



## IPO Note

### Swiggy Limited

Recommendation: **NUETRAL!**

**(Wait for a more favourable entry point)**

- Incorporated in 2014, the company has their registered office in Bangalore, Karnataka, India.
- **Business Activity:** 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 the on-demand delivery partner network. The platform can be used to make restaurant reservations ("**Dineout**") and for events bookings ("**SteppinOut**"), avail product pick-up/ drop off services ("**Genie**") and engage in other hyperlocal commerce (**Swiggy Minis, among others**) activities.
- As of June 30, 2024, the company had a total of 5,401 employees on its payroll.

#### Objects of the Issue -

- Investment in the Material Subsidiary, Scootsy, for repayment or pre-payment, in full or in part, of certain or all of its borrowings;
- Investment in the Material Subsidiary, Scootsy, for (a) expansion of Dark Store network for Quick Commerce segment through setting up of Dark Stores; and (b) making lease/license payments for Dark Stores;
- Investment in technology and cloud infrastructure;
- Brand marketing and business promotion expenses for enhancing the brand awareness and visibility of its platform, across segments; and
- Funding inorganic growth through unidentified acquisitions and general corporate purposes.

#### Promoters Name -

The Company does not have an identifiable promoter in terms of the SEBI ICDR Regulations and the Companies Act.

#### Rationale for recommendation -

- ✓ Aggressively priced Issue.
- ✓ Growing Industry.
- ✓ One of the two leading food delivery giants. Reducing loss margins and growing revenue at a CAGR of 36%.

#### IPO Details

Opening Date	November 6, 2024
Closing Date	November 8, 2024
Allotment Date	November 11, 2024
Listing Date	November 13, 2024
Stock Exchange	NSE, BSE
Lot Size	38 Shares
Issue Price Per Share	₹371 to ₹390 per share
Issue Size	₹11,327.43 Cr
Fresh Issue	₹4,499.00 Cr
Offer for Sale	₹6,828.43 Cr
Application Amt	₹14,820 (38 shares)

#### INDUSTRY – Fintech (Consumption)

KPI's	KPIs (In Lakhs)			
	FY 22	FY 23	FY 24	Jun 24
Revenue	57,048.97	82,645.96	1,12,473.90	32,222.17
EBITDA	-34,324.82	-40,734.26	-24,552.72	-6,645.21
Net Profit	-36,288.96	-41,793.05	-23,502.43	-6,109.17
RoCE	-28.32%	-45.52%	-34.14%	-10.25%
ROE	-29.58%	-46.15%	-30.16%	-8.21%
P/E	-	-	-	-

#### Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	-10.70	126.50
BVPS	25,914.79	-167.68
P/E	-36.45	3.08
P/BV	0.02	-2.33
Mkt Cap (In Cr)	82,799.60	87,298.60

#### Lead Managers -

**1. Kotak Mahindra Capital Company Limited;**  
**2. Citigroup Global Markets India Private Limited;**  
**3. Jefferies India Private Limited ; Avendus Capital Pvt Ltd;**  
**4. J.P. Morgan India Private Limited ;**  
**5. Bofa Securities India Limited; 7. ICICI Securities Limited**

#### Registrar -

**Skyline Financial Services Private Ltd**

## Business Overview – Swiggy’s Key Business Areas and Financial Performance Drivers

### 1. Food Delivery

- **Established:** Launched in 2014 to provide on-demand food delivery.
- **Platform:** Users explore restaurants, view menus, place orders, make payments, and track deliveries in real time on Swiggy’s app or website.
- **Delivery Network:** Partners with restaurants and a large delivery fleet, optimizing partner operations through advertising, marketing, and business insights.
- **Key Metrics & Financial Impact:** Monthly Transacting Users (MTUs) and order frequency are significant drivers of growth, with a rise in both contributing to Swiggy’s GOV per MTU as of FY2024. Swiggy has increased MTUs through targeted discounts, promotions, and the Swiggy One membership, enhancing customer engagement and repeat transactions.
- **Average Order Value (AOV):** For Food Delivery, AOV reached ₹428 in Fiscal 2024, up from ₹407 in 2022, driven by broader menu options and promotional offerings that increase basket size and user stickiness.

### 2. Out-of-Home Consumption

- **Offerings:** Includes Dineout (for dining out) and SteppinOut (event management).
- **Market Growth:** India’s dining sector, worth ₹50 billion in 2023, is expected to grow at 46-53% CAGR by 2028. Dineout had 33,352 monthly active restaurant partners by June 2024.
- **Financial Impact on Partners:** Swiggy supports restaurant partners through integrated payment systems and advertising services. Dineout’s higher AOV, reaching ₹3,129 in 2024, has boosted Swiggy’s revenue from premium segments.

### 3. Quick Commerce (Instamart)

- **Launch:** Instamart began in 2020 for on-demand grocery delivery.
- **Categories:** Offers a wide range, including groceries, household items, and premium products via Instamart’s Swiggy Mall.
- **Rapid Delivery:** Average delivery time was 12.6 minutes in June 2024, supported by an expanding network of 605 dark stores across 43 cities by September 2024.
- **Average Order Value & Financial Strategy:** AOV for Quick Commerce rose to ₹460 in Fiscal 2024 from ₹394 in 2022, driven by premium offerings and faster deliveries. Dark stores provide partners with a low-cost distribution model while Swiggy benefits from operational efficiency.
- **Cost Efficiency:** Swiggy optimizes costs via order batching and by cross-utilizing the fleet across cities, reducing delivery costs and allowing increased earnings for delivery partners.

### 4. Supply Chain and Distribution (Scootsy)

- **Focus:** Scootsy provides logistics solutions for wholesalers and retailers, including warehousing and order fulfillment.
- **Infrastructure:** Manages 2.66 million sq. ft. across 13 cities, with 680 brand partners serving 87,000 retailers as of June 2024.
- **Financial Strategy:** Swiggy enables partners to reduce setup costs by using its strategically located dark stores and benefits from increased AOV due to efficient, cost-effective distribution.

## Innovations and Membership Programs

### 1. Platform Innovations:

- **Swiggy Genie** (launched 2020): Offers city-wide pick-up/drop-off.
- **Swiggy Minis** (launched 2022): Provides local brands mini storefronts to increase product diversity.
- **Private Brands:** Established in 2016 with brands like The Bowl Company to meet specific meal preferences and drive niche customer engagement.

### 2. Swiggy One Membership

- **Launch:** Began in 2021, offering discounts, free deliveries, and platform-wide promotions.

Recommendation: **Neutral! : Wait for a more favourable entry point**

- **User Engagement:** By June 2024, 5.71 million users were Swiggy One members, with member order frequency at 7.4x compared to a platform average of 4.5x, underscoring high engagement.

Principal Financial Factors Affecting Operations

1. **Advertising and Subscription Revenue:** Swiggy generates significant revenue from ads purchased by restaurant, merchant, and brand partners, leveraging a large user base (112.73 million cumulative transacting users as of June 2024). Swiggy One also adds revenue, contributing to Swiggy’s financial stability.
2. **Operational Efficiency & Cost Control:** Swiggy has implemented cost-saving strategies across technology, advertising, cloud infrastructure, and delivery. Batching orders and a robust dark store network allow cost-effective operations and higher delivery partner earnings. Expenses like tech and cloud costs, advertising, and employee benefits have declined as a percentage of income due to efficiency gains.
3. **Contribution Margin & Adjusted EBITDA:** Improvements in contribution margin and Adjusted EBITDA reflect Swiggy’s focus on reducing core operational costs, increasing AOV, and expanding premium offerings. In FY2024, the contribution margin in Quick Commerce improved significantly due to optimizations in dark store usage and cross-utilized delivery networks.  
Swiggy’s growth strategy aims to increase user engagement, expand product variety, and ensure operational efficiency, positioning it as a leader in India’s competitive food delivery and quick-commerce markets.



**Business Growth Strategies –****User Base Expansion & Partnerships**

Swiggy aims to grow its user base and frequency of use by providing wider options, faster delivery, and affordable to premium services (like PocketHero for budget-friendly meals and Swiggy Gourmet for upscale offerings). The online food delivery and quick commerce markets in India are expected to grow at 17-22% and 60-80% CAGR, respectively, by 2028. Quick commerce's penetration in the retail sector is projected to rise from 4.8% in 2023 to up to 30% by 2028. Swiggy plans to expand partnerships with restaurants and brands, offer enhanced advertising tools, and increase its geographical reach.

**Dark Store Expansion for Quick Commerce**

To support quick commerce, Swiggy is expanding its dark stores, especially in high-demand clusters, to improve product selection, reduce delivery times, and drive basket size growth. Product categories like beauty, electronics, and baby care, which yield higher margins, are also expanding, with non-grocery items on Instamart increasing from 18.2% in 2022 to 25.3% by mid-2024.

**Improving Margins through Scaling and High-Margin Offerings**

Swiggy aims to boost profitability by increasing order volume, optimizing delivery routes, and expanding premium product options. Advertising revenue, which contributed significantly to India's digital ad spend in 2023, will be enhanced with analytics-backed campaigns. Swiggy's Average Monthly Transacting Users reached 15.99 million by June 2024, offering partners a strong ROI on ads.

**Technology Investment & Network Optimization**

Swiggy will further develop its tech stack to support scalability, in-house innovation, and efficient last-mile delivery. This includes expanding cloud capacity, optimizing delivery networks, and cross-utilizing fleets for food and quick commerce during peak hours. Additionally, Swiggy will recruit top talent to fuel technology and service advancements.

**Brand Building & User Engagement**

Swiggy continues to invest in digital marketing, event sponsorships, and targeted ads to attract users and partners. Strategic campaigns have led to customer retention, with users from 2019 increasing their spending by 2.83x over five years. Swiggy plans to increase platform loyalty and engagement through personalized recommendations and brand recall efforts, supported by data analytics. This multi-pronged strategy positions Swiggy for substantial growth by capitalizing on quick commerce's expanding market, leveraging economies of scale, and enhancing user engagement through technology and brand development.

**Risk Factors –**

**User base risk:** The company's business growth depends on its ability to grow its offerings continuously by acquiring users and maintaining cost effectiveness. Further, the switching costs for users is very low and they may shift to other platforms due to a number of reasons including better pricing & discounts, greater options in restaurants, shorter delivery time offered by competitor platforms. Any material decrease in user base in future could adversely affect the business, cashflows and results of operations.

**Delivery partner retention risk:** The company believes that having a large and flexible network of delivery partners coupled with a seamless experience of providing technology is essential to its success. Any failure in attracting and retaining delivery partners in a cost-effective way may have an adverse effect on business, financial condition and results of operations.

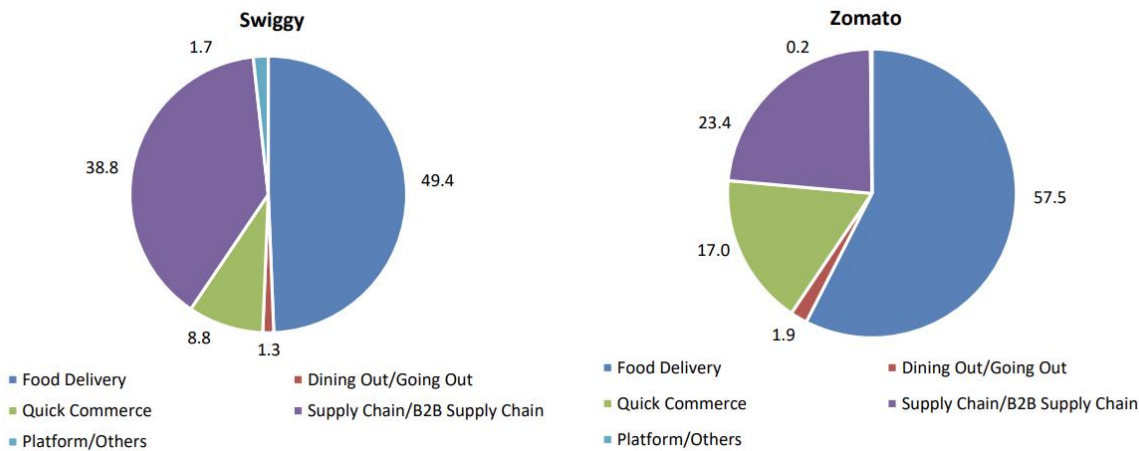
**Risk of retaining restaurant, merchant, brand partners:** The company's growth depends on its ability to attract and retain restaurant partners, merchant partners and brand partners on the platform. Any failure to retain existing or acquire additional restaurant partners, merchant partners and brand partners in a cost-effective manner could adversely affect the business, cashflows and results of operations.

**Dark store network risk:** The success of Quick Commerce business depends in part on the location, size and density of the Dark Stores. This is critical for merchant partners to have access to a wide user base, enable a wider selection and assortment of products on the platform, ensure rapid order fulfilment and reduce the last-mile time and cost, and in turn deliver a superior user experience.

PEER ANALYSIS –

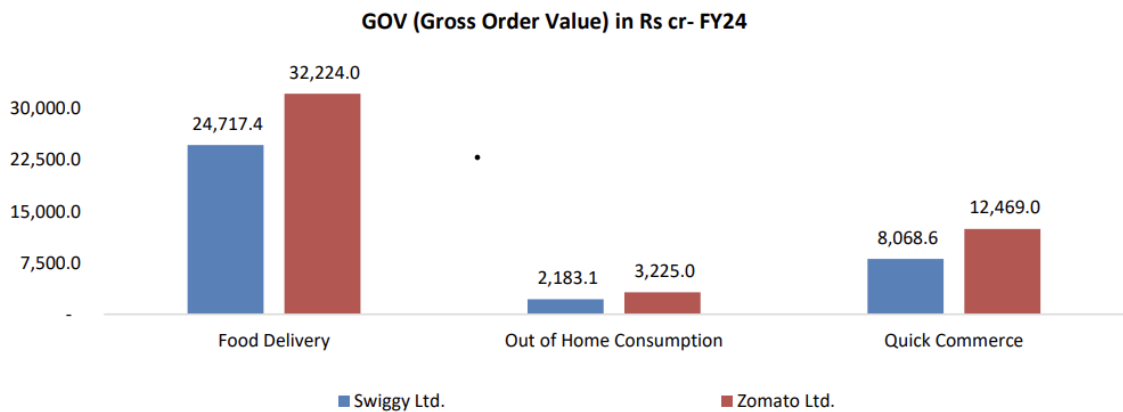
Particulars	Swiggy Limited			Zomato Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	-63.6%	-50.6%	-20.9%	-24.1%	-12.5%	2.7%
EBITDA Margin	-60.2%	-49.3%	-21.8%	-21.1%	-6.8%	6.9%
RoCE	-27.9%	-46.9%	-34.1%	-7.3%	-4.8%	1.7%
ROE	-29.6%	-46.1%	-30.2%	-1.5%	-1.1%	0.4%
EPS (INR)	-18.62	-19.33	-10.70	-2.49	-1.21	0.41
P/E	-	-	-	-	-	444.15

Swiggy and Zomato, India’s leading food delivery companies, continue to intensify competition across various operational, financial, and strategic aspects in 2024.

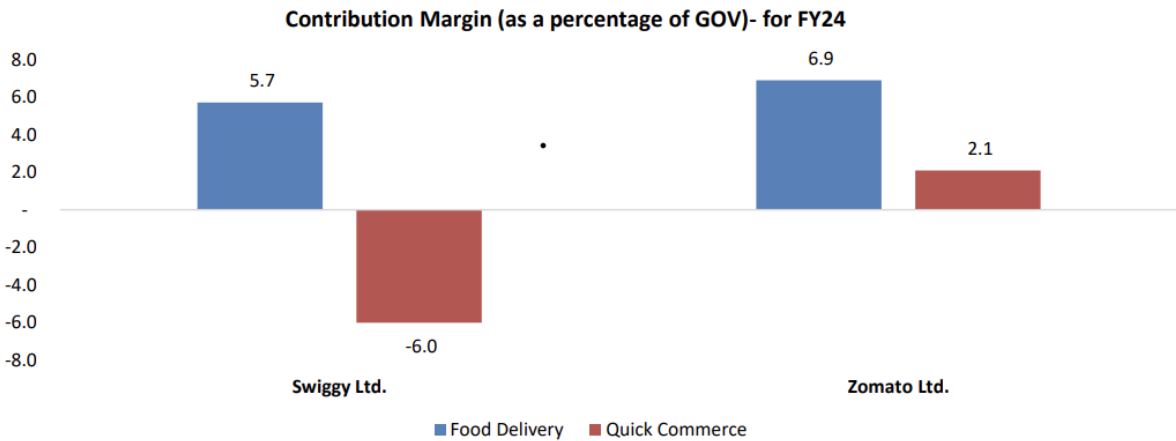


Here’s a detailed comparison:  
Market Reach and Customer Base

Zomato serves a broader area with operations in over 1,000 cities and a larger delivery fleet (300,000+ personnel) compared to Swiggy, which operates in 500+ cities with around 260,000 delivery personnel. Zomato's extensive reach gives it an edge in attracting a more diverse customer base across urban and semi-urban areas



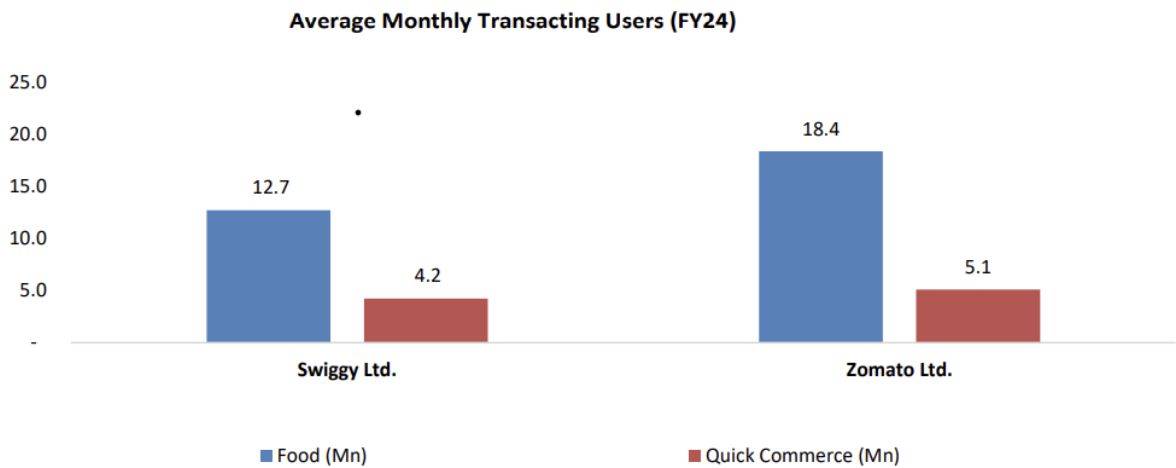
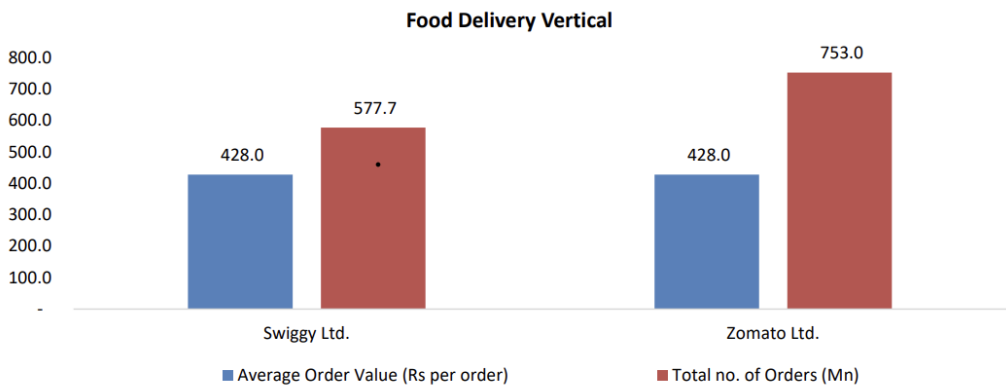




Revenue and Financial Performance

**Revenue Growth:** Zomato recorded higher revenue than Swiggy in FY2024, reaching INR 121 billion compared to Swiggy’s INR 112 billion. Additionally, Zomato’s focus on cost-cutting has helped improve its profit margins slightly.

**Profitability:** Swiggy’s EBITDA and PAT margins remain negative, reflecting its significant investment in quick commerce (Instamart) and food delivery. In contrast, Zomato has managed to achieve a small positive PAT margin (2.89%), marking progress toward profitability.



Source: SSL Research, RHP

Quick Commerce and Service Diversification

Swiggy has leveraged its Instamart platform to gain dominance in the quick-commerce sector, which has grown rapidly, capturing 176 million orders in FY24. This segment is key to Swiggy’s expansion beyond food delivery, while Zomato is also investing in grocery delivery through Blinkit but currently lags behind Swiggy in this sector

**Subscription Models and Customer Loyalty**

Both platforms have implemented loyalty programs to retain customers: Zomato Gold and Swiggy Super. Zomato’s offering focuses on discounts and priority deliveries, while Swiggy’s subscription includes free deliveries on food and grocery orders, providing an integrated approach that appeals to users who frequently order non-food items.

**Technology and Innovation**

Both Zomato and Swiggy are harnessing AI and machine learning for improved customer recommendations, delivery efficiency, and app user experience. This technological investment is essential as they both aim to reduce operational costs and streamline service delivery

**IPO and Market Capitalization**

Zomato went public in 2021, which has helped it attract new investments and improve financial transparency. In contrast Swiggy is going for an IPO now in 2024.

**Conclusion**

While Zomato currently leads in terms of market reach and profitability, Swiggy’s diversified approach and strong foothold in quick commerce position it as a robust competitor. Both companies are likely to continue investing heavily in technology, operational efficiency, and customer loyalty to secure their positions in India's evolving food and quick-commerce markets

**Industry Overview – Fintech (Consumption)**

**Section 1: Macroeconomic Context and Consumer Demographic Trends**

**A. Indian Macroeconomic Context**

- **GDP Growth and Economic Position:** India's economy is growing, with a projected GDP of ₹297 trillion (US\$3.7 trillion) for FY2024. However, structural challenges like high debt (58.9% of GDP in 2023) and low productivity could hinder sustainable growth.
- **Consumption-led Economic Transition:** Increased consumption is driving growth, but rising household debt (37% of GDP in 2023) and income inequality could limit its sustainability.

**B. Trends Impacting Consumer Demographics and Driving Convenience-seeking Behavior**

- **Rise of the Middle Class and Increased Spending:** The middle class is expanding, but rural poverty (25% of rural population below poverty line) and inflation limit discretionary spending.
- **Urbanization and Nuclearization:** Rapid urbanization strains infrastructure, leading to congestion and pollution (e.g., Delhi and Mumbai).
- **Urban Density and Increased Demand for Convenience:** High-density urban areas face logistical challenges, making hyperlocal commerce less efficient.
- **Increasing Female Workforce Participation:** Female labor force participation is increasing (from 23% in FY2018 to 37% in FY2023), but cultural barriers and limited childcare facilities hinder further growth.
- **Shift to Organized Retail Channels:** Organized retail (18-20% of the market in 2023) faces challenges like high costs and competition from unorganized retail.

**Section 2: Growth of the Hyperlocal Commerce Ecosystem in India**

- **Key Drivers of Hyperlocal Commerce Growth:** Digital consumer expansion (670-680 million smartphone users in 2023), digital payment infrastructure, and the gig economy (11.2 million gig workers in 2024) are driving growth. However, digital literacy issues and cybersecurity concerns remain.
- **Growth in Digital Consumers:** While digital inclusion is increasing, connectivity issues and low digital literacy in rural areas limit its impact.
- **Hyperlocalization of Food Services and Retail:** Fragmented markets and affordability are opportunities for hyperlocal platforms, but competition from informal retailers and profitability concerns are challenges.

Recommendation: **Neutral! : Wait for a more favourable entry point**

- **Strong Value Propositions for Stakeholders:** Hyperlocal platforms offer benefits to consumers, merchants, and delivery partners, but challenges like high fees, low margins, and worker rights issues persist.

### Section 3: Indian Food Services Market Overview

- **Market Size and Growth:** The Indian food services market is valued at ₹5,600 billion (US\$70 billion) in 2023. Online food delivery is the fastest-growing segment, but profitability remains a challenge due to high delivery costs and low margins.
- **Online Food Delivery Market:** The online food delivery market expanded from ₹112 billion (US\$1.4 billion) in 2018 to ₹640 billion (US\$8 billion) in 2023.
- **Out-of-Home Consumption Market:** The out-of-home consumption market is valued at ₹1.8 trillion (US\$23 billion) in 2023, and the online dining-out market is growing rapidly.

### Section 4: Indian Retail Market and the Rise of Quick Commerce

- **Market Overview and Growth Projections:** The Indian retail market is valued at ₹76-78 trillion (US\$950-980 billion) in 2023, and quick commerce is a key driver of growth. However, challenges like high costs, infrastructure constraints, and competition from unorganized retail remain.
- **Unorganized and Organized Retail:** Unorganized retail dominates the market, while organized retail (18-20% of the market) faces challenges like high operating costs and limited infrastructure.
- **Online Retail Trends:** Online retail is growing, but challenges like logistics, high return rates, and limited internet penetration in rural areas limit its reach.
- **Emergence and Expansion of Quick Commerce:** Quick commerce is expanding rapidly, but challenges like high operational costs, low margins, and competition from traditional retailers exist.

### Section 5: Evolution of Hyperlocal Commerce Platforms

- **Evolution and Structure of Hyperlocal Platforms:** Hyperlocal platforms are evolving to meet changing consumer needs, but challenges like competition, profitability, and regulatory risks persist.
- **Competitive Landscape of the Indian Hyperlocal Food Market:** The Indian hyperlocal food market is highly competitive, with challenges like high fees, low margins, and worker rights issues.
- **Online Food Delivery Marketplace Model:** The online food delivery marketplace model has evolved, but challenges like high delivery costs and competition from other platforms remain.
- **Emergence of New Hyperlocal Services:** New services like e-grocery and concierge services are emerging, but challenges like logistics and profitability exist.
- **Benefits of a Unified Platform:** Unified platforms offer convenience, but challenges like high costs and competition from other platforms remain.
- **Profitability Levers for Indian Hyperlocal Platforms:** Profitability levers include expanding consumer base, increasing basket size, and optimizing delivery, but challenges like high costs and competition remain.

### Section 6: Threats and Challenges to Hyperlocal Players

- **Economic and Inflationary Pressures:** Economic downturns and rising inflation can impact consumer spending and hinder growth.
- **Regulatory and Policy Risks:** Stricter regulations can increase operational costs and impact consumer adoption.
- **Competition:** Intense competition from existing and new players can impact profitability and market share.
- **Rise of Alternative Business Models:** The rise of alternative business models like ONDC can disrupt the hyperlocal ecosystem.
- **Logistics Complexity:** Logistics challenges like traffic congestion and driver shortages can impact delivery efficiency and costs.
- **Profitability in Adding New Categories:** Adding new categories can increase operational complexity and impact profitability.



Key Management



Key Management Persons Name - Age	Rahul Bothra
Designation and No. of years of experience	Chief Financial Officer with 17+ years of experience in accounting, business finance, treasury, taxation, mergers and acquisitions, and assurance.
Qualification	Chartered Accountant; Associate Member of the Institute of Chartered Accountants of India; Bachelor's in Commerce from Bangalore University
Roles and Responsibilities	Financial management and strategy, overseeing accounting, taxation, and business finance operations.
Previous Experience	Previously associated with Wipro Limited, Britannia Industries Limited, and Olam International Limited.
Remuneration for Fiscal 2024	₹100.42 million (includes a one-time ex-gratia payment of ₹70.40 million; excludes ESOP perquisites and share-based payment accruals).

Key Management Persons Name - Age	M. Sridhar
Designation and No. of years of experience	Company Secretary and Compliance Officer with extensive experience in corporate legal compliance.
Qualification	Fellow Member of the Institute of Company Secretaries of India; Bachelor's in Commerce from Calcutta University; Bachelor's in General Law from Annamalai University.
Roles and Responsibilities	Ensuring regulatory compliance and overseeing company secretarial functions.
Other Directorships	Previously associated with Himatsingka Seide Limited, Prestige Estates Projects Limited, GMR Energy Limited, among others.
Remuneration for Fiscal 2024	₹0.99 million (includes contribution to NPS and other perquisites of ₹0.19 million; excludes share-based payment accruals).

Senior Management

**Phani Kishan Addepalli** is the **Chief Growth Officer**, associated with the Company since 2015. He holds a **Bachelor's in Technology** from **IIT Madras** and a **Post Graduate Diploma in Management** from **IIM Calcutta**. Previously, he was a **Senior Associate at Boston Consulting Group**. In Fiscal 2024, he received a **remuneration of ₹65 million** (including a one-time ex-gratia payment of ₹45 million).

**Rohit Kapoor** serves as the **Chief Executive Officer – Food Marketplace** and has been with the Company since 2022. He has a **Bachelor's in Commerce** from **University of Calcutta**, a **Post Graduate Programme in Management** from **ISB**, and has cleared **Level 3 of the CFA examination**. Before joining, he held roles such as **Global CMO at OYO** and **Senior Director at Max Healthcare Institute Ltd.** In Fiscal 2024, his **remuneration was ₹82.84 million** (including ₹14.3 million as a one-time ex-gratia payment).

**Madhusudhan Rao Subbarao**, the **Chief Technology Officer**, joined in 2018. He holds a **Bachelor's degree in Engineering** from **Visveswaraiah Technological University** and previously worked with **Boomerang Commerce** and **Amazon**. During Fiscal 2024, he earned a **remuneration of ₹62.94 million**, which included a ₹30 million one-time ex-gratia payment and other perquisites.

**Girish Menon**, **Chief Human Resources Officer**, has been with the Company since 2016. He has degrees in **Mechanical Engineering** and **Law**, along with a **Post Graduate Diploma in Business Management** from **Xavier's Institute**. He has worked at **Flipkart**, **HSBC**, and **Vistaar**. He received **honors** such as **"BW People 40 Under 40"**. His **Fiscal 2024 remuneration was ₹73.69 million** (including ₹45 million as a one-time ex-gratia payment).

**Amitesh Jha** was appointed **CEO – Instamart** in September 2024. He holds a **Bachelor's and Master's in Technology** from **IIT Delhi** and a **Post Graduate Programme in Management** from **IIM Ahmedabad**. Previously, he spent 14 years at **Flipkart** as Senior Vice President. He has not received remuneration for Fiscal 2024

Recommendation: **Neutral! : Wait for a more favourable entry point**

**Anand Kripalu, Chairman and Independent Director** since December 4, 2023, holds a background in electrical engineering from **IIT Madras** and management from **IIM Calcutta**, with advanced training at **The Wharton School**. Former **CEO at EPL Ltd.**, he has served at **Cadbury, Hindustan Lever, and United Spirits**, earning the **Indian Marketing Awards Lifetime Achievement Award**.

**Sriharsha Majety, Managing Director and Group CEO**, co-founded the company and has over ten years of leadership experience. He holds an engineering degree from **BITS Pilani** and a management diploma from **IIM Calcutta**. Recognized as "**Entrepreneur of the Year 2019**" by **The Economic Times**. His remuneration includes an annual CTC of ₹25 million (2024-2025), ₹30 million (2026), with additional benefits and a one-time ex-gratia payment of ₹45 million in FY2024.

**Lakshmi Nandan Reddy Obul, Whole-time Director - Head of Innovation**, has been with the company for a decade, holding an MSc in **Physics** from **BITS Pilani**. Previously worked in business consulting with **Intellectap**. **Shailesh Haribhakti, Independent Director** since January 24, 2023, is a **Chartered Accountant** and certified internal auditor with extensive experience, having held roles at **Blue Star, Raymond, and Ambuja Cements**. Holds a designation from **Competent Boards Inc.** and expertise in financial planning.

**Sahil Barua, Independent Director**, co-founded **Delhivery Limited** and has an engineering degree from **NIT Karnataka** and a management diploma from **IIM Bangalore**. He has worked with **Bain & Company** and has significant experience in logistics.

**Suparna Mitra, Independent Director** as of April 1, 2024, is the **CEO of Titan's Watches and Wearables Division** with 18 years at **Titan**. An alumna of **Jadavpur University** and **IIM Calcutta**, she serves on the board of **IIM Kozhikode** and has received numerous awards recognizing her influence in business.

**Anand Daniel, Nominee Director**, has an engineering degree from the **University of Madras**, a Master's from **Purdue**, and an MBA from **MIT**. He is a partner at **Accel Partners** and brings over 10 years of investment expertise.

**Ashutosh Sharma, Nominee Director**, holds an engineering degree from **Banaras Hindu University** and an MBA from the **University of Chicago**. He is a growth investment partner at **Prosus Group** with a background at **Qualcomm** and **Norwest Venture Partners**.

**Sumer Juneja, Nominee Director**, graduated from the **London School of Economics** and is the managing partner for **EMEA and India** at **SB Investment Advisers**. Previously, he was with **NVP Venture Capital**.

**Roger Clark Rabalais, Nominee Director**, holds degrees in economics from the **University of Texas** and **Harvard**. Based in the Netherlands, he represents **Prosus Services B.V.** with over ten years in executive leadership within the **Prosus Group**.

Each director's term varies, with remuneration set according to the company's fiscal policies.

## FINANCIAL SNAPSHOT

## Statement of Profit and Loss

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	June 24
Revenue from Operations	57,048.97	82,645.96	1,12,473.90	32,222.17
Other Income	4,148.80	4,498.57	3,869.59	878.94
<b>Total Income</b>	<b>61,197.77</b>	<b>87,144.53</b>	<b>1,16,343.49</b>	<b>33,101.11</b>
<b>Expenses</b>				
Cost of Material Consumed	510.54	719.99	610.83	77.69
Purchases of stock-in-trade	22,245.40	33,019.51	45,547.50	11,951.48
Changes in Inventories of WIP, Finished Goods & Stock in Trade	-75.46	69.23	-116.34	-75.5
Employee benefits expense	17,084.90	21,298.20	20,121.64	5,891.85
Finance Cost	483.76	581.92	714.03	198.26
Depreciation and Amortization expense	1,700.90	2,857.86	4,205.85	1,216.72
Other Expenses				
Advertising and sales promotion	20,050.73	25,011.60	18,507.99	4,453.73
Delivery and related charges	20,688.13	28,349.44	33,510.59	10,460.45
Others	13,055.63	16,936.24	16,371.75	4,904.90
<b>Total Expenses</b>	<b>95,744.53</b>	<b>1,28,843.99</b>	<b>1,39,473.84</b>	<b>39,079.58</b>
<b>EBITDA</b>	<b>-34,324.82</b>	<b>-40,734.26</b>	<b>-24,552.72</b>	<b>-6,645.21</b>
<b>EBITDA Margin</b>	<b>-60.17%</b>	<b>-49.29%</b>	<b>-21.83%</b>	<b>-20.62%</b>
Share in net loss of an associate	-10.16	-1.03	-66.14	-0.9
<b>Loss before exceptional items and tax</b>	<b>-34,556.92</b>	<b>-41,700.49</b>	<b>-23,196.49</b>	<b>-5,978.470</b>
<b>Exceptional Items</b>	<b>-1,732.04</b>	<b>-92.56</b>	<b>-305.94</b>	<b>-130.7</b>
<b>Profit/(Loss) before tax</b>	<b>-36,288.96</b>	<b>-41,793.05</b>	<b>-23,502.43</b>	<b>-6,109.17</b>
<b>Total Tax</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit/(Loss) for the year</b>	<b>-36,288.96</b>	<b>-41,793.05</b>	<b>-23,502.43</b>	<b>-6,109.17</b>
<b>Net Profit Margin</b>	<b>-59.30%</b>	<b>-47.96%</b>	<b>-20.20%</b>	<b>-18.46%</b>

## Statement of Assets and Liabilities

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	June 24
<b>EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
Share Capital	8.56	26.57	30.06	38.09
Instruments entirely equity in nature	1,55,625.42	1,55,625.42	1,55,732.64	1,50,907.63
Other Equity	-32,964.86	-65,085.87	-77,848.09	-76,495.80
<b>Total Equity</b>	<b>1,22,669.12</b>	<b>90,566.12</b>	<b>77,914.61</b>	<b>74,449.920</b>
<b>2. Non-current liabilities</b>				
Financial Liabilities				
(i) Borrowings			959.77	1,546.08
(ii) Lease Liabilities	4,086.67	4,445.77	4,670.59	4,708.83
(iii) Other financial liabilities	185.9	374.37		37.78
Contract Liabilities			290.12	287.73
Provisions	277.2	384.94	391.1	403.44
<b>Total Non-current liabilities</b>	<b>4,549.77</b>	<b>5,205.08</b>	<b>6,311.58</b>	<b>6,983.86</b>
<b>3. Current liabilities</b>				
Financial Liabilities				
(i) Borrowings			1,152.09	1,020.03
(ii) Lease Liabilities	995.43	1,550.23	1,859.45	1,847.34
(iii) Trade Payables	9,561.42	8,731.74	8,808.98	9,894.68
(iv) Other Financial Liabilities	3,826.63	3,916.56	6,394.16	6,327.27
Contract Liabilities	226.86	350.41	209.35	161.78
Other current liabilities	1,622.20	1,666.94	1,856.74	1,894.07
Provisions	605.93	819.37	787.25	833.47
<b>Total Current liabilities</b>	<b>16,838.47</b>	<b>17,035.25</b>	<b>21,068.02</b>	<b>21,978.64</b>

Particulars	FY 22	FY 23	FY 24	June 24
<b>Total Liabilities</b>	<b>21,388.24</b>	<b>22,240.33</b>	<b>27,379.60</b>	<b>28,962.50</b>
<b>Total Equity and Liabilities</b>	<b>1,44,057.36</b>	<b>1,12,806.45</b>	<b>1,05,294.21</b>	<b>1,03,412.42</b>
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
Property, Plant and Equipment	3,115.80	3,137.49	4,527.85	4,678.60
Right-to-use assets	4,622.14	5,458.25	5,877.99	5,926.97
Goodwill	109.15	3,257.74	6,964.67	6,964.67
Other Intangible Assets	162.73	3,197.38	3,043.11	2,912.61
Investments in associates		669.72	603.58	602.68
Financial Assets				
(i) Investments	12,800.19	16,164.02	13,822.84	16,829.89
(ii) Other financial assets	573.01	805.45	948.89	962.22
Income tax assets	1,091.68	1,574.51	1,603.01	1,740.69
Other assets	246.36	314.92	535.99	570.83
<b>Total Non-Current assets</b>	<b>22,721.06</b>	<b>34,579.48</b>	<b>37,927.93</b>	<b>41,189.16</b>
<b>2. Current assets</b>				
Inventories	177.4	106.41	486.9	562.98
Financial Assets				
(i) Investments	90,679.83	48,571.52	37,284.70	29,183.16
(ii) Trade receivables	11,119.32	10,623.49	9,638.50	11,895.90
(iii) Cash and cash equivalents	10,961.31	8,325.21	8,870.51	8,364.92
(iv) Bank balances other than (ii)	77.42	313.97	38	30.06
(v) Other financial assets	3,198.51	6,518.66	8,268.00	9,069.61
Other Assets	5,122.51	3,767.71	2,779.67	3,116.63
<b>Total Current assets</b>	<b>1,21,336.30</b>	<b>78,226.97</b>	<b>67,366.28</b>	<b>62,223.26</b>
<b>Total Assets</b>	<b>1,44,057.36</b>	<b>1,12,806.45</b>	<b>1,05,294.21</b>	<b>1,03,412.42</b>

<b>Cash Flow Statement</b>		<b>Amt in Lakhs.</b>		
Particulars	FY 22	FY 23	FY 24	June 24
Net Cash Flow from Operating Activities	-39,003.87	-40,599.09	-13,127.35	-5,166.27
Net Cash Flow from Investing Activities	-91,601.40	39,678.47	14,584.58	4,959.00
Net Cash Flow from Financing Activities	1,36,341.48	-1,715.48	-1,227.95	-118.9

<b>Key Ratios</b>									
<b>Per Share Data</b>					<b>Valuation Ratios (x)</b>				
FY 22	FY 23	FY 24	June 24		FY 22	FY 23	FY 24	June 24	
Diluted EPS	-18.62	-19.33	-10.7	-2.76	EV/EBITDA	-3.25	-2.01	-2.90	-10.33
BV per share	1,43,259.79	34,080.93	25,914.79	19,545.26	Market Cap / Sales	1.53	1.06	0.78	2.71
<b>Operating Ratios</b>					P/E	-	-	-	-
EBITDA Margins	-60.17%	-49.29%	-21.83%	-20.62%	Price to Book Value	0.00	0.01	0.02	0.02
PAT Margins	-59.30%	-47.96%	-20.20%	-18.46%	<b>Solvency Ratios</b>				
Inventory Days	1.14	0.47	1.58	1.59	Debt / Equity	0.00	-	0.03	0.034
Debtor days	71.14	46.92	31.28	33.60	Current Ratio	7.21	4.59	3.20	2.83
Creditor days	7.11	5.53	2.74	3.03	Quick Ratio	7.20	4.59	3.17	2.81
<b>Return Ratios</b>					Asset Turnover	0.40	0.73	1.07	0.31
RoCE	-28.32%	-45.52%	-34.14%	-10.25%	Interest Coverage Ratio	-74.47	-62.94	-47.10	-17.25
RoE	-29.58%	-46.15%	-30.16%	-8.21%					

Consolidated Financial Analysis of Swiggy

Revenue and Profitability Trends

- Revenue Growth:** Swiggy's revenue grew by 36% in FY24, reaching ₹1,12,474 crore compared to ₹82,646 crore in FY23. This growth is driven by increased activity in both food delivery and quick-commerce (Instamart) divisions, despite intense competition from Zomato. The increased revenue base is a positive indicator of market traction.
- Improving EBITDA Margin:** Swiggy's EBITDA losses narrowed significantly, with the EBITDA margin improving from -49.29% in FY23 to -21.83% in FY24. This reflects improved operational efficiencies, likely due to tighter cost management in delivery and marketing expenses. The continued decline in Swiggy's losses highlights a focused approach towards cost optimization.
- Net Loss Reduction:** Swiggy's net loss reduced by 44%, moving from ₹4,179 crore in FY23 to ₹2,350 crore in FY24. This improvement indicates Swiggy's efforts in controlling costs, particularly in employee benefits, advertising, and delivery charges. The net profit margin improved from -47.96% in FY23 to -20.20% in FY24, marking a steady move towards profitability, although Swiggy is still far from positive net earnings.

Balance Sheet Analysis

- Shareholder's Equity:** Swiggy's equity has declined due to continuous operational losses. By FY24, total equity decreased to ₹77,914.61 crore, down from ₹90,566.12 crore in FY23. Although the company raised substantial funds previously, accumulated losses have impacted shareholder equity significantly, reflecting the need for Swiggy to stabilize its financials before further fundraising or its anticipated IPO.
- Non-Current Liabilities:** Non-current liabilities increased to ₹6,311.58 crore in FY24, up from ₹5,205.08 crore in FY23, largely due to lease liabilities and new borrowings to support operations and infrastructure. This indicates Swiggy's reliance on debt financing to sustain its growth strategy.
- Current Liabilities:** Swiggy's current liabilities also rose to ₹21,068.02 crore in FY24, from ₹17,035.25 crore in FY23, due to higher trade payables and other short-term financial obligations. This increase reflects Swiggy's efforts to support operational expansion and meet its near-term financial commitments.

Asset Composition

- Non-Current Assets:** Swiggy's investment in non-current assets rose to ₹37,927.93 crore in FY24, indicating continued investment in property, plant, and equipment as well as intangible assets (like goodwill). This is consistent with Swiggy's investment in technology and infrastructure to improve delivery efficiencies.
- Current Assets:** Current assets, however, saw a decrease, falling from ₹78,226.97 crore in FY23 to ₹67,366.28 crore in FY24. This drop was driven by reduced cash and cash equivalents and a lower investment in short-term financial assets, suggesting that Swiggy is strategically reallocating resources towards long-term assets while drawing down cash reserves.

Key Ratios and Financial Health

- Liquidity Ratios:** Swiggy's current ratio and quick ratio have slightly declined due to increased current liabilities, which can be a point of concern if this trend continues. The company may need to ensure that short-term obligations are covered adequately by its liquid assets.
- Profitability Ratios:** The improvement in Swiggy's EBITDA margin and net profit margin indicates progress towards profitability. However, the company remains heavily reliant on external funding to sustain operations and expand its quick-commerce business. Despite significant losses, the positive revenue growth and expense control suggest potential for profitability in the long term if this trend continues.



Recommendation: **Neutral! : Wait for a more favourable entry point**

- Debt Ratios:** The increase in non-current liabilities and borrowings reflects higher leverage, which could increase financial risk, especially if revenue growth stalls. However, the nature of lease liabilities and strategic debt suggests that Swiggy is focused on long-term infrastructure development.

**Implications and Strategic Focus**

- IPO Readiness:** As Swiggy opens for an IPO, the improved financials position it more favorably, though sustained profitability remains crucial. Investors will likely view Swiggy’s narrowing losses as a positive sign, but further reduction in debt and control over non-profitable segments like Instamart would enhance attractiveness.
- Competitive Positioning:** Swiggy’s primary competitor, Zomato, achieved net profitability in FY24, setting a high benchmark. Swiggy’s quicker loss reduction may stem from strategic cuts in promotional spending and improved delivery efficiency, but it will need to maintain this momentum to avoid losing further market share.
- Quick-Commerce Expansion:** The quick-commerce division, Instamart, has grown substantially but remains a costly endeavor. As this market matures, Swiggy’s focus should be on optimizing delivery networks and possibly consolidating services to achieve cost synergies, as Zomato has done with Blinkit.

**LEAD MANAGER TRACK RECORD -**

The lead manager to the issue are : 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; ICICI Securities Limited.

A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

**Kotak Mahindra Capital Company Limited –**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Hyundai Motor India Limited	27870.16	1,960.00	Oct 22, 2024	1,828.85
2.	Western Carriers (India) Limited	492.88	315.00	Sep 24, 2024	127.85
3.	Bajaj Housing Finance Limited	6560.00	70.00	Sep 16, 2024	135.15

The Company has handled 33 mandates in the past three years (including the current year)

**Avendus Capital Private Limited –**

Sr. No	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Brainbees Solutions Limited	4193.73	465.00	Aug 13, 2024	617.10
2.	Tribhovandas Bhimji Zaveri Limited	200.00	120.00	May 09, 2012	261.45

The company has handled 2 mandates in the past three years (including the current year).

**ICICI Securities Limited –**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Afcons Infrastructure Limited	5430.00	463.00	Nov 04, 2024	493.55
2.	Northern Arc Capital Limited	777.00	263.00	Sep 24, 2024	259.80
3.	Premier Energies Limited	2,830.40	450.00	Sep 03, 2024	1,167.50

The company has handled 50 mandates in the past three years (including the current year).

**J P Morgan India Private Limited –**

Recommendation: **Neutral! : Wait for a more favourable entry point**

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Hyundai Motor India Limited	27870.16	1,960.00	Oct 22, 2024	1,828.85
2.	Premier Energies Limited	2,830.40	450.00	Sep 03, 2024	1,167.50
3.	Emcure Pharmaceuticals Limited	1,952.03	1,008.00	Jul 10, 2024	1,441.55

The company has handled 11 mandates in the past three years (including the current year).

#### Citigroup Global Markets India Private Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Hyundai Motor India Limited	27870.16	1,960.00	Oct 22, 2024	1,828.85
2.	Northern Arc Capital Limited	777.00	263.00	Sep 24, 2024	259.80
3.	Ola Electric Mobility Limited	6,145.56	76.00	Aug 09, 2024	74.23

The company has handled 12 mandates in the past three years (including the current year).

#### BoFA Securities Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Bajaj Housing Finance Limited	6560.00	70.00	Sep 16, 2024	135.15
2.	Brainbees Solutions Limited	4193.73	465.00	Aug 13, 2024	617.10
3.	Ola Electric Mobility Limited	6,145.56	76.00	Aug 09, 2024	74.23

The company has handled 4 mandates in the past three years (including the current year).

#### BoFA Securities Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Bajaj Housing Finance Limited	6560.00	70.00	Sep 16, 2024	135.15
2.	Brainbees Solutions Limited	4193.73	465.00	Aug 13, 2024	617.10
3.	Ola Electric Mobility Limited	6,145.56	76.00	Aug 09, 2024	74.23

The company has handled 4 mandates in the past three years (including the current year).

#### Jefferies India Private Limited

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Afcons Infrastructure Limited	5430.00	463.00	Nov 04, 2024	493.55
2.	Waaree Energies Limited	4321.44	1,503.00	Oct 28, 2024	3475.30
3.	Emcure Pharmaceuticals Limited	1,952.03	1,008.00	Jul 10, 2024	1,441.55

The company has handled 10 mandates in the past three years (including the current year).

\*CMP for the above-mentioned companies is taken as of 24<sup>th</sup> October 2024.

**Recommendation -**

India's food delivery market is expected to reach Rs 2 lakh crore (around \$24 billion) by 2030, growing at an 18% CAGR, according to a Bain & Company and Swiggy report. This growth outpaces the overall food services sector, projected to grow 10-12% annually to reach Rs 9-10 lakh crore by 2030. Online food delivery penetration, currently at 12%, is expected to rise to 20%. Swiggy and Zomato collectively dominate this sector, with Zomato holding a slight lead at 57% market share.

**Company Analysis**

Founded in 2014, the company shows good amount experience and progress in the sector, giving tough competition to its competitor Zomato although Zomato has a lead of 8 years on inception and 3 years of IPO funding. It took Zomato 15 years to become profitable and at the rate Swiggy is going, Management is confident they will soon become profitable as well, whether they'd be able to sustain it is another story.

Swiggy has demonstrated strong revenue growth and narrowing losses, signalling improved operational efficiency and a commitment to cost control. However, its financial position is still characterized by high liabilities and ongoing losses. Strategic investment in infrastructure and a tighter focus on profitable growth areas will be essential as Swiggy heads towards an IPO. Given its progress, Swiggy is poised to improve its financial standing further, but it must continuously balance growth aspirations with disciplined financial management to compete effectively in the Indian food delivery and quick-commerce landscape.

Issue is aggressively priced at the moment so investors should consider waiting a year to assess post-listing performance as well as look for a price drop and buy at the appropriate moment.

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