Dated: 1st Oct 2025

Eternal (ETERNAL) - BUY

Company Update

Current Market Price (CMP)	Fair Value (FV)
Rs.326	Rs.375

Rationale:

- We expect Eternal to report healthy GMV performance in Q2FY26.
- We expect food delivery to report a sequentially flat EBITDA margin of 4.2% of GOV.
- We expect Blinkit to continue to rapidly add stores.
- We expect a reduction in EBITDA loss to Rs92 cr from Rs162 cr in 1Q, driven by higher CM (shift to the 1P model) and lower ad spends.
- Key monitorables from the result will be the commentary on competitive intensity and timelines on Blinkit's expansion to 3,000 stores.
- Retain estimates and BUY with SoTP-based Fair Value of Rs375 (unchanged).

(GMV -Gross Merchandise Value, GOV -Gross Order Value, CM – Contribution Margin, SOTP - Sum of the Parts, CAGR - Compound Annual Growth Rate, EBITDA - Earnings Before Interest, Taxes, Depreciation, and Amortization, BPCL-Blink Commerce Private Ltd)

Positives:

- Food delivery: Expect GMV growth of 16% yoy.
- Expect 20 bps qoq CM expansion on higher platform fee.
- Blinkit: Expect strong GMV growth of 136% yoy and sequentially flat losses.
- Expect yoy take rate expansion on higher platform fee and ad revenue.
- We model revenue CAGR of 83% over FY25-28E.

Negatives:

- Currently, Blinkit is making EBITDA losses.

Holding Period: 12 months

RATING SCALE (PRIVATE CLIENT GROUP)

Definitions of ratings

BUY	–	We expect the stock to deliver more than 15% returns over the next 12 months
ADD	–	We expect the stock to deliver 5% - 15% returns over the next 12 months
REDUCE	–	We expect the stock to deliver -5% - +5% returns over the next 12 months
SELL	–	We expect the stock to deliver < -5% returns over the next 12 months
NR	–	**Not Rated.** Kotak Securities is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
SUBSCRIBE	–	We advise investor to subscribe to the IPO.
RS	–	**Rating Suspended.** Kotak Securities has suspended the investment rating and price target for this stock, either because there is not a sufficient fundamental basis for determining, or there are legal, regulatory or policy constraints around publishing, an investment rating or target. The previous investment rating and price target, if any, are no longer in effect for this stock and should not be relied upon.
NA	–	**Not Available or Not Applicable.** The information is not available for display or is not applicable
NM	–	**Not Meaningful.** The information is not meaningful and is therefore excluded.
NOTE	–	Our target prices are with a 12-month perspective. Returns stated in the rating scale are our internal benchmark.

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