

Eternal | BUY

JM Financial India Xchange takeaways

We recently hosted Mr Akshant Goyal, CFO at Eternal, for a fire-side chat during our flagship annual investor conference. Blinkit (~50% share of B2C NOV) remains the primary growth engine for Eternal, he said, as there is enough scope for shift in consumer purchases from traditional ecommerce and offline commerce to quick commerce across tier 1/2+ cities. In fact, demand remains strong even in a relatively matured city like Delhi (70%+ YoY). It is likely that Blinkit's MTU base eventually could be multi-fold that of Zomato as its use-cases are relatively non-discretionary. He believes Zomato (~40% salience) can deliver NOV CAGR of 20% over the medium term, albeit FY26 growth will be a bit modest at 15%+. He also sees District (~10% of NOV) gaining traction as it introduces services for which demand is more latent than obvious. On profitability in Blinkit, he said that it was just a matter of time, as some markets are already operating at 3%+ Adj. EBITDA margin (as % of NOV) despite high competitive pressures. In fact, he indicated that 5-6% sustainable margin guidance (over the long term) is achievable, as there is significant room for brand and customer monetisation, improvement in through-put per store as well as operating efficiencies. Overall, Mr Goyal emphasised that Eternal will continue to focus on making disciplined growth investments and aim to achieve sustainable profitability.

- Blinkit is more of a retail business than an internet business:** Mr Goyal explained that in the run-up to the Blinkit M&A the team had realised that quick commerce could not be built only on the principles of a digital-first business. In fact, it helped that the team led by Mr Albinde Dhindsa (CEO, Blinkit) had several years of experience of operating a retail business (Grofers). Therefore, in the initial years, Blinkit focussed a lot on brand partnerships, demand forecasting, disciplined procurement, fixing the supply chain, building own warehousing capabilities and inventory rotation just like any retail business would, rather than generating demand basis heavy discounting and the promise of delivering orders in 10 minutes, unlike the competition. Over a period of time, this helped achieve high order fulfilment rates and customer satisfaction, which, in turn, drives loyalty even though the platform charges service fees on almost all orders.
- Blinkit's MTUs likely to be multi-fold that of Zomato:** Mr Goyal noted that Eternal across its three B2C platforms (Zomato, Blinkit and District) has 100mn annual transacting consumers. But, the overlap between Zomato and Blinkit is between ~35-40%. Further, as discretionary spends rise and Tier-2/3 markets evolve, the core driver of MTU expansion will be brand accessibility—where Blinkit's deep assortment and instant availability of national brands position it to scale MTUs at a significantly faster clip than food delivery. Consequently, over a period of time, Blinkit's MTUs would be multi-fold that of Zomato.
- Blinkit's mature business already operating at 3%+ margin, achieving sustainable margins will not be a challenge:** Mr Goyal mentioned that while on a weighted average basis Blinkit is today loss-making (-1.3% as % of NOV as of 2QFY26), the business is already making 3%+ Adj. EBITDA margin in some mature markets despite high competitive pressures. In these matured markets, the company is able to charge the consumers 6-7% as service fees and collect another 4-5% from brands in the form of ad income. Moreover, the daily store throughput in these markets is also significantly above the aggregate average (OPD of 1,470 in 2QFY26). This gives the management the confidence to say that the entire business will eventually turn profitable and also move towards sustainable profitability of 5-6% of NOV once other parts of the business (that are currently in an investment phase) mature. Margin expansion will largely be a function of brand and customer monetisation, improvement in through-put per store as well as operating efficiencies, as NAOVs are unlikely to expand meaningfully hereon.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	450
Upside/(Downside)	49.0%
Previous Price Target	450
Change	0.0%

Key Data – ETERNAL IN

Current Market Price	INR302
Market cap (bn)	INR2,913.9/US\$32.6
Free Float	100%
Shares in issue (mn)	9,650.4
Diluted share (mn)	9,650.4
3-mon avg daily val (mn)	INR12,222.3/US\$136.6
52-week range	368/190
Sensex/Nifty	85,232/26,068
INR/US\$	89.5

Price Performance

%	1M	6M	12M
Absolute	-10.7	31.3	13.2
Relative*	-11.5	25.7	2.4

* To the BSE Sensex

Financial Summary (INR mn)

Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,21,150	2,02,430	5,56,049	11,08,237	15,37,166
Sales Growth (%)	71.1	67.1	174.7	99.3	38.7
EBITDA	430	6,370	11,429	52,403	89,366
EBITDA Margin (%)	0.4	3.1	2.1	4.7	5.8
Adjusted Net Profit	3,520	5,270	4,142	39,716	68,188
Diluted EPS (INR)	0.4	0.6	0.4	4.1	7.1
Diluted EPS Growth (%)	0.0	41.9	-25.2	858.8	71.7
ROIC (%)	-7.3	-1.7	-1.9	18.5	30.9
ROE (%)	1.8	2.1	1.3	11.7	17.1
P/E (x)	746.9	526.4	703.5	73.4	42.7
P/B (x)	12.9	9.0	9.3	8.1	6.7
EV/EBITDA (x)	6,492.6	427.9	240.0	52.3	30.0
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 21/Nov/2025

JM Financial Research is also available on: Bloomberg - JMFR <GO>, FactSet, LSEG and S&P Capital IQ.

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

- **Good execution in Blinkit key to driving growth:** Mr Goyal highlighted that as a retail business, Blinkit faces several execution challenges when adding new categories and building supply chain (warehouses and dark stores) for newer cities. For example, Blinkit was forced to add its own temperature-controlled warehouses as dedicated warehousing companies were not able to keep pace with its growth. In hindsight these investments have been beneficial as the cost of operating own warehouses is nearly half of what they used to shell out earlier. The company also engineered differentiated storage and handling models for fast-moving and long-tail SKUs. In smaller cities, Blinkit is seeing strong adoption not merely because of 10-minute delivery but because the platform solves a fundamental supply gap by providing access to branded goods that local offline stores often cannot stock. While recent growth trends have been strong (NOV grew 120%+ in each of the last 3 quarters), sustaining those levels will need very strong execution from the team.
- **Category expansion anchored to consumer behaviour:** On assortment strategy, Mr Goyal believes consumers are currently comfortable making impulse-driven or convenience-driven purchases from low-touch categories. While Blinkit has been experimenting selling televisions, air conditioners, mobile phones or fashion, customers seem to prefer such purchases through offline channels. Similarly, while the company had piloted alcohol delivery during Covid, it was deprioritised due to limited optics and significant regulatory friction across states. Medicines continue to be offered cautiously under tight compliance frameworks. The approach is to ensure that Blinkit's assortment is aligned with real consumer behaviour rather than stretching the model for the sake of expansion.
- **Quick commerce's large TAM will continue to attract competition:** Mr Goyal believes the underlying TAM for quick commerce is huge as it is essentially a retail business, which means the channel can aspire to solve for all low-touch purchases. The channel also benefits from the fact that the broader retail market is fragmented and there are several operating inefficiencies in general trade/offline retail. As a result, the channel will always attract new competition as capturing even a small share of the market could be attractive to many, which is the reason why there are at least seven well-capitalised players offering quick commerce services today.
- **Current levels of cash burn by the competition in quick commerce are unsustainable:** As per Mr Goyal, the annualised quick commerce market size on NOV basis stood at INR 1,100bn as of 2QFY26. While Blinkit contributes ~INR 500bn to the market, its annualised losses stood at ~INR 6bn. On the other hand, as per his assessment/channel checks, the rest of the competition combined is losing INR 220bn to drive INR 600bn worth of sales. He, therefore, believes raising capital will hereon become difficult as investors are unlikely to support inefficient operators for a long period of time. This, in turn, should eventually drive consolidation in the market, just like in the case of online food delivery.
- **Food delivery: A steady engine in mature growth phase:** On the food delivery business, Mr Goyal reiterated Eternal's medium-term guidance of ~20% CAGR, with individual year prints influenced by macroeconomic variability. FY26 growth may be softer but is still expected to remain above 15%. Consumer behaviour shows a clear bifurcation between essentials, which are stable and discretionary segments, which are showing signs of early recovery. Relative to quick commerce, food delivery is now a predictable, steady-state engine with well-understood demand drivers and a proven margin structure. Mr Goyal also emphasised that no business model is permanent; food delivery too could evolve into a new avatar over the long term, and the company is actively challenging itself to identify what that next phase of efficiency and consumer value creation looks like. As macro conditions improve and penetration deepens across Tier 2 and Tier 3 markets, Zomato is well-positioned to further consolidate share in the structurally expanding food delivery category.
- **Bistro – early-stage experiment focused on validating value & economics:** Bistro remains in a purposeful experimentation phase, with Eternal prioritising proof of customer value before any scale-up decisions are made. Mr Goyal emphasised that the model must first demonstrate sustainable unit economics—especially in low-AOV categories (sub-INR 200), where competition-driven participation should not be mistaken for viable economics. Only after validating both consumer relevance and profitability will the company consider accelerating expansion. The approach is intentionally conservative, reflecting Eternal's view that new discretionary formats need strong product-market fit before capital deployment.
- **District – Premium experiential bet riding India's discretionary consumption curve:** District, Eternal's premium experiential vertical, has already surpassed INR 100bn in GOV while sustaining ~30% YoY growth. Mr Goyal framed this business as a structural bet on India's rising per-capita consumption and the transition of experiential spending from aspirational to mainstream. District is designed to scale alongside urbanisation, rising affluence, and the shift toward organised, experience-led discretionary categories. The vertical reflects Eternal's thesis that as incomes expand, premium lifestyle services will see disproportionate adoption and create long-run margin accretion opportunities.

Financial Tables (Consolidated)

Income Statement (INR mn)						Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E	Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	1,21,150	2,02,430	5,56,049	11,08,237	15,37,166	Shareholders' Fund	2,04,130	3,03,170	3,14,814	3,61,656	4,36,971
Sales Growth	71.1%	67.1%	174.7%	99.3%	38.7%	Share Capital	8,680	9,070	9,070	9,070	9,070
Other Operating Income	0	0	0	0	0	Reserves & Surplus	1,95,450	2,94,100	3,05,744	3,52,586	4,27,901
Total Revenue	1,21,150	2,02,430	5,56,049	11,08,237	15,37,166	Preference Share Capital	0	0	0	0	0
Cost of Goods Sold/Op. Exp	0	0	0	0	0	Minority Interest	-70	-70	-70	-70	-70
Personnel Cost	28,820	55,650	2,97,593	7,32,714	10,34,743	Total Loans	0	0	0	0	0
Other Expenses	91,900	1,40,410	2,47,027	3,23,119	4,13,057	Def. Tax Liab. / Assets (-)	-2,210	-1,290	-3,336	-6,649	-9,223
EBITDA	430	6,370	11,429	52,403	89,366	Total - Equity & Liab.	2,01,850	3,01,810	3,11,407	3,54,937	4,27,678
<i>EBITDA Margin</i>	0.4%	3.1%	2.1%	4.7%	5.8%	Net Fixed Assets	57,760	76,650	82,234	90,681	99,304
<i>EBITDA Growth</i>	0.0%	1,381.4%	79.4%	358.5%	70.5%	Gross Fixed Assets	5,290	13,450	25,916	41,632	58,167
Depn. & Amort.	5,260	8,630	15,601	19,038	21,448	Intangible Assets	54,710	66,490	63,190	60,219	57,249
EBIT	-4,830	-2,260	-4,172	33,365	67,918	Less: Depn. & Amort.	2,420	3,800	7,382	11,679	16,622
Other Income	7,750	9,230	11,076	9,805	7,847	Capital WIP	180	510	510	510	510
Finance Cost	0	0	0	0	0	Investments	1,19,320	1,81,760	1,61,760	1,61,760	1,61,760
PBT before Excep. & Forex	2,920	6,970	6,904	43,170	75,765	Current Assets	54,270	96,530	1,67,081	2,59,623	3,80,633
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	Inventories	880	1,760	30,869	58,521	82,799
PBT	2,920	6,970	6,904	43,170	75,765	Sundry Debtors	7,940	19,460	41,477	79,974	88,483
Taxes	-600	1,700	2,762	3,454	7,576	Cash & Bank Balances	3,090	6,660	9,824	10,994	67,801
Extraordinary Inc./Loss(-)	0	0	0	0	0	Loans & Advances	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	Other Current Assets	42,360	68,650	84,910	1,10,135	1,41,550
Reported Net Profit	3,520	5,270	4,142	39,716	68,188	Current Liab. & Prov.	29,500	53,130	99,668	1,57,127	2,14,019
Adjusted Net Profit	3,520	5,270	4,142	39,716	68,188	Current Liabilities	18,260	37,940	83,022	1,23,951	1,68,002
Net Margin	2.9%	2.6%	0.7%	3.6%	4.4%	Provisions & Others	11,240	15,190	16,646	33,176	46,017
Diluted Share Cap. (mn)	8,705.8	9,186.6	9,650.4	9,650.4	9,650.4	Net Current Assets	24,770	43,400	67,413	1,02,495	1,66,614
Diluted EPS (INR)	0.4	0.6	0.4	4.1	7.1	Total - Assets	2,01,850	3,01,810	3,11,407	3,54,937	4,27,678
Diluted EPS Growth	0.0%	41.9%	-25.2%	858.8%	71.7%						
Total Dividend + Tax	0	0	0	0	0						
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0						

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	2,20,434	2,73,178	6,904	43,170	75,765
Depn. & Amort.	30,035	32,566	15,601	19,038	21,448
Net Interest Exp. / Inc. (-)	-5,790	-6,470	-11,076	-9,805	-7,847
Inc (-) / Dec in WCap.	1,180	-10,930	-38,090	-60,019	-43,070
Others	-2,38,348	-2,84,084	7,501	7,126	7,126
Taxes Paid	-1,050	-1,180	-4,808	-6,767	-10,150
Operating Cash Flow	6,460	3,080	-23,968	-7,256	43,272
Capex	-2,020	-9,310	-12,466	-15,715	-16,535
Free Cash Flow	4,440	-6,230	-36,435	-22,971	26,737
Inc (-) / Dec in Investments	-7,630	-58,760	20,000	0	0
Others	6,180	-11,860	14,585	14,684	14,921
Investing Cash Flow	-3,470	-79,930	22,118	-1,031	-1,614
Inc / Dec (-) in Capital	220	84,470	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	-1,690	-2,580	8,523	14,336	22,223
Others	-600	-1,470	-3,509	-4,879	-7,075
Financing Cash Flow	-2,070	80,420	5,014	9,457	15,149
Inc / Dec (-) in Cash	920	3,570	3,164	1,169	56,807
Opening Cash Balance	2,170	3,090	6,660	9,824	10,994
Closing Cash Balance	3,090	6,660	9,824	10,994	67,801

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	2.9%	2.6%	0.7%	3.6%	4.4%
Asset Turnover (x)	0.6	0.8	1.7	2.9	3.4
Leverage Factor (x)	1.0	1.1	1.1	1.1	1.1
RoE	1.8%	2.1%	1.3%	11.7%	17.1%

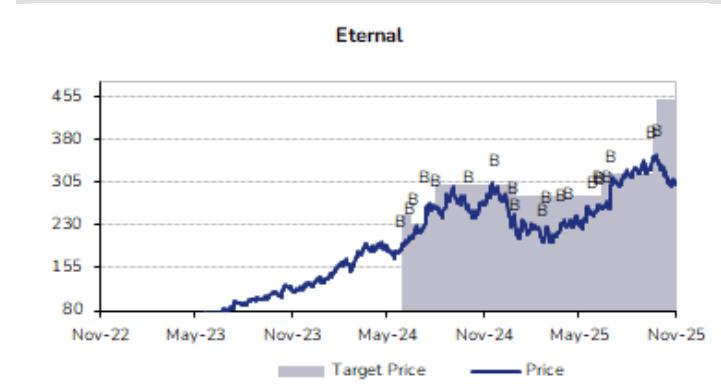
Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	23.4	33.4	32.6	37.5	45.3
ROIC	-7.3%	-1.7%	-1.9%	18.5%	30.9%
ROE	1.8%	2.1%	1.3%	11.7%	17.1%
Net Debt/Equity (x)	-0.6	-0.6	-0.5	-0.5	-0.5
P/E (x)	746.9	526.4	703.5	73.4	42.7
P/B (x)	12.9	9.0	9.3	8.1	6.7
EV/EBITDA (x)	6,492.6	427.9	240.0	52.3	30.0
EV/Sales (x)	23.0	13.5	4.9	2.5	1.7
Debtor days	24	35	27	26	21
Inventory days	3	3	20	19	20
Creditor days	27	29	35	27	25

Source: Company, JM Financial

History of Recommendation and Target Price

Recommendation History

Date	Recommendation	Target Price	% Chg.
17-Jun-24	Buy	250	
3-Jul-24	Buy	230	-8.0
12-Jul-24	Buy	230	0.0
2-Aug-24	Buy	260	13.0
22-Aug-24	Buy	300	15.4
23-Oct-24	Buy	300	0.0
11-Dec-24	Buy	300	0.0
16-Jan-25	Buy	300	0.0
21-Jan-25	Buy	280	-6.7
12-Mar-25	Buy	280	0.0
21-Mar-25	Buy	280	0.0
18-Apr-25	Buy	280	0.0
2-May-25	Buy	280	0.0
16-Jun-25	Buy	280	0.0
27-Jun-25	Buy	280	0.0
2-Jul-25	Buy	320	14.3
13-Jul-25	Buy	320	0.0
22-Jul-25	Buy	320	0.0
8-Oct-25	Buy	400	25.0
17-Oct-25	Buy	450	12.5



APPENDIX I

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Corporate Identity Number: U67100MH2017PLC296081

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New Rating System: Definition of ratings	
Rating	Meaning
BUY	Expected return >= 15% over the next twelve months.
ADD	Expected return >= 5% and < 15% over the next twelve months.
REDUCE	Expected return >= -10% and < 5% over the next twelve months.
SELL	Expected return < -10% over the next twelve months.

Note: For REITs (Real Estate Investment Trust) and InvIT (Infrastructure Investment Trust) total expected returns include dividends or DPU (distribution per unit)

Previous Rating System: Definition of ratings	
Rating	Meaning
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
HOLD	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
SELL	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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