



Swiggy Limited IPO Note

Swiggy Ltd.

Issue Opens On Nov 06, 2024	Issue Closes On Nov 08, 2024	Price Band (INR) 371 – 390	Issue Size (INR Mn) 1,09,948 – 1,13,274	Rating SUBSCRIBE
---------------------------------------	--	--------------------------------------	---	----------------------------

Swiggy Limited, founded as Bundl Technologies Private Limited in 2013, has grown into one of India's leading food delivery and hyperlocal logistics companies. The company's core offerings include on-demand food delivery, grocery delivery and local parcel logistics. Headquartered in Bengaluru, Karnataka, Swiggy has leveraged technology and a vast network of partners to scale rapidly, achieving significant market penetration across Indian cities.

OFFER STRUCTURE

Particulars	IPO Details
No. of shares under IPO (Mn)	290.45
Fresh issue (# shares) (Mn)	115.36
Offer for sale (# shares) (Mn)	175.1
Price band (INR)	371– 390
Post issue MCAP (INR Mn)	832,648- 872,986

Source: IPO Prospectus

Issue	# Shares	INR Mn	%
QIB	21,78,35,128	84,956	Not less 75%
NIB	4,35,67,026	16,991	Not more than 15%
Retail	2,90,44,684	11,327	Not more than 10%
Net Offer	29,04,46,837	1,13,274	100%

Source: IPO Prospectus

Indicative Timetable

Offer Closing Date	Friday 08 th Nov'24
Finalization of Basis of Allotment with Stock Exchange	On or about 11 th Nov'24
Initiation of Refunds	On or about 12 th Nov' 24
Credit of Equity Shares to Demat accounts	On or about 12 th Nov' 24
Commencement of Trading of Eq. shares on NSE	On or about 13 th Nov' 24

Source: IPO Prospectus

Objects of the Offer	
Investment in Material Subsidiary, Scootsy	1,648
Investment in Scootsy for expansion of Dark Store	11,787
Investment in technology and cloud infrastructure	7,034
Brand marketing	11,153
General Corporate Purpose	13,368

Shareholding Pattern	Pre-Issue (%)	Post-Issue (%)
Promoters & Promoters Group	NA	NA
Others	100%	100%
Total	100%	100%

Source: IPO Prospectus

Particulars (In INR Mn)	FY22	FY23	FY24
Revenue	57,049	82,646	1,12,474
EBITDA	-36,511	-42,758	-22,080
EBITDA Margin (%)	-64%	-52%	-20%
Profit After Tax	-36289	-41793	-23502
PAT Margin (%)	-64%	-51%	-21%
Net Worth	1,22,669	90,566	77,915

Source: IPO Prospectus, DevenChoksey Research

RESEARCH ANALYST

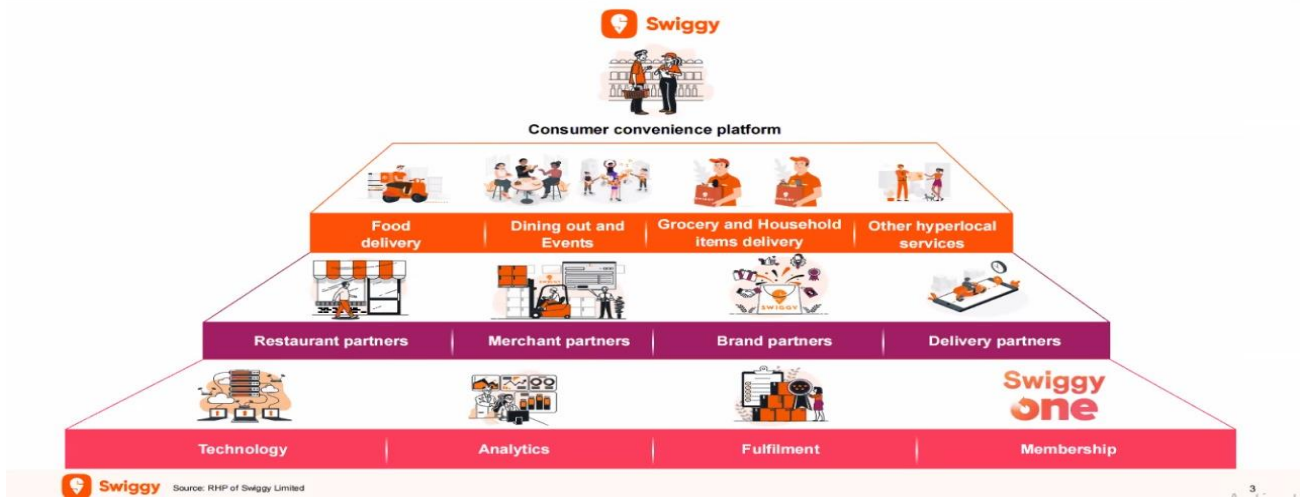
Karan Kamdar, fundamental-research2@devenchoksey.comPhone: +91-22-6696 5555
www.devenchoksey.com

Swiggy Ltd.

Company Overview :

Swiggy Limited, a leader in India's food delivery and hyperlocal 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.



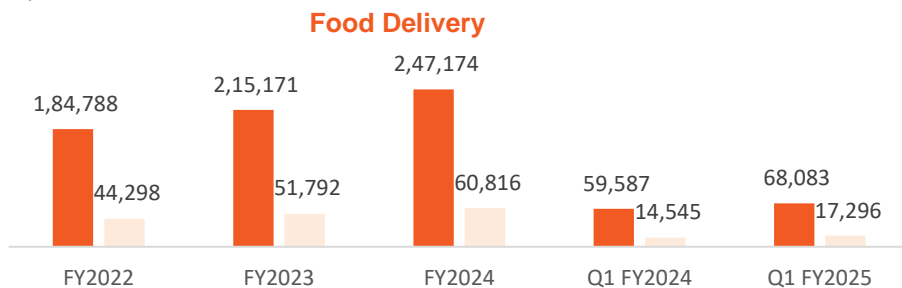
Business Segments:

1. Food delivery:

The company's revenue from the food delivery business includes :

Particulars (INR Mn)	FY 22	FY23	FY24
FOOD DELIVERY			
Revenue from operations	33,913	41,300	51,601
Add: User delivery charges	10,385	10,492	8,726
Add: Fee from user (not included in revenue)	-	-	488
Food Delivery Gross Revenue	44,298	51,792	60,816

Source: IPO Prospectus, DevenChoksey Research



Source: IPO Prospectus, DevenChoksey Research

■ GOV (₹ million) ■ Gross Revenue (₹ million)

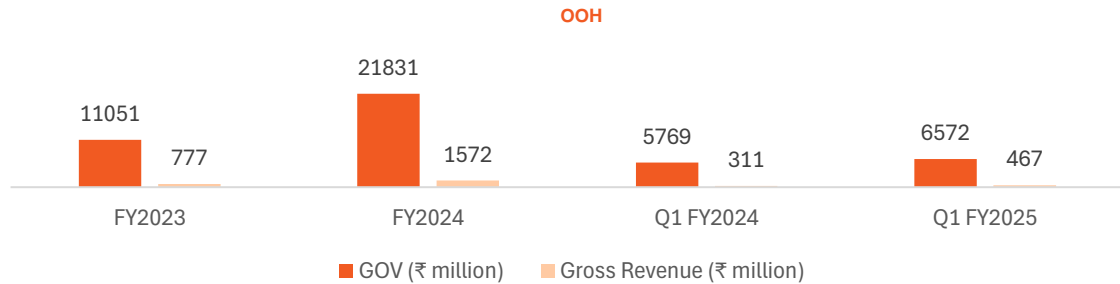
Swiggy Ltd.

Company Overview:

2. Out-of-home Consumption:

This segment includes revenue from dine-out business and stepping out business

Particulars	FY 22	FY23	FY24
OUT-OF-HOME CONSUMPTION			
Revenue from operations	-	777	1,572
Add: Fee from user (not included in revenue)	-	-	-
Out-of-home Consumption Gross Revenue	-	777	1,572



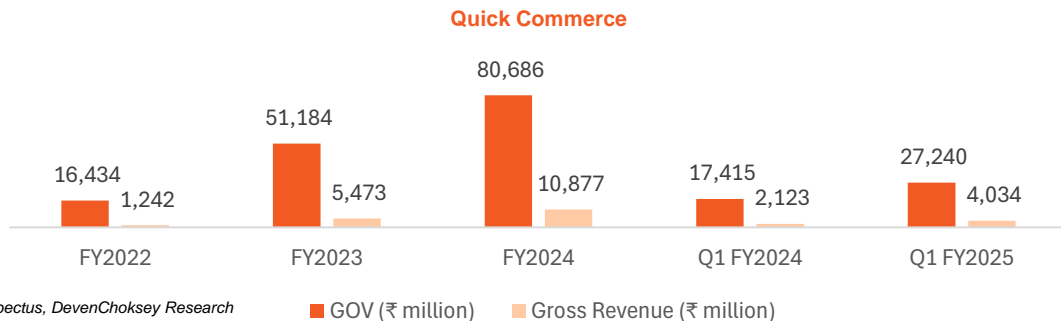
Source: IPO Prospectus, DevenChoksey Research

3. Quick Commerce:

The company's quick commerce is its second largest business.

Particulars	FY 22	FY23	FY24
QUICK COMMERCE			
Revenue from operations	828	4,514	9,786
Add: User delivery charges	414	959	1,092
Quick Commerce Gross Revenue	1,242	5,473	10,877

Source: IPO Prospectus, DevenChoksey Research



Source: IPO Prospectus, DevenChoksey Research

4. Platform innovations:

The company is focused on solving user convenience problems through an innovation-led culture, continuously developing new service offerings to enhance user engagement. This segment includes Swiggy Genie, Swiggy Minis and Private Brands:

Particulars	FY 22	FY23	FY24
PLATFORM INNOVATIONS			
Revenue from operations	7,654	3,192	1,719
Add: User delivery charges	757	700	423
Platform Innovations Gross Revenue	8,411	3,892	2,143

Source: IPO Prospectus, DevenChoksey Research

Swiggy Ltd.

Company Overview:

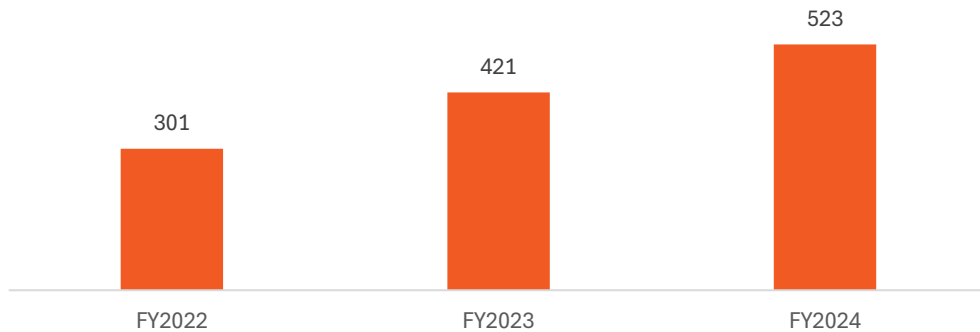
5. Supply chain:

- 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.



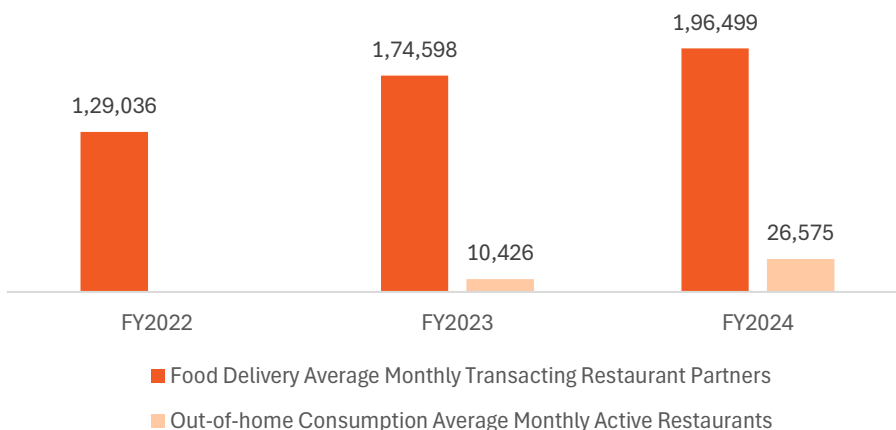
Source: IPO Prospectus, DevenChoksey Research

Number of Active Dark Stores



Source: IPO Prospectus, DevenChoksey Research

Food Delivery Transacting Restaurant Partners and Out-of-home Consumption Active Restaurants



Source: IPO Prospectus, DevenChoksey Research

Swiggy Ltd.

Company Overview:

Key financial and operating metrics for business segment

Particulars (INR Mn)	FY22	FY 23	FY24
Swiggy Platform			
B2C GOV	2,01,223	2,77,405	3,49,691
Consolidated Gross Revenue	68,604	94,797	1,23,204
Consolidated Adjusted EBITDA	-32,338	-39,103	-18,356
Average Monthly Transacting Users (Mn)	10.26	12.67	14.29
Average Monthly Transacting Delivery Partners (Mn)	0.24	0.32	0.39
Platform frequency (times)	4.14	4.34	4.48
Swiggy One members (Mn)	0.95	1.39	5.71
Food Delivery			
GOV	1,84,788	2,15,171	2,47,174
Gross Revenue	44,298	51,792	60,816
Contribution Margin (as a %GOV)	2%	3%	6%
Adjusted EBITDA	-14,095	-10,350	-472
Average Monthly Transacting Users (Mn)	9.86	11.57	12.73
Average Monthly Transacting Restaurant Partners (Mn)	0.12	0.17	0.19
Out-of-Home Consumption			
GOV		11,051	21,831
Gross Revenue		777	1,572
Contribution Margin (as a %of GOV)		1.2%	2%
Adjusted EBITDA	-65	-1,372	-1,736
Average Monthly Active Restaurants		10,426	26,575
Quick Commerce			
GOV	16,434	51,184	80,686
Gross Revenue	1,250	5,473	10,877
Contribution Margin (as a % of GOV)	-32%	-24%	-6%
Adjusted EBITDA	-8,833	-20,268	-13,009
Average Monthly Transacting Users (Mn)	1.10	3.20	4.24
Active Dark Stores	301	421	523
Supply Chain and Distribution			
Revenue	14,653	32,863	47,796
Adjusted EBITDA	-3,015	-2,595	-1,688
Platform Innovations			
Gross Revenue	8,411	3,892	2,147
Adjusted EBITDA	-6,329	-4,159	-1,190

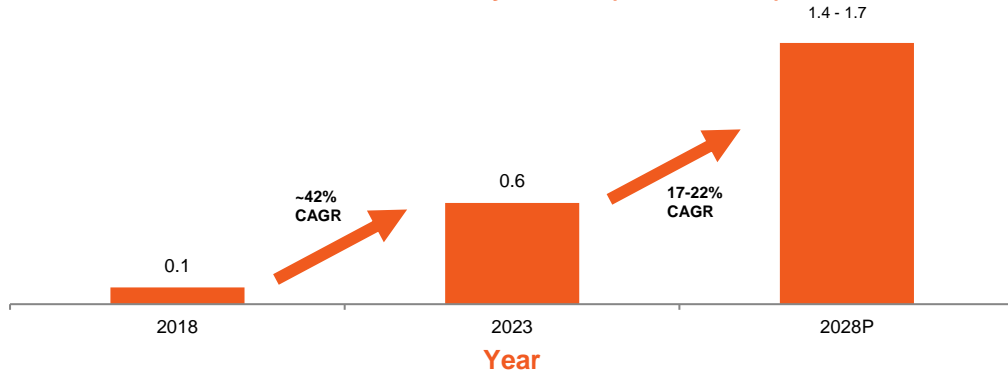
Source: IPO Prospectus, DevenChoksey Research

Swiggy Ltd.

Industry Overview :

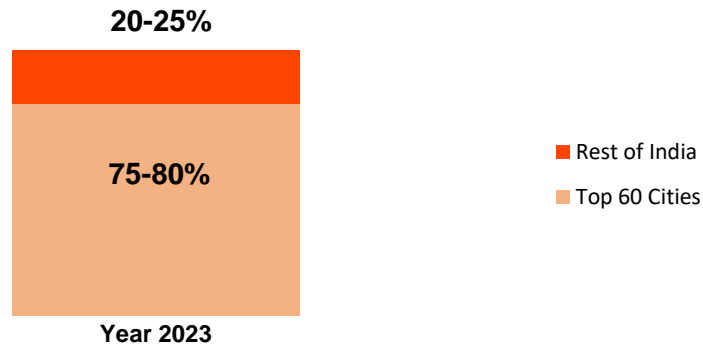
Online Food DELIVERY Market in India

Online Food Delivery Market (INR Trillions)



India's online food delivery market expanded significantly, rising from ₹112 billion (US\$1.4 billion) in 2018 to ₹640 billion (US\$8 billion) in 2023. By 2028, it is projected to reach ₹1,400-1,700 billion (US\$17-21 billion), with a CAGR of 17-22%.

Market Split - Top 60 Cities vs Rest of India



Source: IPO Prospectus, DevenChoksey Research

In 2023, the top 60 cities (metro and Tier 1) accounted for 75-80% of the market, highlighting substantial untapped potential in smaller cities that could drive growth as online food delivery adoption continues to rise.

Food Services Market - Comparison with USA & China

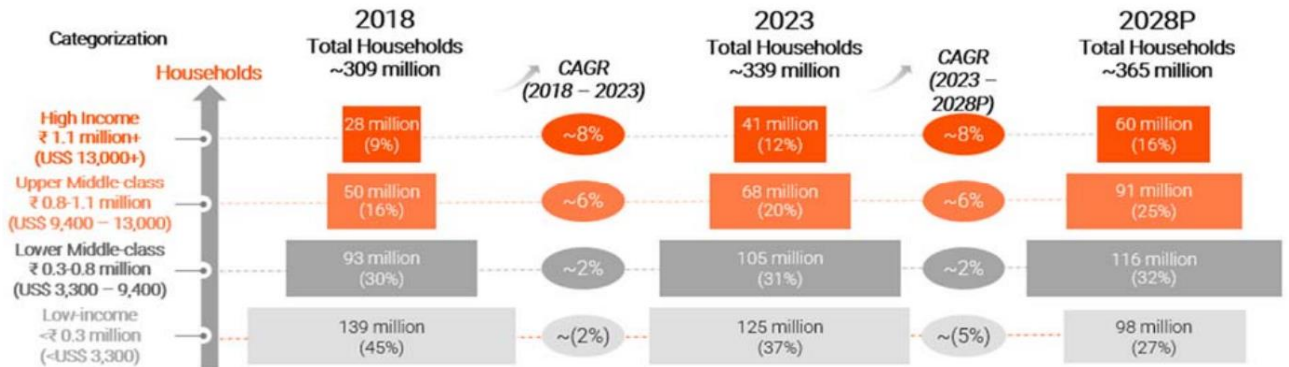
Unit	2018 (India)	2023 (India)	2028P (India)	2023 (USA)	2023 (China)
Food Services Market*	INR trillion (~4) (USD billion ~48)	INR trillion (~6) (USD billion ~70)	INR trillion (9.2-9.6) (USD billion 115-120)	USD billion ~107 (~1,340)	USD billion ~60 (~750)
Food Services Market / Total Food Consumption	7-9%	9-12%	10-15%	55-60%	37-42%
Online Food Delivery Market	INR trillion (~0.1) (USD billion ~1.4)	INR trillion (~0.6) (USD billion ~8)	INR trillion (1.4-1.7) (USD billion 17-21)	USD billion ~11 (~134)	USD billion ~15 (~184)
Online Food Delivery Market / Food Services Market	~3%	~11%	15-17%	10-15%	22-27%

*Food services comprises of Out-of-Home Consumption and Food Delivery

Source: IPO Prospectus, DevenChoksey Research

Swiggy Ltd.
Industry Overview :
Changing Consumption Behavior in India

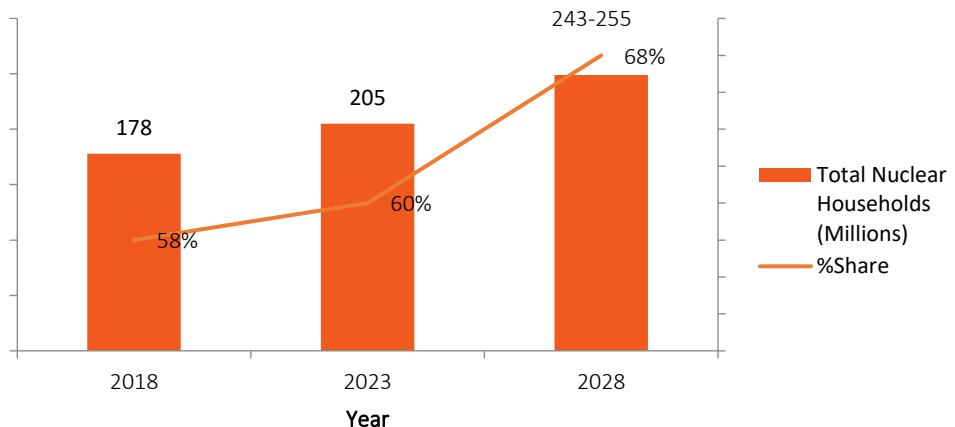
- **Growing Middle class** – A large working-age population, rapid urbanization, and an increase in disposable income are key factors driving consumption.

Households Split by Income¹ (annual income) Groups – India (in millions) (CY2018, CY2023, CY2028P)


Source: Redseer Research and Analysis; Note: 1) Incomes are calculated based on real wage growth and account for wage inflation

Source: IPO Prospectus, DevenChoksey Research

- The number of middle-class households (including both upper and lower middle-class) has grown from approximately 143 million in 2018 to 173 million in 2023. Households with annual incomes exceeding ₹400,000 (around \$5,000) are projected to grow at a faster rate (5-8% annually) than overall households, signaling increased demand for convenience-focused offerings.
- **Lifestyle shifts and Changing Household Dynamics** - Rising income levels are leading to lifestyle changes, where consumers increasingly seek higher standards of living and are willing to spend more on convenience-focused services. Urbanization has led to more nuclear families and higher densities in urban areas. This trend aligns with the demand for hyperlocal services, as busier households and professionals prioritize convenience over cost.

Number of Nuclear Households – India (in millions)


Source: IPO Prospectus, DevenChoksey Research

- With a decrease in household size from 4.4 members in 2018 to 4.2 in 2023, there's a shift towards nuclear families. India's urban areas are highly populated, with 480 people per square kilometer on average as of 2023, leading to congestion and longer travel times in cities. Dual-Income Households: The female labor force participation rate increased from 23% in FY 2018 to 37% in FY 2023, creating more dual-income households with higher discretionary income but also greater time constraints with busier schedules.

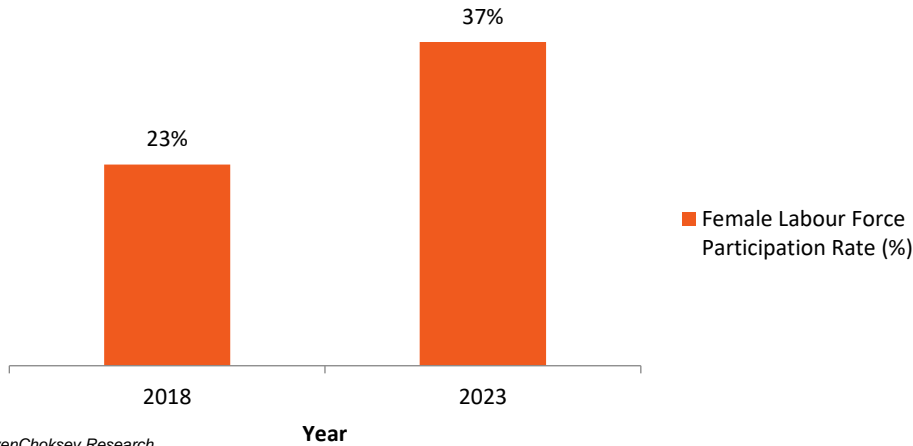
Swiggy Ltd.

Industry Overview:

Growing Female labor participation

- India's female labor participation rate rose from 23% in FY 2018 to 37% in FY 2023. This rise has boosted dual-income households, increasing discretionary spending and demand for convenience due to time constraints among working couples. As a result, convenience-focused services like food delivery and grocery orders are gaining popularity among urban households prioritizing ease and efficiency over cost savings.

Female Labour Force Participation Rate – India (%)

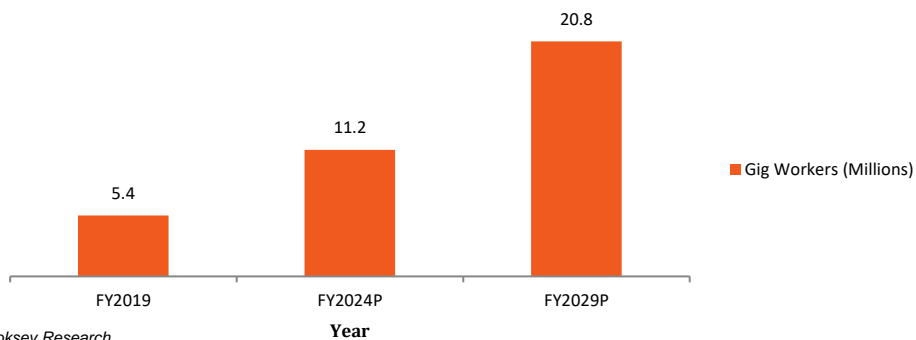


Source: IPO Prospectus, DevenChoksey Research

Rise in Gig workers helping the growth in Overall Hyperlocal Commerce Ecosystem:

- India's rapidly growing base of digitally-savvy consumers, projected to reach 950-990 million smartphone users by 2028, is driving demand for convenience and digital services. Rising household income and purchasing power, combined with a strong digital ecosystem, have spurred the expansion of hyperlocal commerce.
- This ecosystem is particularly favorable for high-frequency, fragmented categories like food services and retail, positioning hyperlocal platforms at the center of consumer trends with significant value across the value chain.

Number of Gig Workers in India (Millions)



Source: IPO Prospectus, DevenChoksey Research

- Urban gig workers involved in hyperlocal deliveries earn an average monthly income of INR 15,000-20,000 (US\$188-250), aligning closely with the average wage of regular salaried employees in India, which reached INR 20,039 (US\$250), according to the 2022-2023 Periodic Labour Force Survey (PLFS) by the Ministry of Statistics and Programme Implementation.
- NITI Aayog estimates India's gig workforce to reach 11.2 million in FY 2024, potentially doubling to 20.8 million by FY 2029. This sector, comprising both platform and non-platform workers, represents less than 3% of India's workforce compared to 26% in China, signaling significant growth potential.

Swiggy Ltd.

Strengths:

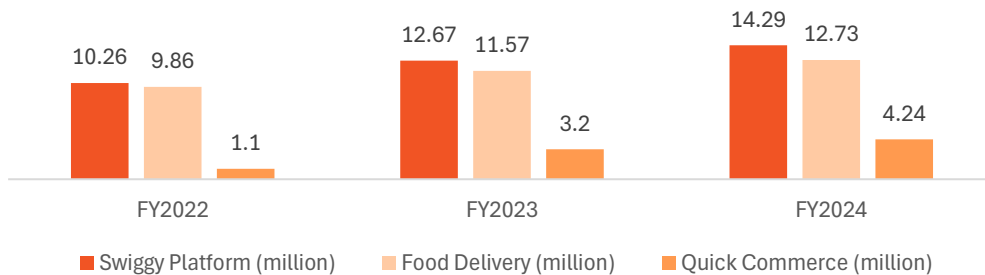
Pioneers of high-frequency hyperlocal commerce categories driven by an innovation-led culture:

- Swiggy launched its delivery service in 2014 and Quick Commerce in 2020, establishing itself as a leader in hyperlocal 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 value (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.

Average Monthly Transacting Users (MTU)



Source: IPO Prospectus, DevenChoksey Research

Average order value

Particulars	FY22	FY23	FY24
Food Delivery	407	416	428
Out-of-home Consumption	-	3,344	3,129
Quick Commerce	394	398	460

Source: IPO Prospectus, DevenChoksey Research

Swiggy Ltd.

Strengths:

Rising user engagement:

- In FY 2024, Swiggy's users demonstrated a higher transaction frequency per month compared to other hyperlocal 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 FY 24.

Particulars	FY2022	FY2023	FY2024
Swiggy Platform Frequency	4.14	4.34	4.48

B2C GOV retention by cohort

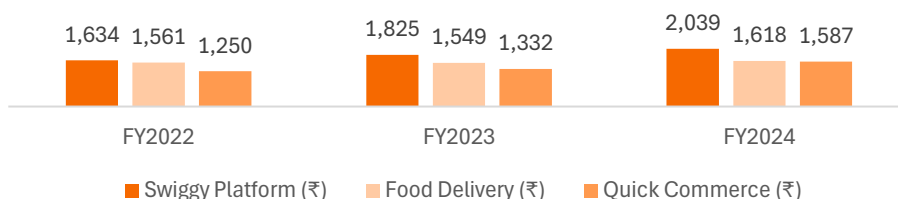
Cohort	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
FY 2019	1.00x	1.54x	0.98x	1.99x	2.30x	2.83x
FY 2020	1.00x	0.60x	1.20x	1.37x	1.74x	
FY 2021	1.00x	1.80x	1.66x	1.98x		
FY 2022	1.00x	1.11x	1.31x			
FY 2023	1.00x	2.05x				
FY 2024	1.00x					

B2C Platform retention by cohort

Cohort	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
FY 2019	1.00x	1.55x	0.70x	1.30x	1.58x	1.73x
FY 2020	1.00x	0.43x	0.77x	0.92x	1.06x	
FY 2021	1.00x	1.54x	1.51x	1.65x		
FY 2022	1.00x	1.09x	1.16x			
FY 2023	1.00x	1.12x				
FY 2024	1.00x					

Source: IPO Prospectus, DevenChoksey Research

Monthly GOV per MTU



Source: IPO Prospectus, DevenChoksey Research

RESEARCH ANALYST

Karan Kamdar, fundamental-research2@devenchoksey.com

Phone: +91-22-6696 5555
www.devenchoksey.com

Swiggy Ltd.

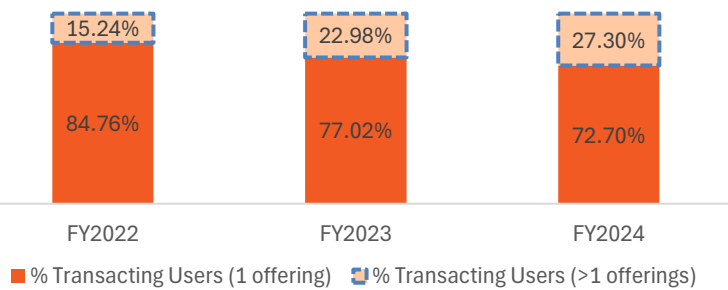
Strengths:

Unified app of “Swiggy” demonstrating rich 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 hyperlocal 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.

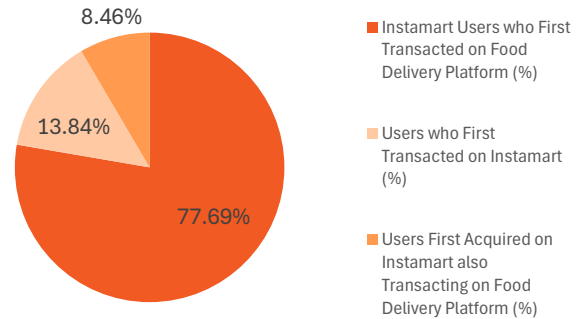
Users are increasingly using more offerings also demonstrated through successful user flow between Quick Commerce and Food Delivery businesses

% of transacting users split by no of services used



Source: IPO Prospectus, DevenChoksey Research

User Analysis

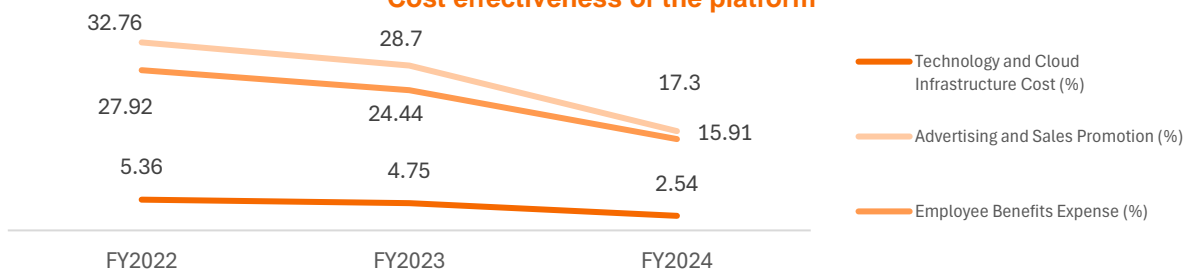


Source: IPO Prospectus, DevenChoksey Research

Platform has created synergetic network effects driven by wide user and partner base:

- Swiggy's unified platform integrates multiple high-frequency offerings with a streamlined payment infrastructure, creating a virtuous cycle that benefits all participants. This attracts more restaurant, merchant, and brand partners, broadening service selections and driving user growth.
- Increased user engagement enhances delivery partner earnings, leading to faster delivery times and further attracting users. Insights from platform interactions optimize operations and enable personalized recommendations.
- In the three months ending June 30, 2024, 26.74% of transacting users accessed multiple offerings, showcasing the platform's convenience. Additionally, Quick Commerce has rapidly scaled, contributing approximately 40% of Food Delivery Gross Order Value during that period.

Cost effectiveness of the platform



Source: IPO Prospectus, DevenChoksey Research

RESEARCH ANALYST

Karan Kamdar, fundamental-research2@devenchoksey.com

Phone: +91-22-6696 5555
www.devenchoksey.com

Swiggy Ltd.

Strengths:

A preferred choice of 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	FY2022	FY2023	FY2024
Food Delivery			
Delivery fees collected from users as a % of GOV	6%	5%	4%
Cost of delivery as a % of GOV	15%	15%	14%
Quick Commerce			
Delivery fees collected from users as a % of GOV	3%	2%	2%
Cost of delivery as a % of GOV	15%	13%	10%

Particulars	FY2022	FY2023	FY2024
Food Delivery Average Monthly Transacting Restaurant Partners	1,29,036	1,74,598	1,96,499
Active Dark Stores	301	421	523
Average Monthly Transacting Delivery Partners	2,43,496	3,22,819	3,92,589

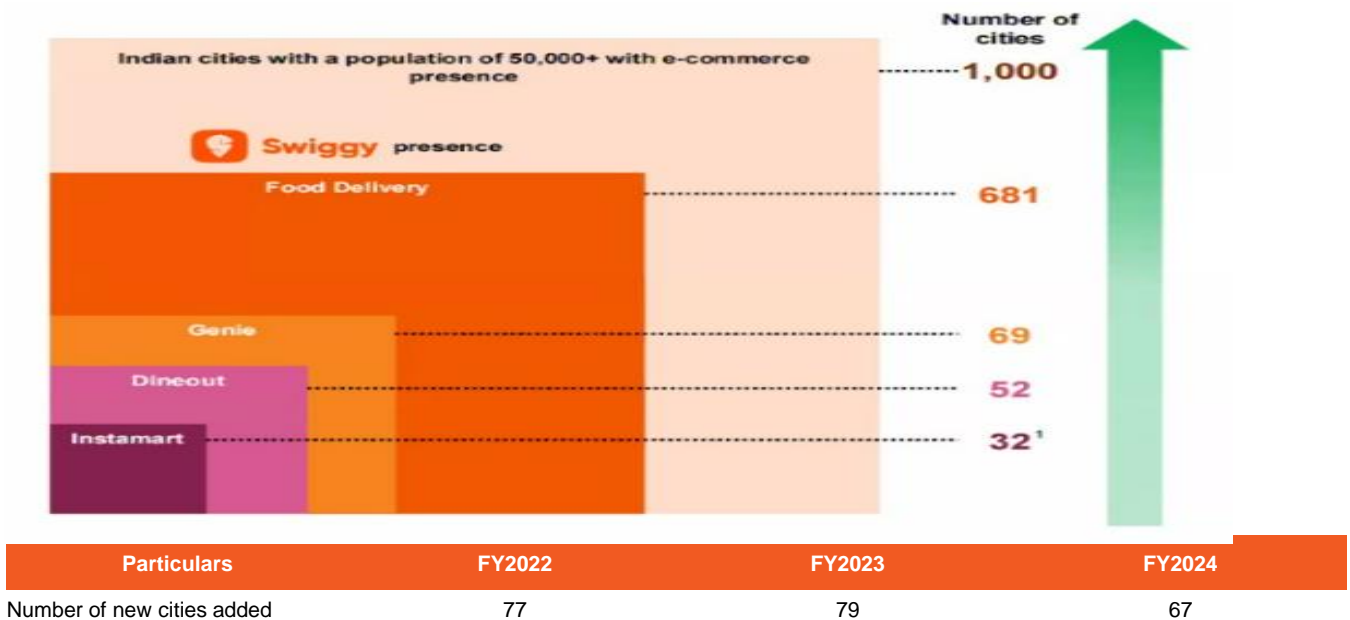
Source: IPO Prospectus, DevenChoksey Research

Swiggy Ltd.

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.



Source: IPO Prospectus, DevenChoksey Research

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.

Swiggy Ltd.

Strategies:

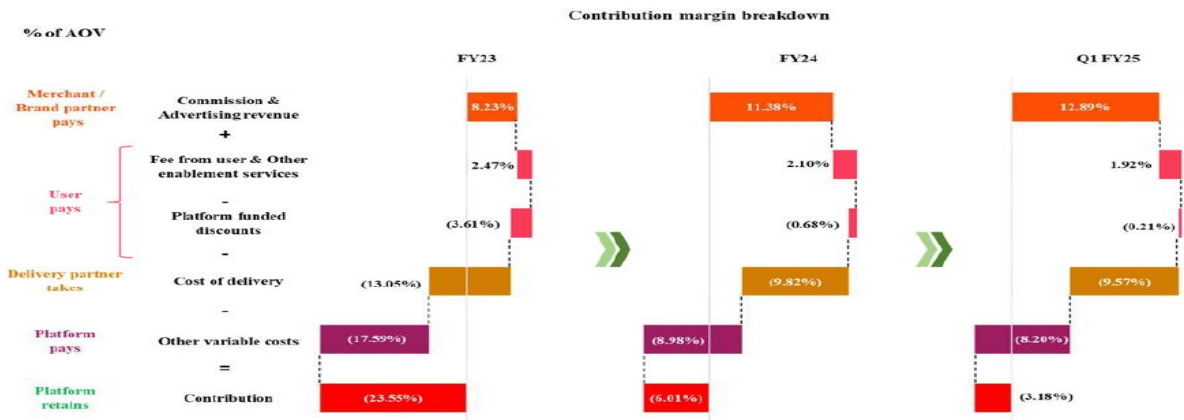
Improve contribution margin:

- 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:



Source: IPO Prospectus, DevenChoksey Research

Swiggy Ltd.**Strategies:****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.

Risks:

- The company has incurred net losses since its inception and continues to experience negative cash flows from operations, raising concerns about persistent significant losses without adequate revenue growth.
- A key risk is the inability to retain existing users or acquire new ones cost-effectively, which could negatively impact the business.
- Attracting and retaining delivery partners is essential and failure to do so may adversely affect financial performance.
- Furthermore, the inability to retain or acquire restaurant, merchant and brand partners in a cost-effective manner could harm operations; if partners raise operating costs, user engagement and order volumes may decline.
- Effective management of Dark Stores is crucial for the Quick Commerce business, as inefficiencies could significantly affect financial health.

Swiggy Ltd.

Outlook & Valuation:

Swiggy's strategic focus on hyperlocal commerce positions it as a key player in the sector, driven by an innovation-led culture. With a consistent rise in Average Order Value (AOV) and a growing network of Dark Stores from 301 in FY22 to 523 in FY24, the company is well-equipped to enhance user engagement and operational efficiency. As of June 30, 2024, Swiggy reached 112.73 Mn users, demonstrating robust growth supported by a unified app experience that simplifies diverse service offerings. The expansion of Dark Stores coupled with the introduction of non-grocery categories, aims to boost basket sizes and fulfill increasing consumer demand. Swiggy's customer-centric approach, characterized by high transaction frequency and a personalized user experience, ensures strong retention rates and a widening gap in Monthly GOV per MTU. Given these strengths and the projected growth of the online food delivery and Quick Commerce markets, Swiggy is poised for sustained growth. At the upper price band the company is valued at 8x Price to Sales, offering a 76% discount to its competition. Hence, we assign a **'SUBSCRIBE'** rating.

Peer Comparison:

Particulars FY24	Swiggy	Zomato
Revenue from operations (INR Mn)	1,12,474	1,21,140
EBITDA (INR Mn)	-22,080	430
EBITDA Margin (%) (INR Mn)	-20%	0.4%
PAT (INR Mn)	-23,502	3,510
PAT Margin	-21%	3%
EPS (INR)	-10.5	0.84
Market Capitalization (INR Mn) as on 3 rd Nov'24	872,986	2,200,690
CMP (INR) as on 3 rd Nov'24	390	249
Price to Sales (x)	7.8	13.8
EV to EBITDA (x)	-39.5	151
Price to Earnings (x)	NA	294
RONW (%)	-30%	2%

*Adj EPS

Source: IPO Prospectus, Deven Choksey Research

Swiggy Ltd.

Financials:

Income Statement (In INR Mn)	FY22	FY23	FY24
Revenue	57,049	82,646	1,12,474
Operating Expenditure	93,560	1,25,404	1,34,554
EBITDA	(36,511)	(42,758)	(22,080)
EBITDA Margin %	-64%	-52%	-20%
Other Income	4,149	4,499	3,870
Depreciation	1,701	2,858	4,206
Interest	484	582	714
PBT and share of profit (loss) from associates	(34,547)	(41,699)	(23,130)
Exceptional Item	(1,732)	(93)	(306)
Share of profit / (loss) from associates	10	1	66
PBT	(36,289)	(41,793)	(23,502)
Tax	0	0	0
Profit/(Loss) after Tax	(36,289)	(41,793)	(23,502)
Adj. PAT	(34,557)	(41,700)	(23,196)
PAT Margin (%)	-64%	-51%	-21%
Reported EPS	-18.6	-19.3	-10.7
Adjusted EPS	-15.4	-18.6	-10.4

Cash Flow (In INR Mn)	FY22	FY23	FY24
Net Cash Flow from Operating Activities	-39,004	-40,599	-13,127
Net Cash Flow from Investing Activities	-91,601	39,678	14,585
Net Cash Flow from Financing Activities	1,36,341	-1,715	-1,228
Net Increase/(Decrease) in Cash	5,736	-2,636	229
Cash & Cash Equivalents at the Beginning	5,225	10,961	8,325
Cash and cash equivalents acquired through business combination	0	0	137

Balance sheet (INR Mn)	FY22	FY23	FY24
Assets			
Non-Current Assets			
Property, plant and equipment	3,116	3,137	4,528
Right of use Assets	4,622	5,458	5,878
Goodwill	109	3,258	6,965
Investments	12,800	16,164	13,823
Other non-current assets	2,074	6,562	6,735
	22,721	34,579	37,928
Current Assets			
Cash & cash equivalent	11,039	8,639	8,909
Investments	90,680	48,572	37,285
Inventories	177	106	487
Trade receivables	11,120	10,623	9,639
Other current assets	8,321	10,287	11,048
Total Assets	1,44,058	1,12,807	1,05,294
Equity & Liabilities			
Equity share capital	9	27	30
Other equity	1,22,661	90,540	77,885
Total Equity	1,22,669	90,566	77,915
Non -Current liabilities			
Financial liabilities	4273	4820	5630
Other non-current liabilities	277	385	681
Current liabilities			
Financial liabilities	996	1,550	3,012
Trade payables	9,561	8,732	8,809
Other current liabilities	6,282	6,753	9,248
Total Equity and Liabilities	1,44,058	1,12,806	1,05,294

Source: IPO Prospectus, Deven Choksey Research

RESEARCH ANALYST
Karan Kamdar, fundamental-research2@devenchoksey.comPhone: +91-22-6696 5555
www.devenchoksey.com

Swiggy Ltd.

ANALYST CERTIFICATION:

I, **Karan Kamdar** (CA), Research Analyst, author and the name subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect my views about the subject issuer(s) or securities. I also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

Terms & Conditions and other disclosures:

DRChoksey FinServ Private Limited (hereinafter referred to as DCFPL) is a registered member of SEBI as a Research Entity vide Registration No. INH000011246 under SEBI (Research Analyst) Regulations, 2014, Portfolio Managers Entity vide Registration No. INP000007906 under SEBI (PORTFOLIO MANAGERS) Regulations, 2020 & Investment Adviser Entity vide Registration No. INA000017903 under SEBI (INVESTMENT ADVISERS) REGULATIONS, 2013.

The information and opinions in this report have been prepared by DCFPL and are subject to change without any notice. The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of DCFPL. While we would endeavor to update the information herein on a reasonable basis, DCFPL is not under any obligation to update the information. Also, there may be regulatory, compliance or other reasons that may prevent DCFPL from doing so. Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or DCFPL policies, in circumstances where DCFPL might be acting in an advisory capacity to this company, or in certain other circumstances.

This report is based on information obtained from public sources and sources believed to be reliable, but no independent verification has been made nor is its accuracy or completeness guaranteed. This report and information herein is solely for informational purpose and shall not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. DCFPL will not treat recipients as customers by virtue of their receiving this report. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. The recipient should independently evaluate the investment risks. The value and return on investment may vary because of changes in interest rates, foreign exchange rates or any other reason. DCFPL accepts no liabilities whatsoever for any loss or damage of any kind arising out of the use of this report. Past performance is not necessarily a guide to future performance. Investors are advised to see Risk Disclosure Document to understand the risks associated before investing in the securities markets. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Our employees in sales and marketing team, dealers and other professionals may provide oral or written market commentary or trading strategies that reflect opinions that are contrary to the opinions expressed herein, in reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

We submit that no material disciplinary action has been taken on DCFPL and its associates (Group Companies) by any Regulatory Authority impacting Equity Research Analysis activities.

DCFPL prohibits its associate, analysts, persons reporting to analysts and their relatives from maintaining a financial interest in the securities or derivatives of any companies that the analyst covers.

DCFPL or its associates (Group Companies) collectively or its research analyst, or relatives do not hold any financial interest/beneficial ownership of more than 1% (at the end of the month immediately preceding the date of publication of the research report) in the company covered by Analyst, and has not been engaged in market making activity of the company covered by research analyst.

It is confirmed that, I, **Karan Kamdar** Research Analyst of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months. Compensation of our Research Analysts is not based on any specific brokerage service transactions.

DCFPL or its Associates (Group Companies) have not managed or co-managed public offering of securities for the subject company in the past twelve months.

DCFPL or its associates (Group Companies) collectively or its research analyst, or relatives might have received any commission/compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for services in respect of brokerage services or specific transaction or for products and services other than brokerage services.

DCFPL or its associates (Group Companies) collectively or its research analyst, or relatives might have received any commission/compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report other than investment banking or merchant banking or brokerage services from the subject company

DCFPL encourages the practice of giving independent opinion in research report preparation by the analyst and thus strives to minimize the conflict in preparation of research report. DCFPL or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither DCFPL nor Research Analysts his associate or his relative, have any material conflict of interest at the time of publication of this report.

It is confirmed that, **Karan Kamdar**, Research Analyst do not serve as an officer, director or employee of the companies mentioned in the report.

DCFPL or its associates (Group Companies) or its research analyst has may been engaged in market making activity for the subject company.

This report is not directed 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, regulation or which would subject DCFPL and affiliates to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform them of and to observe such restriction.

The securities quoted are for illustration only and are not recommendatory

Please send your feedback to research.retail@devenchoksey.com

DRChoksey FinServ Private Limited

CIN Number -U67100MH2020PTC352816

Registered Office and Corporate Office:

5th Floor Abhishek Building, Behind Monginis Cake Factory, Off New Link Road, Andheri West, Mumbai-400058