



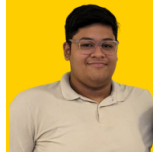
Zomato vs. Swiggy

Strategic Analysis for Investment Insights

Executive Summary



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Company Overview	3
SWOT Analysis	5
PESTEL Analysis	7
Food Delivery Landscape	8
Company Profiling	9
Growth Drivers	13
Financial Analysis	14
Cost Structure and Margins	15
Performance Analysis	16
Unit Economics	18
Investor Considerations	19
Growth Potential	20
Executive Summary	23

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ZOMATO

- **Food Delivery:** Original service, still a primary focus
- **Quick Commerce:** Expanded with Blinkit for fast grocery delivery
- **Dining Out & Entertainment Ticketing:** Book restaurant tables and events
- **Hyperpure:** Supplies for restaurant partners

Global Presence

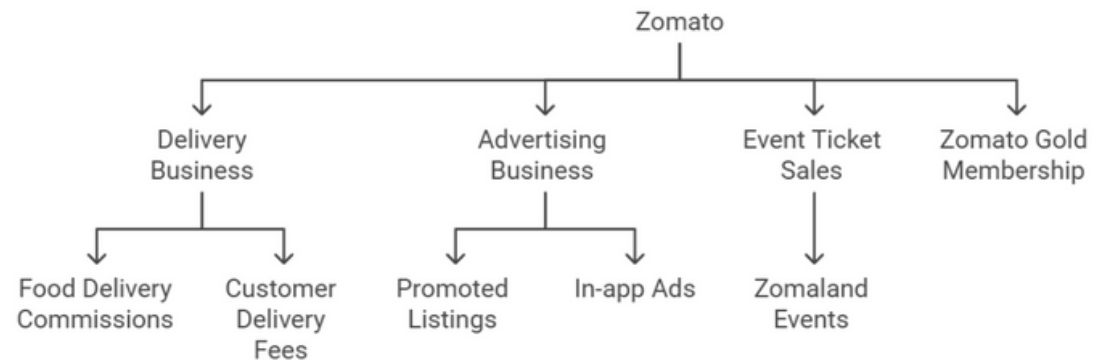
Operates in 10,000+ cities across 24 countries
Notable countries include USA, India, Australia, Brazil, New Zealand, Singapore, and Qatar

Feeding India Initiative (2014)

Started by Ankit Kawatra, acquired by Zomato in 2019, it provides free meals for underprivileged communities, served with volunteer support with an impact of over 200,000 meals served daily as of May 2022

The Target Audience includes users and restaurants

Zomato's Business Strategy



SWIGGY

Founded: August 2014

App Downloads: Over 5 million installations, making Swiggy a household name in India

Cities Covered: Operates in 580+ cities across India
Restaurant Partnerships: Over 25,000+ restaurants onboarded

Delivery Fleet: Large network of local delivery agents across 13+ major cities including Mumbai, Delhi, Bengaluru, Chennai, and Hyderabad
Diverse Offerings

Food Delivery: Core service for restaurant-to-doorstep orders

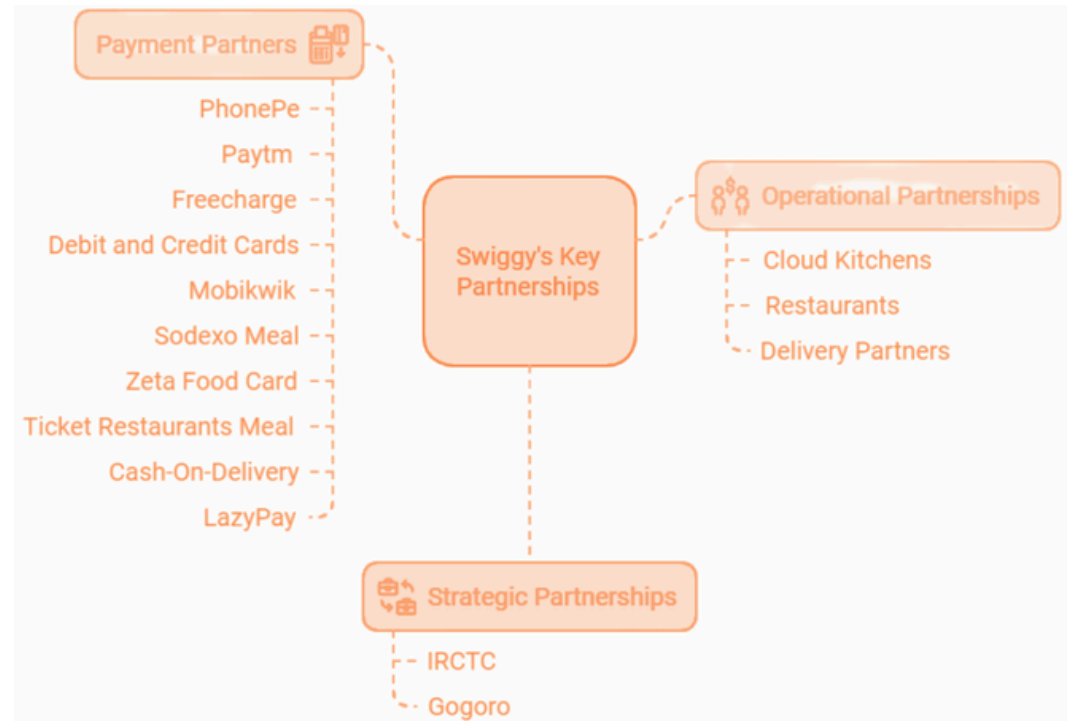
Instamart: Quick commerce service for essentials and groceries

Swiggy Genie: Parcel delivery service for person-to-person deliveries

Current Value: Rs 9056.1 Cr (last fiscal year), making Swiggy one of India's top food delivery platforms

Swiggy's Revenue Model

- Advertising
- Revenue from promotional space and brand advertisements on the app
- Commissions
- Earnings from commissions on each order placed through the platform
- Delivery Fees
- Fees charged to customers for delivering their orders



SWOT ANALYSIS

Strengths	Weaknesses	Opportunities	Threats
Global Leader in Food Delivery: Strong international presence with 19M+ users and 350,000+ delivery partners across 26 countries.	Questionable Business Decisions: Aggressive discounting and failed ventures harm reputation and financials.	Expanding Market Potential: Industry growth to \$110B by 2025, with India's CAGR at 18%.	Fragile Business Model: Easy replication increases competition and market pressures.
Market Dominance in India: Holds 55% share of the Indian market with strong local expertise.	Leadership Instability: High-profile exits disrupt strategic direction and confidence.	Strategic Partnerships and Acquisitions: \$1.2B earmarked for alliances to boost presence and offerings.	Government Regulations: Stricter data and operational policies may impact profitability.
Broad International Reach: Operations in countries like Brazil, Turkey, and South Africa cater to diverse cultural preferences.	Reliance on Discounts: Heavy discounts reduce profitability and foster customer dependency.	Product Diversification: Health-conscious consumers offer a market for nutritious food delivery.	Intense Competition: Rivals drain resources and pressure Zomato to innovate continuously.
Diverse Service Offerings: Includes grocery delivery, table reservations, and restaurant ratings, creating a complete ecosystem.	Limited Global Reach: Operations in only 10 countries compared to competitors.	Growing Online User Base: Rising internet penetration and digital adoption expand audience reach.	Rising Delivery Costs: Increased fuel and energy costs directly affect margins.
Strategic Acquisitions: Uber Eats India and Blinkit acquisitions reduce competition and strengthen services.	Operational Challenges: Delivery delays, quality issues, and inefficiencies affect satisfaction and scalability.	Leveraging Technology: AI and delivery innovations like drones can set Zomato apart.	Cybersecurity Risks: Data breaches harm reputation and increase operational costs.



SWOT ANALYSIS

Strengths	Weaknesses	Opportunities	Threats
Fast Delivery: Efficient processing and proximity-based choices for quicker service.	Limited Restaurant Reach: Zonal targeting restricts access to more options.	First Mover Advantage: Pioneer in India's online food delivery market.	Rising Competition: New entrants offering promotions threaten market share.
User-Friendly Interface: Clear navigation, simple payments, and real-time order tracking.	Low Brand Awareness: Needs stronger branding to compete effectively.	Expanding Customer Base: Growing popularity of online food delivery services.	Health-Conscious Consumers: Shifting preferences toward healthier dining.
Skilled Workforce: Well-trained teams ensure high service standards.	High Delivery Charges: Additional fees deter cost-sensitive customers.	Potential for Increased Market Share: Strategic branding can attract more users.	Economic Fluctuations: Inflation or reduced spending may impact orders.
Wide Selection of Eateries: Diverse range of options with filtering preferences.	Dependence on Urban Markets: Limited presence in rural or semi-urban areas.	Service Diversification: Opportunities to expand offerings or lower delivery charges.	Delivery Risks: Delays or mishandling could harm customer satisfaction.
Hygienic Packaging: Clean presentation adds to customer satisfaction.	Operational Challenges: Logistics and consistency can vary by location.	Tech Advancements: Leveraging AI and data analytics to enhance services.	Dependence on External Factors: Weather, traffic, or restaurant issues may cause disruptions.



PESTEL ANALYSIS

Factor	Description	Description
Political	FSSAI rules like calorie labeling and strict food safety standards boost trust but raise costs.	Government policies like Digital India and ease of doing business boost Zomato's growth, accelerated by the pandemic.
Economic	Post-pandemic growth and rising incomes increase demand; intense competition pressures margins.	Rising consumer spending and a growing middle class increase demand for online food delivery, with the market expanding at 30.55% CAGR by 2024.
Socio-Cultural	Growing food delivery demand from professionals; rising health consciousness requires healthier options.	Busy urban lifestyles and a preference for convenience, health, and sustainability drive demand for online food services.
Technological	Digital platforms enable expansion; innovations enhance service efficiency and customer experience.	Increased smartphone use and digital literacy support Zomato's platform, with AR/VR enhancing user experience.
Environmental	Sustainable packaging and green delivery offer opportunities to improve eco-consciousness and brand image.	Zomato focuses on eco-friendly packaging and sustainability, aligning with India's EV push and plastic bans.



Key Players in India's Online Food Delivery Market

Dominant Platforms

- **Swiggy and Zomato:** These two companies dominate the online food delivery market, accounting for the majority of orders nationwide.

Quick-Service Restaurant (QSR) and Cloud Kitchen Deliveries

- **Major QSR Chains:** Domino's Pizza, Pizza Hut, McDonald's, Burger King
- **Cloud Kitchen Companies:** Faasos and Box 8
- Many of these companies offer direct deliveries in addition to partnering with Swiggy and Zomato.

New Entrants: Ola and Paytm have recently entered the food delivery space, leveraging the government's Open Network for Digital Commerce (ONDC) to enable their services.



Overview of the Company

Market Leaders

- Zomato: Leading in market share, with a reported 57% of the market.
- Swiggy: Increasing overall gross order value, as noted by major investor Prosus.

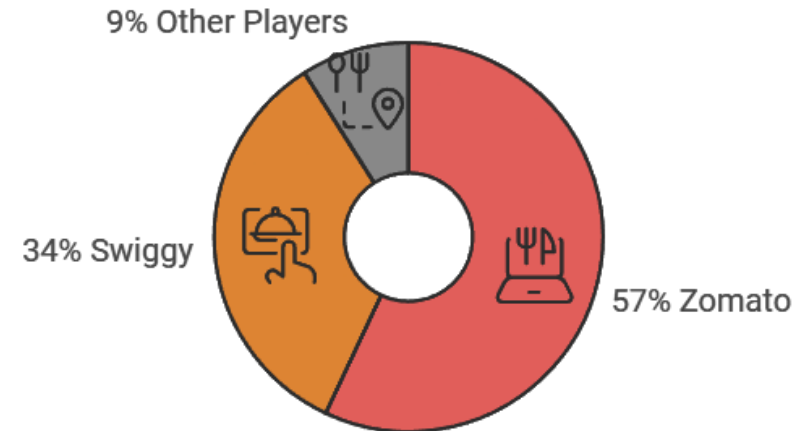
Projected Growth

- Future Outlook: Expected to grow at an 18% compound annual growth rate (CAGR) through 2030, according to a joint report by Bain & Company and Swiggy.
- Significant Expansion: The market is set to expand significantly by the end of the decade, with substantial investment and innovation.

Average Spend Per Order

2023 Average: According to the Swiggy-Bain report, the average spend per order (including both delivery and dining out) ranged between Rs 220-230.

Market Share in India's Online Food Delivery Market (2023)

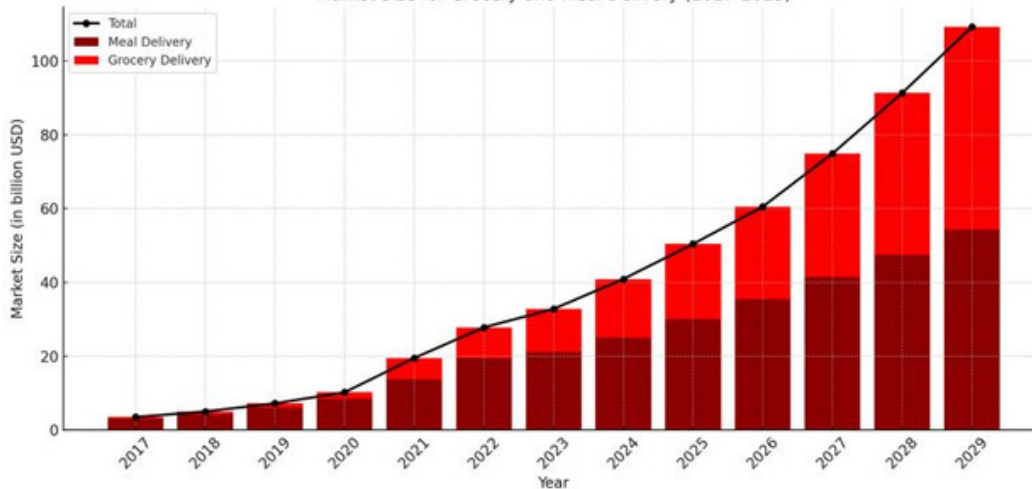


The combined market size for grocery and meal delivery services is projected to grow from \$3.53 billion in 2017 to an impressive \$91.88 billion by 2029, highlighting the increasing consumer reliance on delivery services.

Grocery delivery, initially a smaller segment of the market, has shown rapid expansion, growing from \$0.5 billion in 2017 to an anticipated \$54.9 billion by 2029. This shift reflects evolving consumer preferences and the adoption of online grocery shopping.

Meal delivery continues to be a significant contributor, rising from \$3 billion in 2017 to \$54.3 billion in 2029. Its growth reflects changing lifestyles, convenience-driven preferences, and a booming food delivery ecosystem.

Market Size for Grocery and Meal Delivery (2017-2029)



India's Quick Commerce Industry Growth

Rapid Sales Growth

- Sales Surge: Increased by over 280% in the past two years.
- Gross Merchandise Value: Jumped from USD 0.5 billion in FY22 to USD 3.3 billion in FY24.

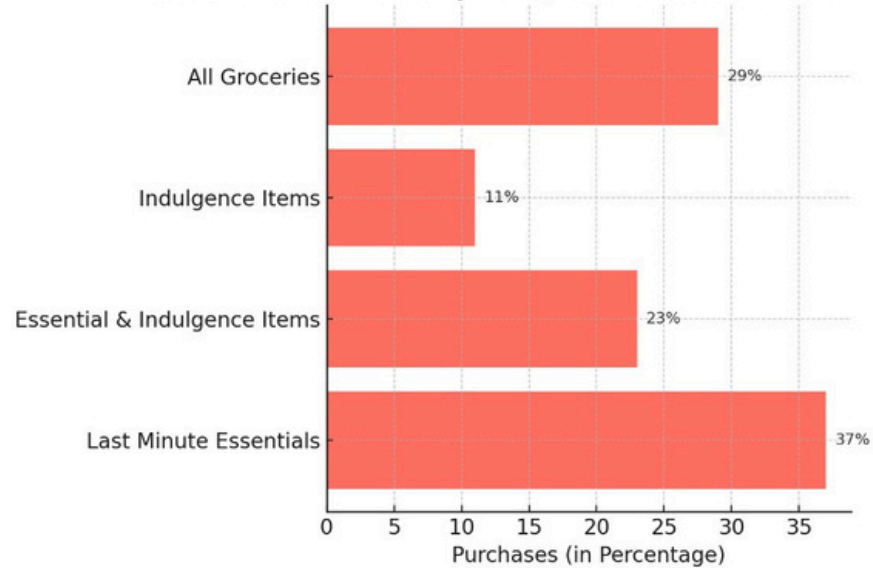
Growth Rate Comparison

- Quick Commerce: Expanding at an impressive 73% annual growth rate (FY 2023-24).
- Traditional E-commerce: Growing at a 14% annual rate.

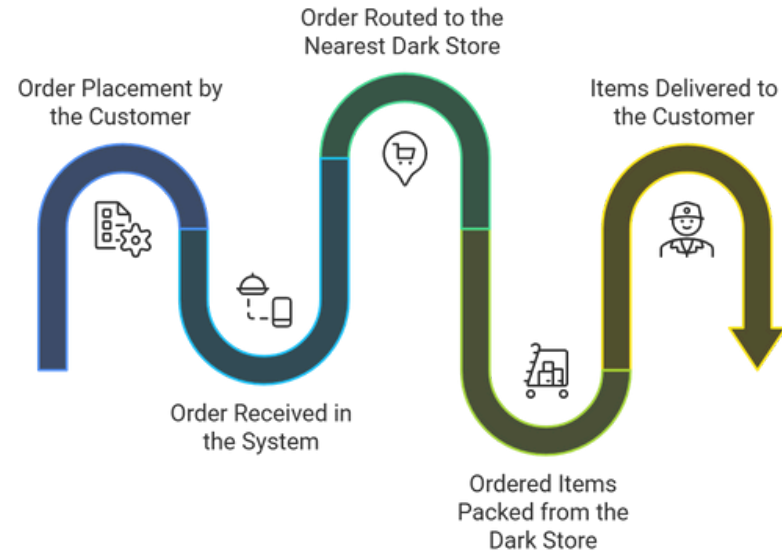
Insight: This shift highlights consumer demand for faster, more convenient delivery options.

- Current and Projected Market Value 2024: Valued at **USD 3.34 billion**.
- 2029: Projected to reach USD 9.95 billion with a 4.5% compound annual growth rate (CAGR) from 2024 to 2029.

Purchase Mix of Grocery via Quick Commerce in India (Feb 2022)



Online Order Fulfillment Process



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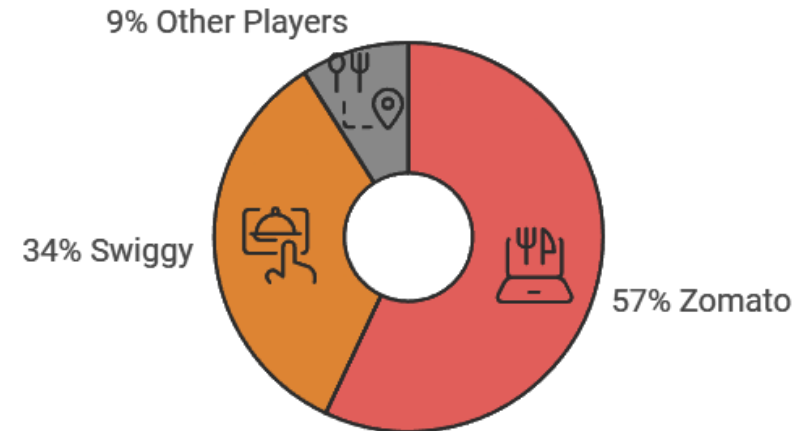
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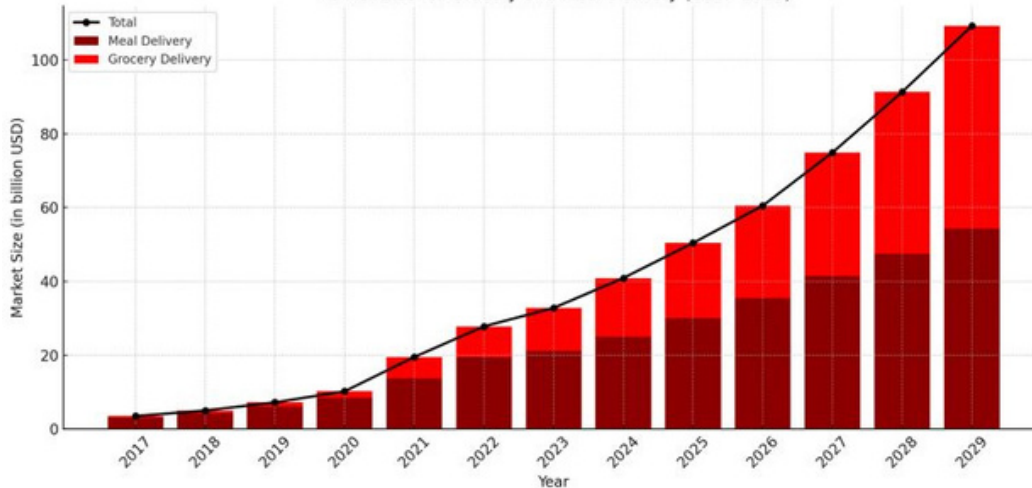


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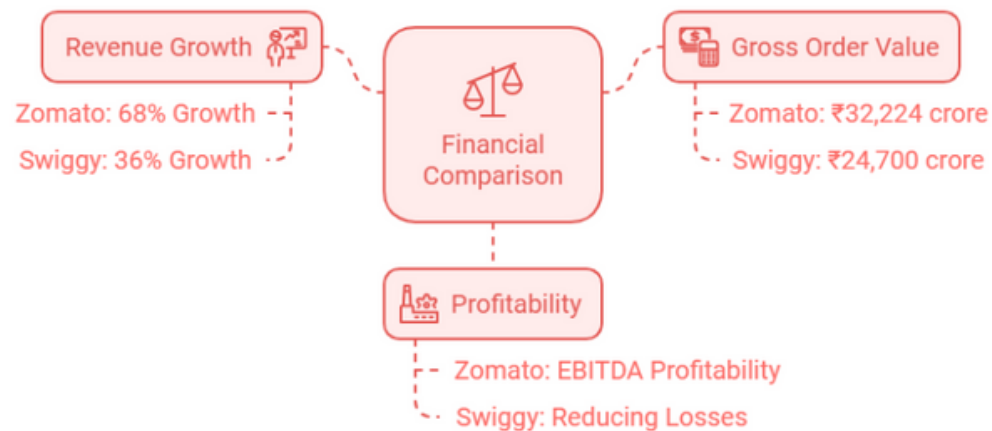


Industry Overview

- **Market Dominance:** Swiggy and Zomato are the key players in India's online food delivery market, commanding a combined market share of over 90%.
- **Growth Trajectory:** The food delivery market in India is projected to grow at an 18% CAGR through 2030, driven by rising internet penetration and changing consumer lifestyles.
- **Quick Commerce:** The segment is growing at a rapid 73% annual rate, reflecting increased consumer demand for faster delivery options.

Strengths and Weaknesses

- **Swiggy:** Excels in quick commerce but faces challenges with profitability and high operational costs.
- **Zomato:** Strong brand, diverse offerings, and profitability; however, it remains heavily reliant on urban markets



Swiggy Key Highlights

- **Revenue:** Swiggy's revenue grew 36% in FY24 to ₹11,247 crore, driven by its quick commerce segment, Instamart.
- **Instamart:** Accounts for 30% of Swiggy's revenue, showing a 122% YoY growth.
- **Profitability:** Swiggy reduced its burn rate by 30% and aims for operational breakeven within 1-2 years.
- **IPO Launch:** Swiggy's IPO valued at \$11.3 billion aims to raise ₹11,327 crore, with proceeds allocated for technology, debt reduction, and Instamart expansion.

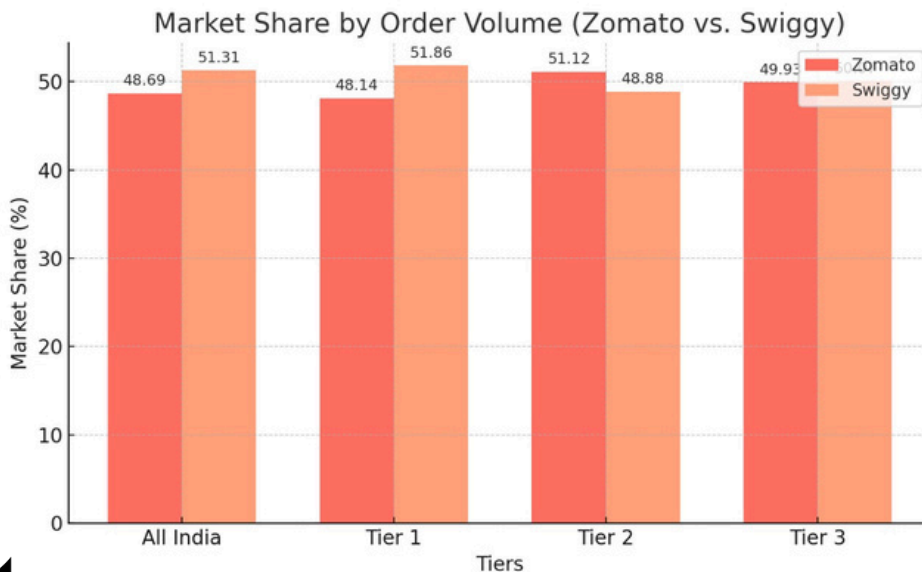
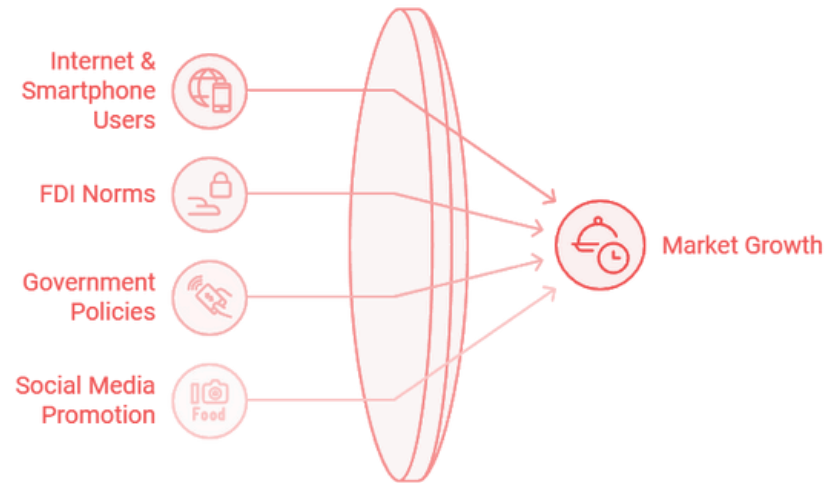
Zomato Key Highlights

- **Revenue:** Zomato reported a 68% revenue increase in FY24 to ₹6,578 crore.
- **Profitability:** Achieved net profitability in FY24, posting ₹351 crore in profit.
- **Diversification:** Strong presence in quick commerce, restaurant partnerships, and international expansion.
- **Market Leadership:** Zomato commands a 55% share in the Indian food delivery market and leads in profitability and brand awareness.

Key Drivers of Growth in India's Online Food Delivery Market

- Increasing Internet and Smartphone Users
- Rising Connectivity
- Future Projections
- Mobile Transactions
- Relaxed Foreign Direct Investment (FDI) Norms
- Marketplace Model
- Government Policies
- Digital Payments
- BharatNet Initiative
- Open Network for Digital Commerce (ONDC).
- Promotion and Visibility Through Social Media
- Social Media Platforms

Drivers of Growth in India's Online Food Delivery Market

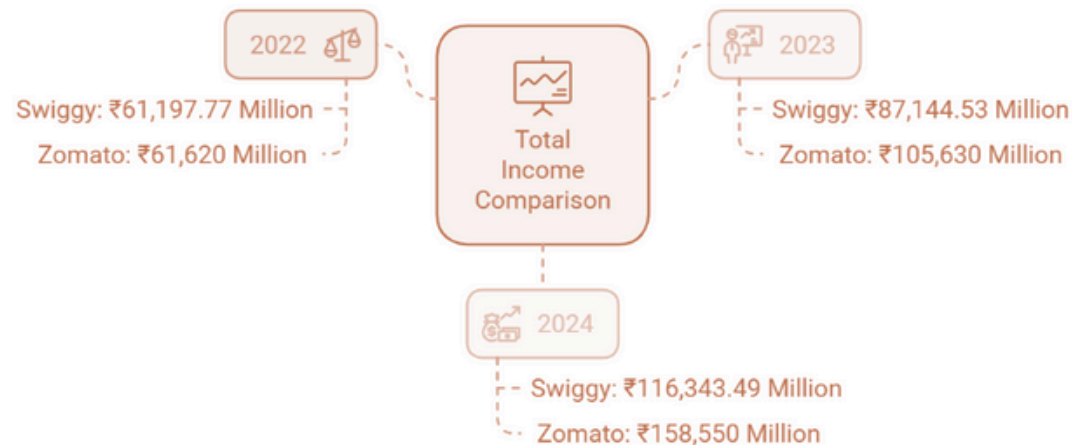


During the financial year 2023, Zepto demonstrated unprecedented revenue growth, exceeding one thousand percent, while BigBasket lagged with a mere five percent growth. This substantial disparity highlights the significant impact of Zepto's rapid growth on the competitive landscape of quick commerce in India, particularly in the grocery segment. The emergence of such dynamic players has reshaped the market, intensified competition, and driven innovation within the industry.



Financial Analysis

Metric	Swiggy (₹ Million)	Zomato (₹ Million)
Total Income (Revenue)		
2024	116,343.49	158,550
2023	87,144.53	105,630
2022	61,197.77	61,620
Net Profit/(Loss)		
2024	(23,502.43)	13,710
2023	(41,793.05)	1,170
2022	(36,288.96)	(10,980)
Earnings Per Share (EPS)		
2024	(10.70)	1.6
2023	(19.33)	0.1
2022	(18.62)	(1.4)



Swiggy's Net Profit/Loss Over Three Years



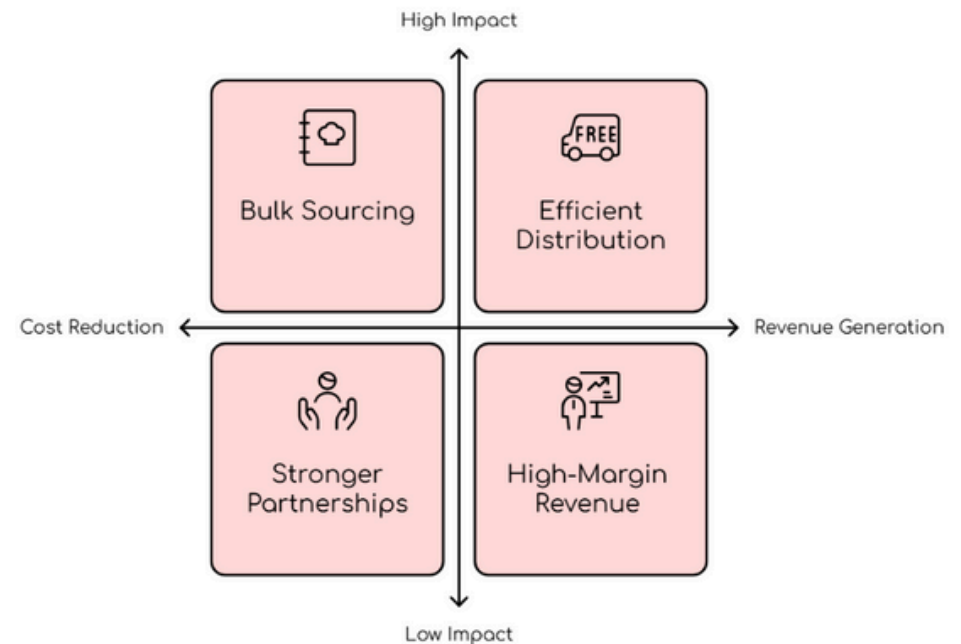
Zomato Net Profit/Loss Over Three Years



Cost Structure and Margins

Zomato has managed to reduce its delivery costs and improve gross margins. The Hyperpure business adds additional gross margin opportunities in the following ways

- **Bulk Sourcing:** Hyperpure provides ingredients in bulk, lowering costs for partner restaurants, which can then place more orders on Zomato.
- **Efficient Distribution:** Hyperpure's centralized supply chain reduces last-mile delivery distances, cutting delivery costs.
- **Stronger Partnerships:** Offering reliable supplies strengthens restaurant loyalty, leading to more orders and consistent revenue.
- **High-Margin Revenue:** Hyperpure operates on higher margins, improving Zomato's overall profitability and reducing reliance on low-margin food delivery.



Swiggy's cost structure is impacted by its extensive delivery network and investments in quick commerce. Quick commerce operates on a lower margin due to rapid delivery requirements and perishable goods logistics, putting pressure on Swiggy's overall profitability. Swiggy's quick commerce segment, primarily through Instamart, has a notable impact on its overall margins due to the unique demands of this business model:

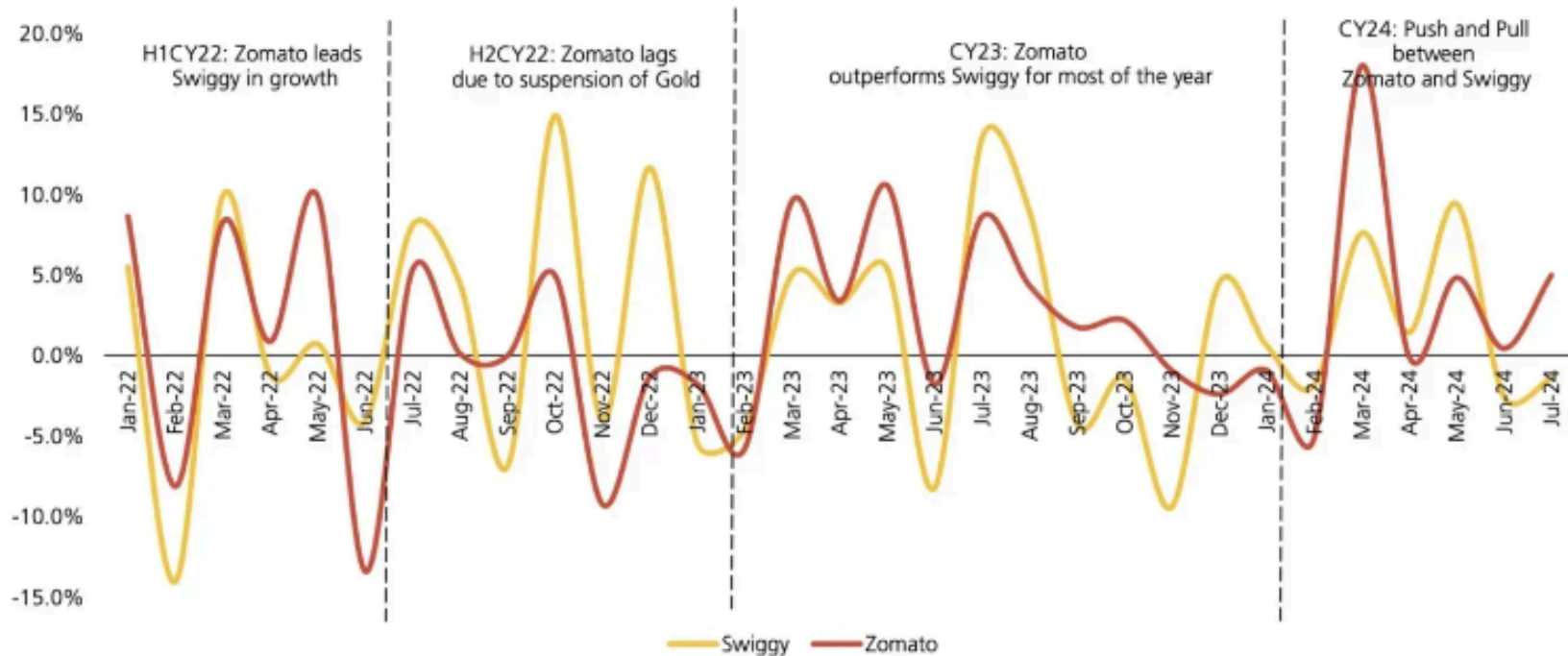
- **Lower Margins per Transaction:** Quick commerce typically operates on lower margins because it involves smaller basket sizes, lower average order values, and more frequent, smaller transactions. This contrasts with food delivery, where order values are generally higher.
- **High Fulfillment Costs:** Quick commerce requires rapid delivery within short timeframes, which incurs higher logistics costs. Swiggy needs to maintain more warehouses or dark stores close to consumers, increasing fixed costs related to storage, inventory, and restocking.
- **Operational Complexity:** Managing perishable goods adds complexity, requiring optimized inventory management, frequent restocking, and potential wastage, all of which can lower margins further.
- **Cash Burn:** As Swiggy scales quick commerce, the cash burn rate remains elevated due to these high operational and logistical costs, reducing the profitability Swiggy achieves in its core food delivery business.

Performance analysis

Metric	Swiggy (Instamart & Delivery)	Zomato
Instamart Growth Rate (Q1FY25)	56% Y-o-Y	-
Gross Order Value (GOV)	₹24,700 crore	₹32,224 crore
Average Order Value (AOV)	₹428	₹428
Monthly Transacting Users (MTUs)	12.7 million	18.4 million
Restaurant Partners	1,96,000	2,47,000

While Zomato has managed to gain a slight edge in recent years, the competition remains fierce, and Swiggy's diversified approach ensures that it remains a strong contender.

The future of the Indian food delivery market is undoubtedly exciting, with Zomato and Swiggy leading the charge in shaping the way Indians order food.



Performance in 2024

Metric	Swiggy	Zomato
Instamart Growth Rate (Q1FY25)	56% Y-o-Y	
Gross Order Value (GOV)	₹24,700 crore	₹32,224 crore
Average Order Value (AOV)	₹428	₹428
Monthly Transacting Users (MTUs)	12.7 million	18.4 million
Restaurant Partners	1,96,000	2,47,000

Zomato has focused on enhancing customer loyalty through personalized offers and an improved user experience. The company is also investing heavily in technology, such as AI-driven recommendations, to increase order value and frequency.

Swiggy has responded by doubling down on its Instamart service, aiming to dominate the quick commerce space. Swiggy's foray into delivering non-food items has also helped it maintain customer engagement across multiple verticals.



Segment	Revenue per Order (INR)
Food Delivery	60-70
Instamart	80-90

Cost Component	Cost Per Order (INR)
Logistics	50-60
Discounts and Incentives	10-15
Marketing and Acquisition	5-10

Segment	Gross Margin (INR)
Food Delivery	5-10
Instamart	20-30

- Segment-Wise Revenue per Order (INR)
 - Food Delivery: ₹60-70
 - Instamart: ₹80-90
- Details:
 - Food Delivery: Swiggy generates an estimated ₹60-70 per order from customer service fees and restaurant commissions.
 - Instamart: Quick commerce offers higher margins, with an RPO (Revenue Per Order) of ₹80-90 due to premium pricing.
- Segment-Wise Gross Margin (INR)
 - Food Delivery: ₹5-10
 - Instamart: ₹20-30
- Details:
 - Food Delivery: Gross margin is ₹5-10 per order, showing improvement with cost efficiency.
 - Instamart: Higher gross margin of ₹20-30 due to reduced discounting and premium positioning.
- Cost Components Per Order (INR)
 - Logistics: ₹50-60
 - Discounts/Incentives: ₹10-15
 - Marketing and Acquisition: ₹5-10
- Details:
 - Logistics: Major CPO factor at ₹50-60 per order due to delivery partner payments.
 - Discounts/Incentives: Reduced to ₹10-15 per order for customer retention.
 - Marketing: Declined to ₹5-10 as Swiggy emphasizes organic growth.
- Burn Rate and Breakeven Efforts
 - Swiggy's burn rate has reduced by 30% in the past year.
 - Instamart's profitability in select markets has improved, supporting Swiggy's goal for operational breakeven within 1-2 years.



Competitors	Market Share (%)
Swiggy	45
Zomato	55
Other Players	10

Financial Performance

Swiggy's IPO is to be priced at ₹371 to ₹390 per share. This means the company is valued at around \$11.3 billion, just lower than a year ago when **Zomato** had its 2021 IPO at around \$13 billion. Nonetheless, it's significant. While Zomato's financial trajectory since listing is decidedly more stable on top lines of the company having become profitable as well as increased market capitalization to nearly \$25 billion. Another aspect is that while Zomato's price-to-sales multiple of 17.5x is quite significantly higher than Swiggy's at 7.8x, implying that Swiggy could be undervalued on a price-to-sales basis for high-risk investors who are willing to bet on future growth.

- **Revenue Growth:**

- Swiggy: Revenue from the food delivery company grew 36% to Rs 11,247 crore in FY24.
- Zomato: The food ordering company's revenue jumped a whopping 68% to Rs 6,578 crore in the same period

- **Profitability:**

- Zomato: Food delivery adjusted EBITDA margin of Zomato improves from FY21-18% to FY24-2.8%, which is profitability.
- Swiggy: Food delivery EBITDA margin of Swiggy improves and is at -0.2% in FY24.

This is reflected in its gross order value (GOV) and average order value (AOV), where both are trailing Zomato. At 23% CAGR in GOV versus 15.5% by Swiggy, Zomato outscores it. It captures about 45% of the food delivery market but only about 25% in quick commerce, even where Zomato still has the lead. Its higher market share, profitability, and better capacity to grow GOV as well as AOV further evidence operational advantages for Zomato.

Valuation

- **Zomato:** High forward EV/EBITDA multiple at 53x with high investor confidence and promising trajectory of profitability.
- **Swiggy:** Undervalued mostly due to lower scale and profit.

Swiggy has improved to positive EBITDA in recent quarters but still makes a loss with negative EPS and return on net worth that hampers its short-term payoff potential. Business models differ as Swiggy has a single app offering multiple services through an integrated service model from the segmented model of Zomato, and analysts feel it would be easier for Swiggy to innovate. However, Zomato's margin profitability and higher market share insulate it as a less risk proposition than long-term growth potential for Swiggy but at present loss-making.



Growth Potential

Metric	FY25 (Expected)	FY26 (Expected)	Growth Rate
GOV (Food + Quick Comm.)	58,000 crore	72,000 crore	20-25%
Revenue	5,200 crore	6,500 crore	25%
Adjusted EBITDA	150 crore	400 crore	-
Debt-to-Equity	0.9	0.8	-

These projections assume continued growth in quick commerce and enhanced operational efficiency, with a potential 20-25% growth rate in GOV and a 25% revenue increase. Swiggy, India's leading food and quick commerce delivery platform, launched its IPO on November 6, 2024, with a goal to raise approximately ₹11,327 crore. This IPO comprises ₹4,499 crore as a fresh issue, with the remaining ₹6,828 crore offered for sale by existing shareholders. Swiggy's offerings span from food and grocery delivery to reservations, event booking, and payment solutions, providing a unique blend of services for high-frequency user engagement. This strategy bolsters its competitive position against major rivals like Zomato.

Financial Metric	FY22	FY23	Q1 FY25	CAGR FY22-FY24
Gross Order Value (GOV)	35,000 crore	46,200 crore	13,200 crore	32%
Revenue Growth	80%	72%	NA	-
Quick Commerce Growth (YoY)	150%	122%	NA	-
Adjusted EBITDA	-870 crore	-650 crore	57.8 crore	Improvement
Monthly Active Users	12.7 million	14 million	14.8 million	-

These figures show Swiggy's steady growth trajectory in both food delivery and quick commerce, with GOV increasing substantially over three years. Instamart, Swiggy's grocery delivery arm, has been a significant growth driver with a 122% YoY increase.



Growth Potential

Balance Sheet Metric	Value (in crore)
Total Assets	6400
Total Liabilities	3200
Debt-to-Equity Ratio	1.2
Equity Base Post IPO	5000
Expected Debt Reduction	20% (Post IPO)

Swiggy's debt-to-equity ratio currently stands at 1.2, above the industry average. Using IPO proceeds, Swiggy plans to reduce debt significantly by refinancing portions of high-interest liabilities and using cash flow improvements from operational gains.

An estimated 20% reduction in debt would enhance its leverage, potentially bringing the debt-to-equity ratio closer to 0.9, a more sustainable level for growth.

Profitability and Cost Structure

Swiggy's path to profitability includes a 30% reduction in burn rate over the past year. Efforts in cost-cutting, especially in logistics and marketing, are gradually improving Swiggy's profitability outlook, with a targeted breakeven within 1-2 years in select regions.

Profitability and Debt-to-Equity Analysis

While Swiggy's revenue growth remains robust, the company is yet to achieve full profitability. Swiggy's food delivery arm reported a positive adjusted EBITDA of 0.8% in Q1 FY25, indicating improving margins. However, Swiggy's negative net earnings have affected its balance sheet, creating a high debt-to-equity ratio.

Profitability Timeline and Potential for International Expansion

Swiggy expects profitability within 1-2 years in select markets, relying on cost efficiency and gross margin improvements. Potential international expansion, though speculative, would require adaptation to new regulatory landscapes and consumer preferences.



Growth Potential

Fiscal Year	Revenue (INR Crore)	Losses (INR Crore)
2022	2776	2181
2023	5705	3628

Swiggy achieved 105% revenue growth from INR 2,776 crore in 2022 to INR 5,705 crore in 2023, attributed to expansion in food delivery and quick commerce (Instamart)

Operational Matrix

Metric	Value
Average Order Value (AOV)	INR 400 for food delivery
Retention Rate	>60% in metro cities
Market Share	45% of Indian market

Expansion into Tier II & III cities

Year	Orders from Tier II & III Cities (%)
2023	35
2024	43
2025	52

Swiggy's growth in smaller cities is significant, with tier II and III cities accounting for 35% of total orders in 2023, projected to reach 52% by 2025 as digital penetration increases.

Innovative Services and Diversification

Segment	Revenue Contribution
Food Delivery	70
Instamart	30

With Instamart accounting for 30% of revenue, Swiggy aims to diversify beyond food delivery. Swiggy Genie and other services reduce reliance on a single revenue stream, adding stability.



Swiggy Key Highlights

- **Revenue:** Swiggy's revenue grew 36% in FY24 to ₹11,247 crore, driven by its quick commerce segment, Instamart.
- **Instamart:** Accounts for 30% of Swiggy's revenue, showing a 122% YoY growth.
- **Profitability:** Swiggy reduced its burn rate by 30% and aims for operational breakeven within 1-2 years.
- **IPO Launch:** Swiggy's IPO valued at \$11.3 billion aims to raise ₹11,327 crore, with proceeds allocated for technology, debt reduction, and Instamart expansion



Zomato Key Highlights

- **Revenue:** Zomato reported a 68% revenue increase in FY24 to ₹6,578 crore.
- **Profitability:** Achieved net profitability in FY24, posting ₹351 crore in profit.
- **Diversification:** Strong presence in quick commerce, restaurant partnerships, and international expansion.
- **Market Leadership:** Zomato commands a 55% share in the Indian food delivery market and leads in profitability and brand awareness.

Industry Overview

- **Market Dominance:** Swiggy and Zomato are the key players in India's online food delivery market, commanding a combined market share of over 90%.
- **Growth Trajectory:** The food delivery market in India is projected to grow at an 18% CAGR through 2030, driven by rising internet penetration and changing consumer lifestyles.
- **Quick Commerce:** The segment is growing at a rapid 73% annual rate, reflecting increased consumer demand for faster delivery options.



Thank You