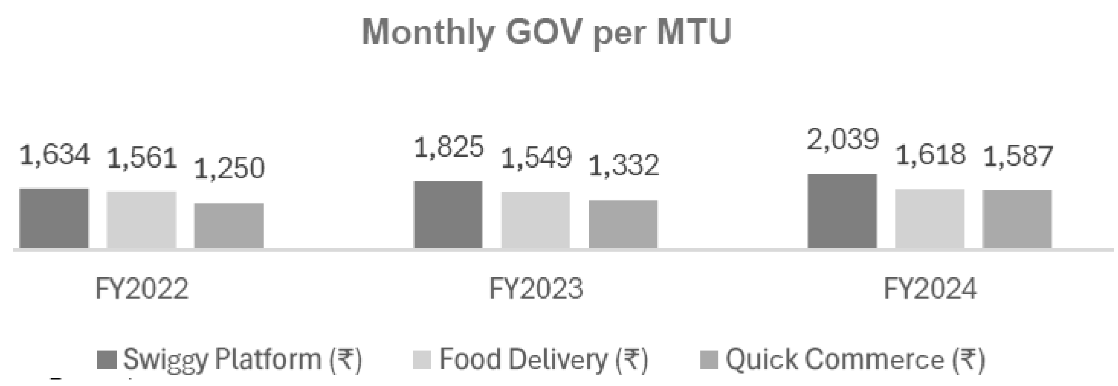
A consistently growing network of users

As of June 30, 2024, Swiggy has successfully reached a milestone of 112.73 million users who have ever transacted on its platform, marking a significant achievement in its tenth year of operations. This growth can be attributed to the company's unified app, expanding service offerings, and robust partner network, which together enhance product selection and delivery speed. These factors have led to a steady increase in Monthly Transacting Users for both Food Delivery and Quick Commerce, increase in the average order vale(AOV) as well as for the platform as a whole, as evidenced by the accompanying chart. Ongoing innovations further enhance user convenience, supporting sustained growth.



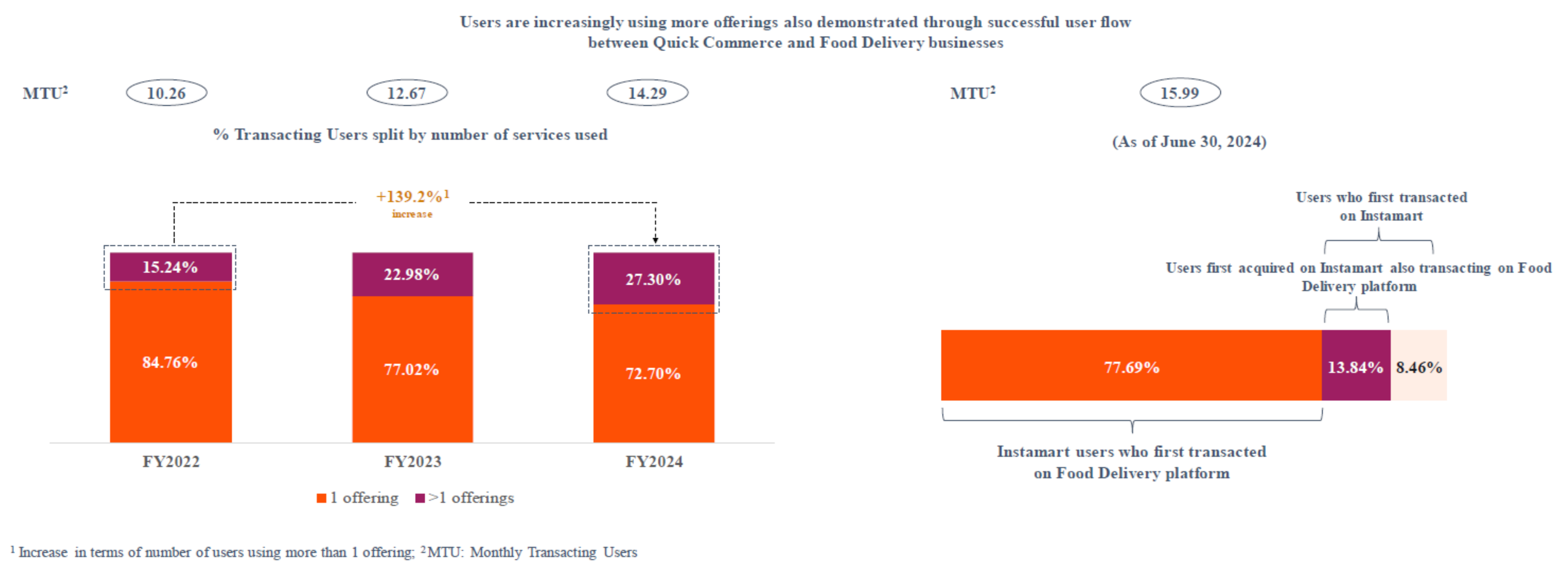
Rising user engagement on their platform

In FY 2024, Swiggy's users demonstrated a higher transaction frequency per month compared to other hyper local commerce players, driven by the high-frequency nature of its offerings and a unified app experience. The company's customer-centric approach fosters engagement through seamless user interactions and habit formation, as well as an increasing willingness among users to pay for convenience. This trend is reflected in the rising average monthly transaction frequency and strong retention of Gross Order Value, underscoring user stickiness on the platform. Swiggy enhances user experience with initiatives like a personalized app, co-branded credit cards, integrated payments, and the "Swiggy One" membership program, driving higher spending on the platform. There is a rising trend in Monthly GOV per average MTU across Food Delivery and Quick Commerce, with a widening gap indicating users are increasingly engaging with multiple offerings, including Dineout and Genie. Swiggy leads in Monthly GOV per average MTU in Food Delivery for FY24.



"Swiggy" brand delivered through a unified app with consistent user experience

Swiggy has emerged as the most valuable brand in the Consumer Technology & Services Platforms category, ranking among India's top 25 brands overall. Its pioneering position has made Swiggy synonymous with convenience and quality in the minds of consumers. The unified app addresses all food-related needs—ordering-in, dining out, and cooking at home Swiggy captures the largest share of consumer spending in hyper local commerce. This unique approach drives high user engagement and loyalty, enabling cost-effective introductions of new offerings and facilitating cross-selling opportunities. Additionally, partners can leverage Swiggy's platform to promote the products across various services. The strength of Swiggy's unified app is reflected in its ability to engage users across multiple offerings effectively.



A preferred choice for restaurant partners, merchant partners, brand partners and delivery partners

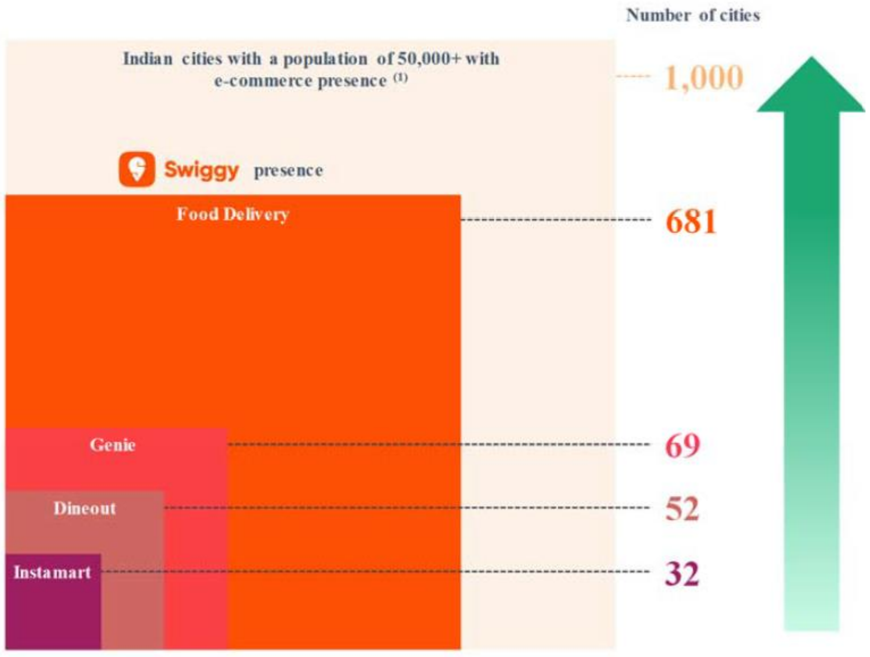
Swiggy's scale and unified app approach create valuable opportunities for restaurant, merchant, and brand partners to engage with users at low incremental costs. By adopting a consultative strategy, Swiggy offers various business enablement solutions, such as tools for targeted advertising, personalized recommendations, and real-time engagement to boost sales. The platform supports partners with an extensive on-demand delivery network, integrated payment systems, and end-to-end supply chain solutions, ensuring optimal returns on investment. Merchant partners benefit from inventory management through Dark Stores, reducing fixed costs and expanding outreach. The retention of top partners—averaging over five years on the platform—highlights the attractiveness of these benefits. Swiggy's data-driven technology enhances operational efficiency by analyzing demand patterns and optimizing delivery partner allocation. This helps reduce delivery times and costs while maximizing earnings for delivery partners. For instance, understanding local user density informs decisions on Dark Store locations, enabling Swiggy to handle fluctuating demand and increase order capacity.

Particulars	Three months ended June 30,		Fiscals		
	2024	2023	2024	2023	2022
Food Delivery Average Monthly Transacting Restaurant Partners	223,671	183,138	196,499	174,598	129,036
Active Dark Stores	557	421	523	421	301
Average Monthly Transacting Delivery Partners	457,249	350,280	392,589	322,819	243,496

Strategies

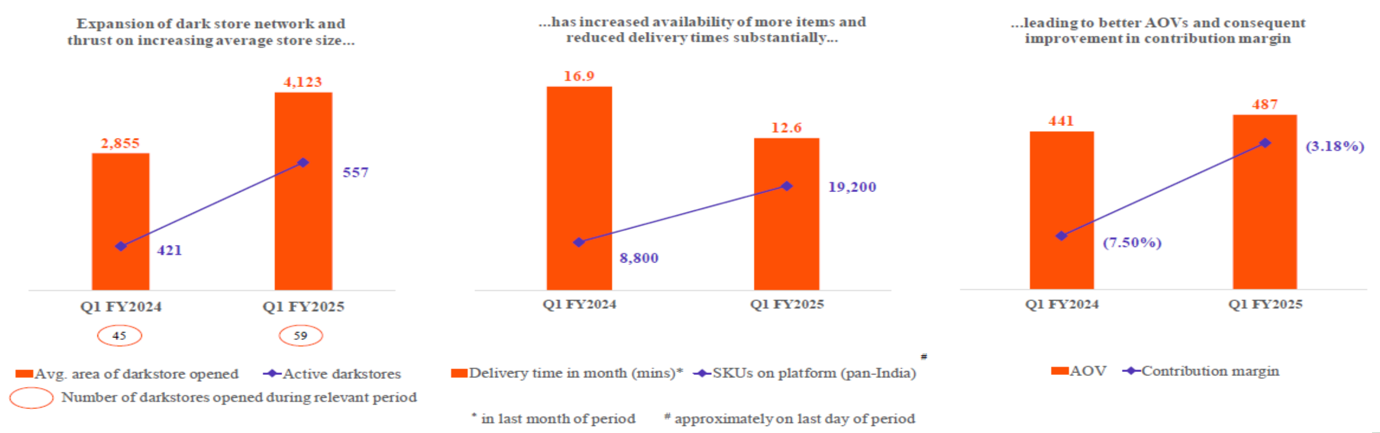
Retain and grow user base by expanding offerings and growing partner network

Swiggy aims to provide innovative solutions for urban users, targeting significant growth in the online food delivery and Quick Commerce markets, projected to grow at 17-22% and 60-80% CAGR, respectively, from 2023 to 2028. To expand its user base and increase engagement, Swiggy will introduce new use cases focused on convenience, value, and faster delivery. The company plans to offer segmented services, such as budget-friendly options like PocketHero and premium listings like Swiggy Gourmet, while expanding its assortment of restaurant and merchant partners. Swiggy will enhance partner support through advertising tools and business solutions, grow its last-mile delivery network, and deepen the presence of Dark Stores for quicker service. Additionally, enablers like the Swiggy One membership program are designed to boost user retention. Overall, Swiggy seeks to leverage its offerings to create cross-selling opportunities and expand its footprint across India.



Expand Dark Store footprint and basket-sizes for Quick Commerce

The company aims to expand its Quick Commerce network in existing and new cities by enhancing its Dark Store footprint. This will allow merchant partners to offer a broader product selection and improve order fulfillment efficiency. New Dark Stores will be strategically located to reduce delivery costs and enhance user engagement through faster delivery times. Additionally, the company plans to introduce new non-grocery categories—such as beauty, pet supplies, and electronics—to boost basket sizes and unit economics. The share of non-grocery items on Instamart has increased from 18.20% in FY 2022 to 25.28% by June 30, 2024, indicating a growing consumer preference for online purchases in this segment.



Improve our contribution margin by scaling our operations, and expanding high margin offerings and revenue streams

The platform leverages local network effects and operating leverage to enhance contribution margins as it scales. This growth fosters better synergies across business segments and closer integration with ecosystem partners. As the company introduces new offerings, it incurs fixed costs for innovations, marketing, and promotions to drive user adoption. However, as these offerings scale, it benefits from repeat transactions and economies of scale.

Food Delivery:

Quick Commerce:

Invest in technology backbone and optimize last-mile network to enable efficient scaling of operations to service more users

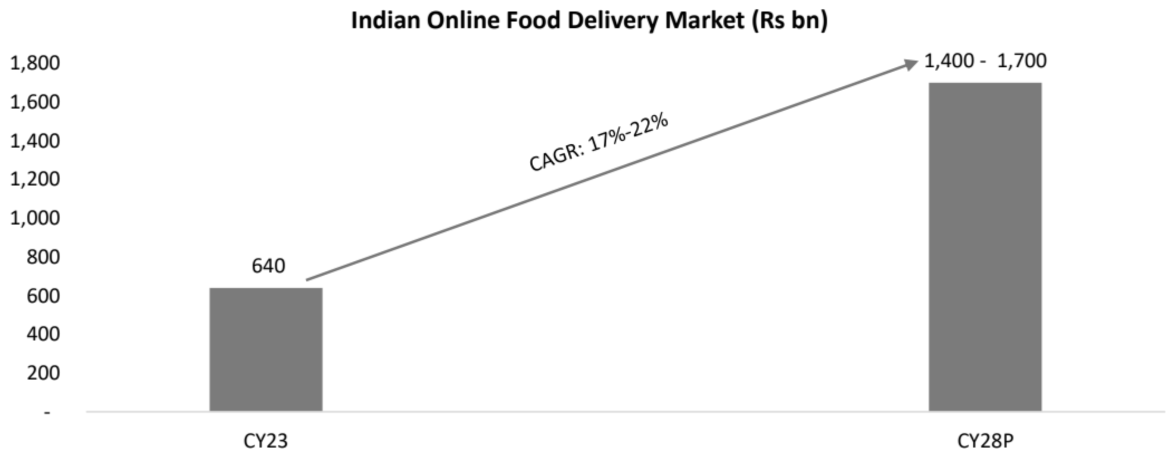
The company's in-house technology stack, built on third-party cloud services, will be enhanced to improve platform experiences and operational efficiency. Investments will focus on expanding cloud capacity for greater user engagement and data handling. To improve supply chain efficiency, it is expanding the delivery network. With 100 Active Dark Stores in Bengaluru as of June 30, 2024, its aims to reduce delivery radius and costs. The company plans to streamline onboarding for delivery partners, provide better training, and leverage synergies across offerings. Additionally, it will recruit top talent to strengthen the technology team and foster a culture of innovation.

Invest to enhance brand recall, improve traffic on the app, and increase engagement across businesses

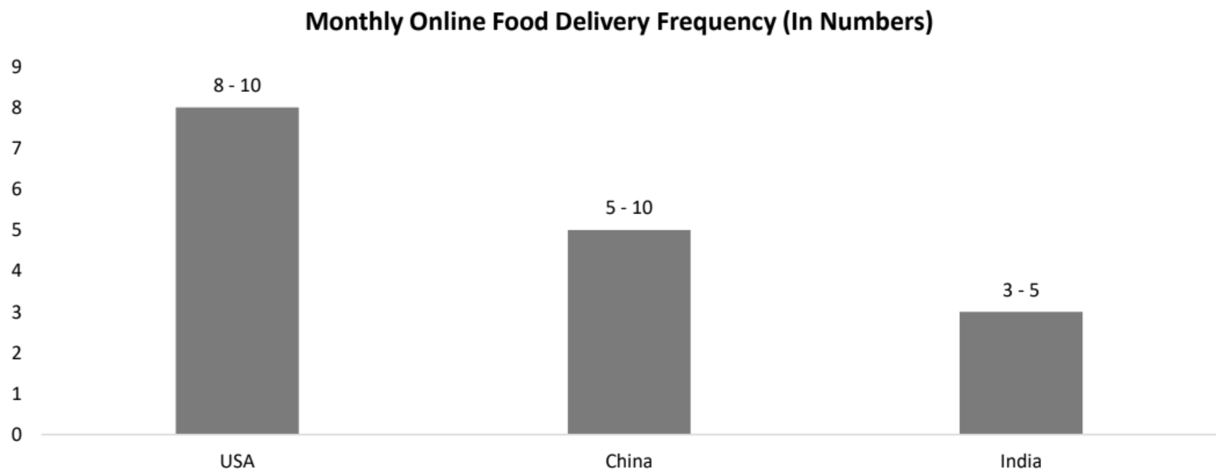
The company invests in targeted marketing campaigns, including digital media, sponsorships, and television ads, to attract users and partners. Initiatives like sponsoring sporting events and engaging on social media have enhanced customer retention, with users from FY 2019 increasing the Gross Order Value by 2.83x by March 31, 2024. Looking ahead, it will leverage data analytics to develop digital campaigns that boost brand recall through targeted ads and notifications. The marketing strategy focuses on promoting convenience-driven offerings to urban consumers. As the company expands geographically and in service use cases, brand-building campaigns will raise awareness and encourage increased advertising spend on the platform. Enhanced personalized recommendations will improve conversion rates and user loyalty, creating a cycle of growing transactions and brand recognition.

Industry Snapshot

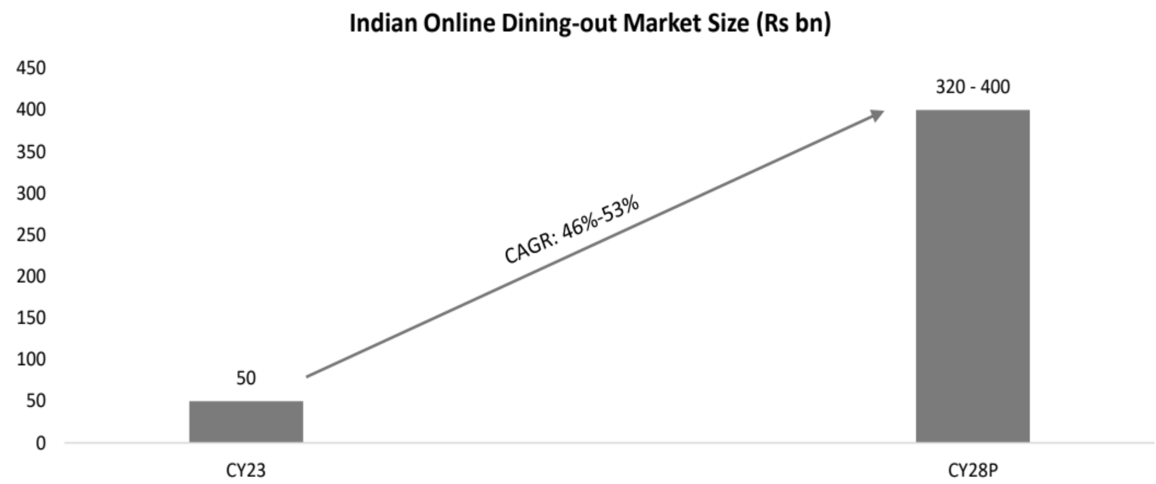
The Indian Online Food Delivery Market grew from Rs 112 bn in CY18 to Rs 640 bn in CY23 at CAGR of ~42%. It is further expected to grow at a CAGR of 17%-22% between CY23-CY28P to reach Rs 1,400-1,700 bn by CY28P. Of the total market in CY23, the share of top 60 cities (metro and Tier 1) is 75-80% which shows the large untapped potential beyond these cities which will drive growth as penetration of online Food Delivery increases. Growing availability of organized restaurant supply and increased online penetration is expected to drive growth in online Food Delivery market beyond the top 60 cities.



Evidently the Online food delivery market is underpenetrated in India (Monthly online food delivery frequency is at 3-5) which is virtually half of USA (8-10) and China (5-10) as of CY23. However, a growing prominence of online food delivery platforms among consumers has led to the establishment of a resilient consumer base, with 80-85 mn Annual Transacting Users (ATU) in CY23. With the rising prominence of these platforms and urban migration, new user acquisition is steadily happening in metro cities and the growth trend is expected to continue.



The Indian Online Dining-out Market is expected to grow at a CAGR of 46%-53% between CY23-CY28P to reach Rs 320-400 bn by CY28P from Rs 50 bn in CY23 driven by high adoption from existing online food delivery users as well as expansion of restaurant partner network with existing access from Food Delivery segment. As a result, the penetration of the online dining out market in the organized out-of-home consumption market is expected to increase from ~3% in CY23 to ~10% in CY28 which still has large headroom for penetration in addition to the share of organized segment increasing.



Comparison with Listed Peers:

Particulars (Rs MN)	Market Share (%)	Market Cap (in Mn)	Face Value	Revenue from Operation	EBITDA	PAT	EPS	NAV	P/E	RONW (%)	EV/Sales
Swiggy Ltd	34%	872989	1	1,12,474	-2,208.0	**-23,502**	-	53.3	-	-30.10%	7.3
Zomato Ltd	58%	2181250	1	1,21,140	372	3,510	0.41	23.1	288	1.70%	18.1

The data is based on FY24 financial data For Swiggy Ltd. the Market cap, P/E (x), P/BV (x), EV/Sales (x) are calculated on post-issue equity share capital based on the upper price band. (Zomato) CMP as on 4 Nov, 2024.

Key Risks

- The company has faced ongoing net losses and negative operational cash flows since its inception, raising concerns about its ability to achieve adequate revenue growth to offset persistent losses.
- A major risk is the potential inability to retain existing users or acquire new ones in a cost-effective way, which could hinder business sustainability. Company slashed its valuations prior to the IPO from $15 bn to $11.3 bn.
- In addition, attracting and retaining delivery partners is critical for operations; failure to do so may hurt financial performance. Similarly, retaining or acquiring restaurant, merchant, and brand partners cost-effectively is essential, as an increase in their operating costs could reduce user engagement and order volumes.
- FMCG distributors have raised concerns with the CCI about the sustainability and unfair practices of Quick commerce, which could hinder growth if action is taken.

Valuation & Outlook

Swiggy Limited, is one of the leading company in India's food delivery and hyper local logistics sectors, which quickly gained recognition as a household name. Over the years, Swiggy has transformed into a comprehensive technology-driven multi-service platform, providing food, groceries, and other essentials to millions of consumers across India. Around 45% of IPO proceeds is embarked for investments directly related to quick commerce business with company planning to expand dark stores count in existing as well as into new cities

With low cash burn, it is well positioned and funded to fight out with existing as well as any new entrants into this attractive space. Like its rival in its initial day's food delivery operator is yet to turn profitable, but shows steady revenues and is scaling up its quick commerce vertical amid intense competition. On Valuation parse, at the upper price band the company's implied market cap is around Rs 872986 Mn value at price-to-sales of 7.8 times of its FY24 financials on post issue which appears to be fairly priced.

Swiggy is well positioned to tap huge opportunities in quick commerce. Therefore we believe that as it is fairly priced the issue may be considered for its long term growth as scales up its revenue and gradually improve its bottom line. Hence we give "**SUBCRIBE for LONG TERM"** rating to this IPO.

DISCLAIMER:

Analyst Certification

- The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report.

Ratings Methodology

- Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid-Caps & Small Caps as described in the Ratings Table below:

	Buy	Hold	Sell
Large Caps (Top 100 companies)	**>15%**	**0%-15%**	**Below 0%**
Mid-Caps (101st-250th company)	>20%	0%-20%	Below 0%
Small Caps (251st company onwards)	>25%	0%-25%	Below 0%

Research Disclaimer and Disclosure inter-alia as required under Securities and Exchange Board of India (Research Analysts) Regulations, 2014

Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) (Research Entity, SEBI Regn No. INH000000834, Date of Regn. 29/06/2015) is a subsidiary of the Anand Rathi Financial Services Ltd. ARSSBL is a corporate trading and clearing member of Bombay Stock Exchange Ltd, National Stock Exchange of India Ltd. (NSEIL), Multi Stock Exchange of India Ltd (MCX-SX) and also depository participant with National Securities Depository Ltd (NSDL) and Central Depository Services Ltd. ARSSBL is engaged into the business of Stock Broking, Depository Participant, Mutual Fund distributor.
The research analysts, strategists, or research associates principally responsible for the preparation of Anand Rathi Research have received compensation based upon various factors, including quality of research, investor client feedback, stock picking, competitive factors, firm revenues.

General Disclaimer: - This Research Report (hereinafter called "Report") is meant solely for use by the recipient and is not for circulation. This Report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. The recommendations, if any, made herein are expression of views and/or opinions and should not be deemed or construed to be neither advice for the purpose of purchase or sale of any security, derivatives or any other security through ARSSBL nor any solicitation or offering of any investment /trading opportunity on behalf of the issuer(s) of the respective security (ies) referred to herein. These information / opinions / views are not meant to serve as a professional investment guide for the readers.No action is solicited based upon the information provided herein. Recipients of this Report should rely on information/data arising out of their own investigations. Readers are advised to seek independent professional advice and arrive at an informed trading/investment decision before executing any trades or making any investments. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by ARSSBL to be reliable. ARSSBL or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of ARSSBL shall be liable for any direct, indirect, special, incidental, consequential, punitive or exemplary damages, including lost profits arising in any way whatsoever from the information / opinions / views contained in this Report. The price and value of the investments referred to in this Report and the income from us may go down as theyll as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. ARSSBL does not provide tax advice to its clients, and all investors are strongly advised to consult with their tax advisers regarding taxation aspects of any potential investment.

Opinions expressed are their current opinions as of the date appearing on this Research only. They do not undertake to advise you as to any change of their views expressed in this Report. Research Report may differ bettheyen ARSSBL's RAs and/ or ARSSBL's associate companies on account of differences in research methodology, personal judgment and difference in time horizons for which recommendations are made. User should keep this risk in mind and not hold ARSSBL, its employees and associates responsible for any losses, damages of any type whatsoever.
ARSSBL and its associates or employees may; (a) from time to time, have long or short positions in, and buy or sell the investments in/ security of company (ies) mentioned herein or (b) be engaged in any other transaction involving such investments/ securities of company (ies) discussed herein or act as advisor or lender / borrotheyr to such company (ies) these and other activities of ARSSBL and its associates or employees may not be construed as potential conflict of interest with respect to any recommendation and related information and opinions. Without limiting any of the foregoing, in no event shall ARSSBL and its associates or employees or any third party involved in, or related to computing or compiling the information have any liability for any damages of any kind.
Details of Associates of ARSSBL and Brief History of Disciplinary action by regulatory authorities & its associates are available on their theybsite i. e. www.rathi.com

Disclaimers in respect of jurisdiction: This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject ARSSBL to any registration or licensing requirement within such jurisdiction(s). No action has been or will be taken by ARSSBL in any jurisdiction (other than India), where any action for such purpose(s) is required. Accordingly, this Report shall not be possessed, circulated and/or distributed in any such country or jurisdiction unless such action is in compliance with all applicable laws and regulations of such country or jurisdiction. ARSSBL requires such recipient to inform himself about and to observe any restrictions at his own expense, without any liability to ARSSBL. Any dispute arising out of this Report shall be subject to the exclusive jurisdiction of the Courts in India.

Statements on ownership and material conflicts of interest, compensation - ARSSBL and Associates

Sr. No.	Statement	Anstheyrs to the Best of the knowledge and belief of the ARSSBL/ its Associates/ Research Analyst who is preparing this report
1	ARSSBL/its Associates/ Research Analyst/ his Relative have any financial interest in the subject company? Nature of Interest (if applicable), is given against the company’s name?.	NO
2	ARSSBL/its Associates/ Research Analyst/ his Relative have actual/beneficial ownership of one per cent or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?.	NO
3	ARSSBL/its Associates/ Research Analyst/ his Relative have any other material conflict of interest at the time of publication of the research report or at the time of public appearance?.	NO
4	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation from the subject company in the past ttheylve months.	NO
5	ARSSBL/its Associates/ Research Analyst/ his Relative have managed or co-managed public offering of securities for the subject company in the past ttheylve months.	NO
6	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past ttheylve months.	NO
7	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past ttheylve months.	NO
8	ARSSBL/its Associates/ Research Analyst/ his Relative have received any compensation or other benefits from the subject company or third party in connection with the research report.	NO
9	ARSSBL/its Associates/ Research Analyst/ his Relative have served as an officer, director or employee of the subject company.	NO
10	ARSSBL/its Associates/ Research Analyst/ his Relative has been engaged in market making activity for the subject company.	NO

Other Disclosures pertaining to distribution of research in the United States of America

The research report is a product of Anand Rathi Share and Stock Brokers Ltd. (hereinafter refer as ARSSBL) under Marco Polo Securities 15a6 chaperone service which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

Research reports are intended for distribution by only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor. In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, ARSSBL has entered into a chaperoning agreement with a U.S. registered broker dealer, Marco Polo Securities Inc. ("Marco Polo").

1. ARSSBL or its Affiliates may or may not have been beneficial owners of the securities mentioned in this report.
2. ARSSBL or its affiliates may have or not managed or co-managed a public offering of the securities mentioned in the report in the past 12 months.
3. ARSSBL or its affiliates may have or not received compensation for investment banking services from the issuer of these securities in the past 12 months and do not expect to receive compensation for investment banking services from the issuer of these securities within the next three months.
4. Hotheyver, one or more of ARSSBL or its Affiliates may, from time to time, have a long or short position in any of the securities mentioned herein and may buy or sell those securities or options thereon, either on our own account or on behalf of our clients.
5. As of the publication of this report, ARSSBL does not make a market in the subject securities.
6. ARSSBL or its Affiliates may or may not, to the extent permitted by law, act upon or use the above material or the conclusions stated above, or the research or analysis on which they are based before the material is published to recipients and from time to time, provide investment banking, investment management or other services for or solicit to seek to obtain investment banking, or other securities business from, any entity referred to in this report.

- As of the publication of this report, ARSSBL does not make a market in the subject securities.
- Additional information on recommended securities/instruments is available on request.
- Compliance officer-Deepak Kedia, email id - deepakkedia@rathi.com, Contact no. +91 22 6281 7000.
- Grievance officer-Madhu Jain-email id- grievance@rathi.com, Contact no. +91 22 6281 7191
- ARSSBL registered address: Express Zone, A Wing, 9th Floor, Theystern Express Highway, Diagonally Opposite Oberoi Mall, Malad (E), Mumbai – 400097. Tel No: +91 22 6281 7000 | Fax No: +91 22 4001 3770 | CIN: U67120MH1991PLC064106.