

Growth Led by Quick Commerce; Competitive Intensity Remains

Est. vs. Actual for Q3FY26: Revenue – **BEAT**; EBITDA – **BEAT**; PAT – **BEAT**
Change in Estimates YoY post Q3FY26:

FY26E/FY27E: Revenue: 9%/3%; EBIT: 15%/11%, PAT: 7%/9%

Recommendation Rationale

- Strategic Growth in Quick Commerce and Hyper-Pure Segment:** The company achieved a significant milestone during the quarter, with two of its high-growth segments turning Adjusted EBITDA profitable for the first time. Its Quick Commerce business (Blinkit) reached Adjusted EBITDA breakeven with a profit of Rs 4 Cr, a sharp improvement from a loss of Rs 156 Cr in Q2FY26. The company added 211 net new stores during the quarter, taking the total store count to 2,027. As per management, mature regions such as Delhi NCR are growing at ~55% YoY, newer metros at over 100% YoY, and smaller cities at an even faster pace off a lower base. Management remains committed to aggressive footprint expansion, targeting 3,500–4,000 stores by Mar'27. The Hyperpure segment also turned Adjusted EBITDA positive with a profit of Rs 1 Cr. This business is projected to reach \$1 Bn in topline within the next three years and serves as a strategic moat by providing backend supply chain infrastructure across all B2C segments.
- Food Delivery, Going out (District), and other segment outlook:** The Food Delivery is showing consistent recovery with 16.6% YoY NOV growth, accelerating for the second consecutive quarter. Adjusted EBITDA margins hit an all-time high of 5.4%. The average monthly transacting customers (MTC) grew to 24.9 Mn in Q3FY26, up from 20.5 Mn in Q3FY25. The company expects YoY growth to gradually inch up toward 20% over time. The Going Out segment saw 20% YoY NOV growth. Management expects this to become a \$3 Bn NOV business by FY30 despite higher investment in live events. The Others segment consists of the quick food delivery service Bistro, which reported quarterly losses of ~Rs 50 Cr. It now operates 45 kitchens in Delhi NCR and Bangalore, showing early signs of a path to profitability.
- Robust Capital Allocation:** Despite ongoing investments, the company maintains a strong cash balance of Rs 178 Bn as of Dec'25. Management remains disciplined regarding capital allocation, targeting a long-term ROCE of 40%+ for their investments in quick commerce.

Sector Outlook: Cautious on account of increased competitive intensity.

Company Outlook & Guidance: Short-term impact on the financial performance of the company may remain due to increased competitive intensity.

Current Valuation: SOTP

Current TP: Rs 360/share (Earlier TP: Rs 360/share)

Recommendation: The recent price correction has significantly enhanced the risk-reward profile, offering an attractive valuation. The long-term outlook remains strong. Therefore, **we recommend a BUY rating on the stock.**

Financial Performance

In Q3FY26, Zomato reported revenue of Rs 16,315 Cr, up 202% YoY and 20.1% QoQ. EBITDA stood at Rs 368 cr, up 127% YoY and 54% QoQ. Net profit came in at Rs 102 cr, up by 73% YoY and 54% QoQ, respectively.

Outlook: From a long-term perspective, Zomato has built a resilient business model by securing multiple strategic verticals and delivering broad-based growth. However, near-term challenges, such as rising competitive intensity and rapid store expansion, are likely to keep profitability under pressure. Consequently, **we recommend BUY and value the stock at Rs 360/share based on an SOTP valuation, implying a 27% return from the CMP.**

Key Financials (Consolidated)

(Rs Cr)	Q3FY26	QoQ (%)	YoY (%)	Axis Est.	Variance
Net Sales	16,315	20.1	201.9	15,454	5.6
EBITDA	368	54.0	127.2	331	11.3
EBITDA Margin	2.3	50 bps	-74 bps	2.1	12 bps
Net Profit	102	56.9	72.9	94	8.3
EPS (Rs)	0.1	56.9	56.9	0.1	8.3

Source: Company, Axis Securities Research

(CMP as of 21st January, 2026)

CMP (Rs)	283
Upside /Downside (%)	27%
High/Low (Rs)	355/189
Market cap (Cr)	3,36,218
Avg. daily vol. (6m) Shrs.	4,00,80,680
No. of shares (Cr)	965

Shareholding (%)

	Jun-25	Sep-25	Dec-25
Promoter	0.0	0.0	0.0
FIIs	42.3	39.0	36.2
MFs/UTI	21.6	24.7	26.7
Banks/FIs	0.0	0.0	0.0
Others	36.1	36.3	37.0

Financial & Valuations

Y/E Mar (Rs Cr)	FY25	FY26E	FY27E
Net Sales	20,243	56,929	73,837
EBITDA	637	1,560	3,321
Net Profit	527	1,229	2,478
EPS (Rs)	0.6	1.3	2.6
P/BV (x)	8	8.7	8.1
ROE (%)	2%	4%	7%

Change in Estimates (%)

Y/E Mar	FY26E	FY27E
Sales	9%	3%
EBITDA	15%	11%
PAT	7%	9%

Relative Performance



Source: Ace Equity, Axis Securities Research

Results Gallery

- [Q2FY26](#)
- [Q1FY26](#)
- [Q4FY25](#)
- [Q3FY25](#)

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Change in Estimates
(Rs Cr)

	Old		New		% Change	
	FY26E	FY27E	FY26E	FY27E	FY26E	FY27E
Sales	52,315	71,943	56,929	73,837	9%	3%
EBIT	1,358	2,985	1,560	3,321	15%	11%
PAT	1,145	2,267	1,229	2,478	7%	9%

Source: Company, Axis Securities

Results Review
(Rs Cr)

Particulars (Rs Cr)	Q3FY25	Q2FY26	Axis Est.	Q3FY26	YoY growth (%)	QoQ growth (%)
Net Sales	5,405	13,590	15,454	16,315	201.9	20.1
COGS	1,500	7,742	8,467	9,801	553.4	26.6
Gross Profits	3,905	5,848	6,987	6,514	66.8	11.4
Gross Margin (%)	72.2	43.0	45.2	39.9	NA	-311 bps
Staff costs	689	865	1,082	914	32.7	5.7
Ad spends & Delivery charges	1,971	3,019	3,333	3,313	68.1	9.7
Other operating expenses	1,083	1,725	2,241	1,919	77.2	11.2
EBITDA	162	239	331	368	127.2	54.0
EBITDA margin (%)	3.0	1.8	2.1	2.3	-74 bps	50 bps
Depreciation	247	376	414	439	77.7	16.8
EBIT	(85)	(137)	(83)	(71)	(16.5)	(48.2)
Other Income	252	352	366	348	38.1	(1.1)
Interest Cost	43	86	95	107	148.8	24.4
PBT	124	129	188	170	37.1	31.8
Tax	65	64	94	68	4.6	6.3
PAT	59	65	94	102	72.9	56.9
EPS	0.07	0.07	0.10	0.11	56.9	56.9

Source: Company, Axis Securities Research

Financials (Consolidated)
Profit & Loss
(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Net sales	20,243	56,929	73,837	1,16,784
Other operating income	0	0	0	0
Total Income	20,243	56,929	73,837	1,16,784
Purchase of stock in trade	5,653	15,940	19,936	29,196
Change in inventories of traded goods	-88	0	0	0
Employee benefits expense	2,558	9,963	13,069	24,525
Operating Expenses	11,483	29,466	37,511	58,075
Total Cost	14,041	55,369	70,516	1,11,795
EBITDA	637	1,560	3,321	4,989
EBITDA Margin (%)	3%	3%	4%	4%
Depreciation	577	1,279	1,407	1,688
Interest & Fin Chg.	88	95	110	110
Pre-tax profit	697	1,617	3,261	4,653
Tax provision	170	388	783	1,163
Profit after Tax	527	1,229	2,478	3,490
EPS Basic	0.61	1.27	2.57	3.62

Source: Company, Axis Securities Research

Balance Sheet
(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Sources				
Equity and Liabilities				
Equity Attributable to equity shareholders of the parent	30,317	31,546	34,024	37,514
Non-controlling interests	(7)	(7)	(7)	(7)
Total Equity	30,310	31,539	34,017	37,507
Lease Liabilities	1,654	600	600	600
Provisions	120	94	94	94
Deferred Tax Liabilities	212	212	212	212
Total non-current liabilities	1,987	910	910	910
Current Liabilities				
Lease Liabilities	391	115	115	115
Trade Payables	1,536	4,679	6,069	9,599
A] Total Outstanding Dues of micro-enterprises and small enterprises	75	75	75	75
B] Total Outstanding Dues of creditors other than micro-enterprises and small-enterprises	1,461	1,461	1,461	1,461
Other Financial Liabilities	913	310	310	310
Provisions	452	26	26	26
Other Current Liabilities	34	276	276	276
Total Current Liabilities	3,326	5,406	6,795	10,325
Total Equity and Liabilities	35,623	37,855	41,723	48,743
ASSETS				
Non-Current Assets				
Property, Plant and equipment	965	240	290	340
Right-of-use asset	1,918	1,918	1,918	1,918
Goodwill	5,737	4,717	4,717	4,717
Other intangible assets	912	991	991	991
Investments	10,920	2,280	2,280	2,280
Other Financial Assets	2,744	1,894	1,894	1,894
Other Non-Current Assets	546	99	546	99
Total Non-Current Assets	23,922	12,274	12,771	12,374
Current Assets				
Inventories	176	699	874	1,280
Investments	2,272	4,485	4,485	4,485
Trade Receivables	1,946	2,496	3,237	5,119
Cash and Cash Equivalents	666	14,408	16,417	21,990
Other Financial Assets	2,769	2,324	2,769	2,324
Other Current Assets	924	372	372	372
Total Current Assets	11,701	25,581	28,952	36,369
Total Assets	35,623	37,855	41,723	48,743

Source: Company, Axis Securities Research

Cash Flow
(Rs Cr)

Y/E March	FY25	FY26E	FY27E	FY28E
Cash Flow from Operating Activities				
Profit before tax	697	1,617	3,261	4,653
Depreciation	576	1,279	1,407	1,688
Changes in Working Capital	6,792	(9,825)	2,298	3,399
Cash Flow from Operating Activities	6,796	(10,214)	1,515	2,235
Capital expenditure	(936)	(725)	50	50
Cash flow from Investing	(7,993)	(725)	50	50
Equity Raised				
Debt Raised				
Cash flow from financing	(406)	(601)	(721)	(721)
Net Change in Cash	(1,603)	(11,540)	355	1,673

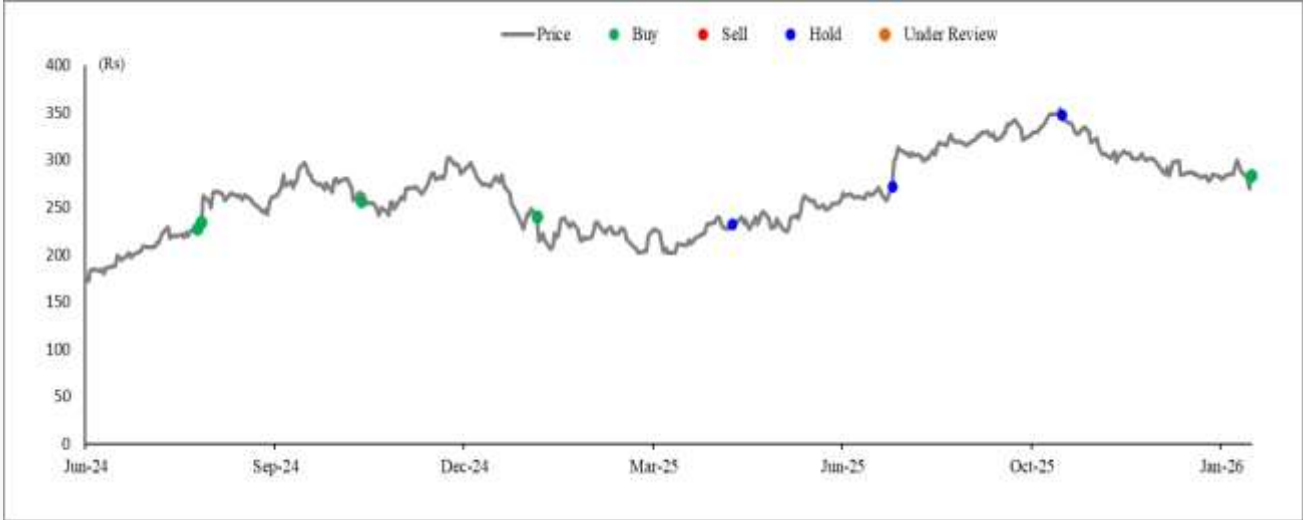
Source: Company, Axis Securities Research

Ratio Analysis
(%)

Y/E March	FY25	FY26E	FY27E	FY28E
Growth Ratio				
Net Sales Growth (%)	67%	181%	30%	58%
EBIT Growth (%)	1417%	145%	113%	50%
PAT Growth (%)	134%	99%	97%	42%
Adj. EPS Growth (%)	50%	133%	102%	41%
	50%	110%	102%	41%
Margin Ratios				
EBITDA Margin (%) (Core)	3%	3%	4%	4%
EBIT Margin (%)	4%	3%	5%	4%
Pre-Tax Margin (%)	3%	3%	4%	4%
PAT Margin (%)	3%	2%	3%	3%
Efficiency Ratios				
Asset Turnover (x)	1	2	2	2
Receivable days	16	16	16	16
Inventory Days	16	16	16	16
Payable days	30	30	30	30
Financial Stability Ratios				
Total Debt/Equity (x)	-	-	-	-
Current Ratio (x)	2	4	4	3
Quick Ratio (x)	4	4	5	5
Interest Cover (x)	11	20	31	35
Operational & Financial Ratios				
Earnings Per Share (Rs)	0.6	1.3	2.6	3.6
Book Value (Rs)	35	33	35	39
Tax Rate (%)	25%	24%	24%	25%
Performance Ratios				
ROA (%)	4	10	20	27
ROCE (%)	3	5	9	12
ROE (%)	2	4	7	9
P/BV (x)	8	9	8	7

Source: Company, Axis Securities Research

Eternal Ltd Price Chart and Recommendation History



Date	Reco	TP	Research
31-Jul-24	BUY	280	Initiating Coverage
02-Aug-24	BUY	280	Result Update
23-Oct-24	BUY	350	Result Update
21-Jan-25	BUY	280	Result Update
02-May-25	HOLD	230	Result Update
22-Jul-25	HOLD	250	Result Update
17-Oct-25	HOLD	360	Result Update
22-Jan-26	BUY	360	Result Update

Source: Axis Securities Research

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BUY	More than 10%
HOLD	Between 10% and -10%
SELL	Less than -10%
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NO STANCE	We do not have any forward-looking estimates, valuations or recommendations for the stock.

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