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swastika

SWIGGY

# IPO NOTE

# SWIGGY LIMITED IPO

Rating:
**May Subscribe**
**(Only For High Risk Investors)**

## ISSUE OFFER

| | |
|---|---|
| Issue Opens on | NOV 06, 2024 |
| Issue Close on | NOV 08, 2024 |
| Total IPO size (cr) | ₹11,327.43 |
| Fresh issue (cr) | ₹4,499.00 |
| Offer For Sale (cr) | ₹6,828.43 |
| Price Band (INR) | 371-390 |
| Market Lot | 38 |
| Face Value (INR) | ₹1 |
| Listing At | NSE, BSE |
| Market Capitalization (cr) | 87298.6 |

## ISSUE BREAK-UP (%)

| | |
|---|---|
| QIB Portion | 75% |
| NII Portion | 15% |
| Retail Portion | 10% |

## INDICATIVE TIMETABLE

| | |
|---|---|
| Basis of Allotment | 11-11-2024 |
| Refunds/Unblocking ASBA Fund | 12-11-2024 |
| Credit of Share to Demat A/c | 12-11-2024 |
| Listing Date | 13-11-2024 |

Swiggy offer its users a convenience platform, accessible through a unified app - to browse, select, order and pay for food, grocery and household items, and have their orders delivered to their doorsteps.

## OBJECTS OF THE ISSUE

- Investment in the Material Subsidiary, Scootsy for debt payment and expansion.
- Investment in technology and cloud infrastructure.
- Brand marketing and business promotion expenses.
- Funding inorganic growth.

## FINANCIALS (RESTATED CONSOLIDATED)

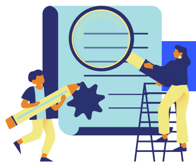
| PARTICULARS (IN CRORE) | FY 2024 | FY 2023 | FY 2022 |
|---|---|---|---|
| Equity Share Capital | 3.00 | 2.65 | 0.85 |
| Net Worth | 7,791.46 | 9,056.61 | 12,266.91 |
| ROCE % | 20.18% | 20.04% | 17.30% |
| Revenue | 11,247.39 | 8,264.59 | 5,704.89 |
| Operating Profit Margin % | 11.60% | 10.70% | 9.48% |
| Net Loss of the year | (2,350.24) | (4,179.30) | (3,628.89) |

## FINANCIAL RATIOS OF FY24

| EPS | P/Sales | Asset Turnover |
|---|---|---|
| -11.07 | 7.8x | 1.0x |

## OUTLOOK & VALUATION

- Leading player in the emerging e-commerce and food delivery sector.
- Reports steady revenue growth but remains a loss-making company.
- IPO has a negative P/E; however, based on other metrics the valuation appears reasonable.
- Current market conditions could further impact subscription and listing performance.
- Recommended only for high-risk investors with a long-term perspective.



## COMPANY PROFILE

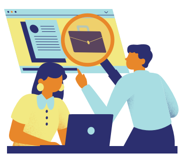
- It has five business segments – (i) Food Delivery; (ii) Out-of-home Consumption, covering dining out and events; (iii) Quick Commerce; (iv) Supply Chain and Distribution, and (v) Platform Innovations covering its new initiatives and offerings, such as Swiggy Genie, Swiggy Minis, among others.
- Swiggy is unique, as it is the only unified app in India that fulfills through its platform all food and related missions of urban users of ordering-in, eating-out and cooking-at-home, as of June 30, 2024.

## COMPETITIVE STRATEGIES

- Retain and grow user base by expanding its offerings and growing its partner network.
- Expand Dark Store footprint and basket-sizes for Quick Commerce.
- Invest to enhance its brand recall.
- Improve its contribution margin by scaling its operations, and expanding high margin offerings and revenue streams.
- Invest in its technology backbone and optimise its last-mile network.

## KEY CONCERNS

- It has incurred net losses each year since incorporation and has negative cash flows from operations.
- Any failure to manage its dark stores in a cost-effective manner may impact its business.
- It faces intense competition across the markets it serves.
- Systems failures and resulting interruptions may affect its business.
- It depends on many third-party providers in connection with its business operations.

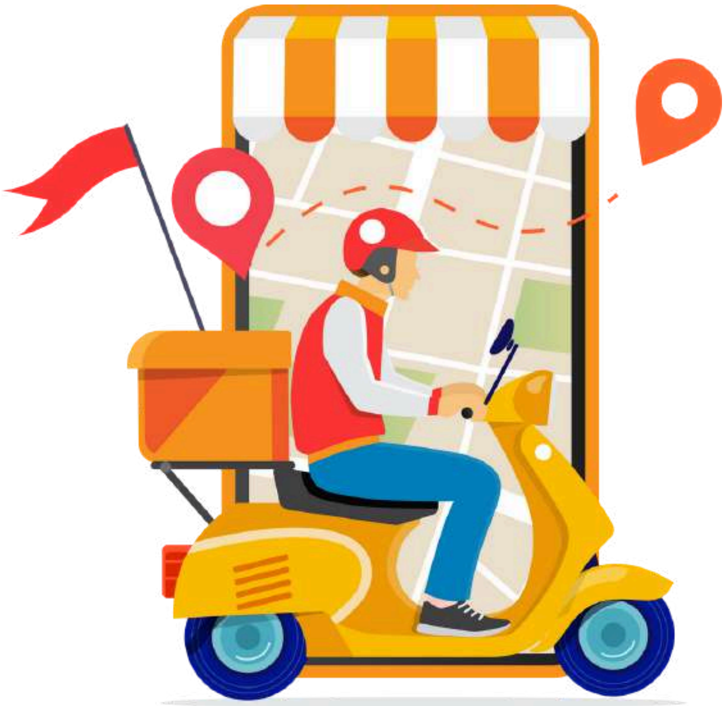


## KEY STRENGTHS

- Pioneers of high-frequency hyperlocal commerce categories.
- A consistently growing network of users.
- Rising user engagement on its platform.
- “Swiggy” brand delivered through a unified app with consistent user experience.
- A preferred choice for partners.
- Platform has created synergetic network effect.
- An experienced professional management team.

## COMPARISON WITH LISTED INDUSTRY PEERS

| Name of the Company | EPS (Basic) | NAV | P/E | P/Sales | TOTAL INCOME (In CR.) |
|---|---|---|---|---|---|
| **Swiggy Limited** | **(10.70)** | **35.48** | **NA** | **7.8** | **11,247.39** |
| Peer Group | | | | | |
| Zomato Limited | 0.41 | 23.14 | 634.50 | 18.0 | 12,114 |

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