COMPEDGE INTELLIGENCE BRIEF

ETERNAL LTD (ZOMATO)

Consumer Internet (India) · Client Advisory Brief

MEDIUM CONFIDENCE | THREAT SCORE 8/10

Generated September 30, 2026

EXECUTIVE SUMMARY

Eternal Limited represents a highly capitalised, market-leading conglomerate whose risk profile has shifted from cash-burn insolvency to regulatory and accounting complexity. The most critical advisory takeaway is that Eternal's reported top-line hypergrowth (169% (FY26 Audited)) is materially distorted by an accounting shift in its quick commerce subsidiary, Blinkit, to an inventory-led model where the full gross value of goods sold is recognised as revenue.

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01 Market Context

The Indian consumer internet market is currently defined by the rapid maturation of quick commerce and the stabilizing profitability of legacy food delivery. The core food delivery market has effectively consolidated into a rational duopoly between Eternal (Zomato) and Swiggy, transitioning from discount-led customer acquisition to margin expansion via platform fees and ad monetisation. However, the most aggressive capital deployment is now concentrated in quick commerce, where Eternal's Blinkit competes directly against Swiggy Instamart and Zepto. Regulatory scrutiny is increasing sharply; local authorities are targeting platform economy players with gig-worker social security legislation (Karnataka's Platform Based Gig Workers (Social Security and Welfare) Act, 2025, whose rules were notified on November 19, 2025) and GST demands for past periods. For a corporate advisor or risk professional, the market presents a dichotomy: highly strong, cash-generative underlying demand for convenience, balanced against mounting structural, labor, and tax compliance risks inherent to the gig-economy model.

02 Executive Summary

Eternal Limited represents a highly capitalised, market-leading conglomerate whose risk profile has shifted from cash-burn insolvency to regulatory and accounting complexity. The most critical advisory takeaway is that Eternal's reported top-line hypergrowth (169% (FY26 Audited)) is materially distorted by an accounting shift in its quick commerce subsidiary, Blinkit, to an inventory-led model where the full gross value of goods sold is recognised as revenue. Operationally, the company is fundamentally sound, possessing a cash balance of INR 18,288 Cr (Q1 FY27 Reported) and an operationally profitable core. However, an advisor evaluating Eternal must look past the inflated consolidated revenue figures to focus on like-for-like growth, emerging gig-worker litigation, and persistent GST notices. The corporate rename from Zomato Limited to Eternal Limited kept the consumer brands unchanged; the parent entity runs food delivery itself, while quick commerce, B2B supplies and going-out sit in subsidiaries, which calls for sum-of-the-parts scrutiny from any transaction or credit advisor.

03 Company Snapshot

Eternal Limited (formerly Zomato Limited) is an Indian listed company that operates a group of consumer internet businesses. On March 20, 2025, the company officially changed its corporate name to Eternal Limited, though consumer-facing brands remain unchanged. - Legal Entity: Eternal Limited (Public Limited Company) - CIN: L93030DL2010PLC198141 Q1 FY27 Results Filing (Sourced) - Registered Office: Ground Floor 12A, 94 Meghdoot, Nehru Place, New Delhi 110019, India Q1 FY27 Results Filing (Sourced) - Board of Directors: Kaushik Dutta (Chairman), Deepinder Goyal (Vice Chairman), Sanjeev Bikhchandani, Namita Gupta, Aparna Popat Ved, Sutapa Banerjee FY26 Annual Report (Sourced) - Core Verticals: Zomato (food delivery), Blinkit (quick commerce), Hyperpure (B2B supplies), and District (ticketing and events). - Scale: The company had a market capitalisation of about INR 3,23,769 Cr (Market Data, 24 Sep 2026). The stock trades on the NSE and BSE under the symbol ETERNAL. The parent runs food delivery directly, while Blinkit (Blink Commerce Pvt Ltd), Hyperpure (Zomato Hyperpure Pvt Ltd) and going-out businesses are housed in subsidiaries.

04 Financial Health Indicators

EXHIBIT 1 Key financials

INR

REVENUE, FY26
INR 54,364 Cr
+168.6% year on year

REVENUE, Q1 FY27
INR 20,211 Cr
+182% year on year

NET MARGIN, FY26
0.7%

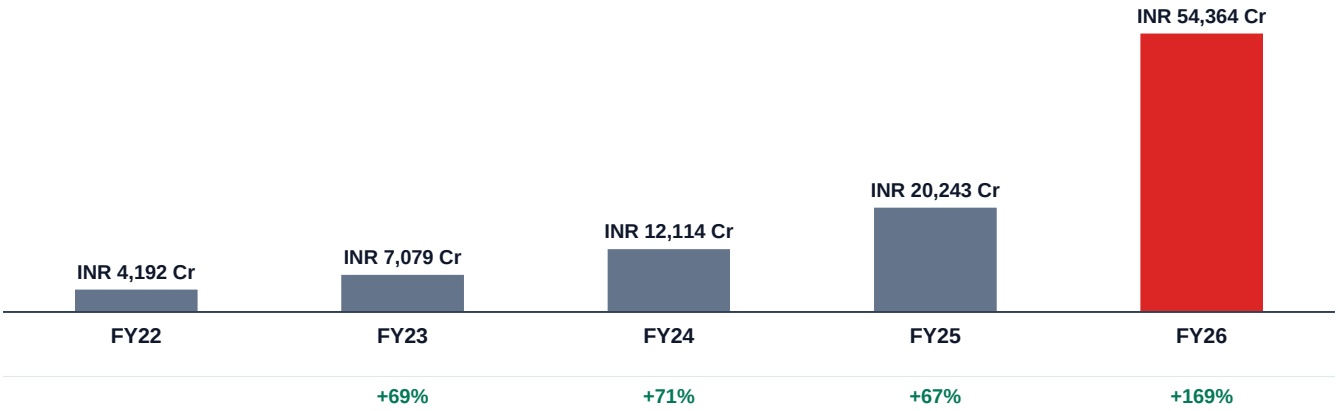
CASH AND INVESTMENTS
INR 18,288 Cr

MARKET CAP
INR 323,769 Cr
As of 2026-09-24

Not found in the sources for this brief: Gross margin, Operating margin, Free cash flow, Debt.

EXHIBIT 2 Revenue by fiscal year

INR crore



Bottom row: growth year on year; for the outlook, at the midpoint of the range against the last reported year.

Q1 FY27: revenue INR 20,211 Cr, +182% year on year.
Fiscal years end in March, so FY26 ended in March 2026.

EXHIBIT 3 Margins by fiscal year

% of revenue

	FY22	FY23	FY24	FY25	FY26	TREND	FY22 TO FY26
Net margin	-29.1%	-13.7%	2.9%	2.6%	0.7%		**+29.8 pts**

Computed from the revenue and profit figures reported for each year.

Eternal demonstrates formidable liquidity and operating solvency, though statutory revenue figures require critical unpacking. Consolidated revenue from operations for the last five fiscal years was: INR 4,192 Cr (FY22 Audited), INR 7,079 Cr (FY23 Audited), INR 12,114 Cr (FY24 Audited), INR 20,243 Cr (FY25 Audited), and INR 54,364 Cr (FY26 Audited). Net profit in FY26 was INR 366 Cr (FY26 Audited), down about 31% from the FY25 profit of INR 527 Cr (FY25 Audited). The 169% revenue jump in FY26 is heavily distorted by Blinkit's transition to a first-party inventory model, where the full value of goods sold is booked as revenue rather than just marketplace commission; on a like-for-like basis, consolidated Adjusted Revenue grew 64-65% YoY in each of Q2-Q4 FY26. For Q1 FY27, the company reported a consolidated net profit of INR 92 Cr (Q1 FY27 Reported) on revenue of INR 20,211 Cr (Q1 FY27 Reported). Financial health is strong, underpinned by a cash balance of INR 18,288 Cr (Q1 FY27 Reported), up INR 316 Cr QoQ. Solvency risk is low, but advisors must rely on Adjusted EBITDA rather than statutory top-line revenue to benchmark operational efficiency.

05 Recent Moves

July 2026
Released Q1 FY27 financial results on July 22, 2026. Blinkit's Adjusted EBITDA rose to INR 102 Cr (0.6% of NOV), its third consecutive positive quarter after INR 4 Cr in Q3 FY26 and INR 37 Cr in Q4 FY26. This supports the economics of the quick commerce model at scale and reduces the group's ongoing capital needs.

July 2026
Disclosed in the Q1 FY27 results that the group is contesting the validity of the Karnataka Platform Based Gig Workers (Social Security and Welfare) Act, 2025. This signals regulatory friction over gig-worker social security costs, a material risk to unit economics.

June 2026
Received a GST demand order from Andhra Pradesh tax authorities on June 9, 2026 for April 2023 to March 2024, totalling about INR 9.6 Cr (Regulatory Notice, Jun 2026) (tax INR 6.49 Cr, interest INR 2.50 Cr, penalty INR 0.65 Cr). The company said it has a strong case on merits and will appeal. This highlights ongoing indirect tax exposure across Indian states.

April 2026
Announced Q4 FY26 and FY26 results on April 28, 2026, with Q4 consolidated net profit of INR 174 Cr, up 346% YoY from INR 39 Cr. The FY26 financial statements reported a 169% YoY revenue increase driven mainly by the inventory-led quick commerce model.

06 Business Model Deep Dive

Eternal's ecosystem generates revenue across four distinct cash engines. The legacy Zomato business operates a marketplace model, earning take-rates (commissions) from restaurants, delivery fees from consumers, platform fees, and ad revenue. This segment is highly profitable at the unit level, operating as a cash cow. Blinkit (quick commerce) operates a hyper-local store network (2,443 stores as of June 30, 2026) marketed on 10-minute delivery. Crucially, Blinkit transitioned to an inventory-led model during FY26. Instead of earning purely on fulfillment and advertising, it now purchases and records the full value of the goods sold. Hyperpure acts as a B2B supplier for restaurants, generating lower-margin, high-volume revenue (Adjusted EBITDA of INR 6 Cr on revenue of INR 1,034 Cr in Q1 FY27). District is the going-out segment, covering dining out, movies and live events; it posted an Adjusted EBITDA loss of INR 65 Cr in Q1 FY27. Newer initiatives (Bistro, Nugget) are reported under 'Others'. The overarching moat is a unified, highly optimized last-mile logistics fleet that drives down the per-delivery cost as route density increases.

EXHIBIT 4 Revenue streams — % of revenue

Blinkit (Quick Commerce)	75.9%
Zomato (Food Delivery)	17.1%
Hyperpure (B2B)	5%
District (Going-Out)	1.5%

Shares of revenue as disclosed by the company.

07 Strengths

Capital Buffer

Eternal holds a cash balance of INR 18,288 Cr (Q1 FY27 Reported). This balance sheet allows the company to out-wait and out-spend undercapitalized rivals, insulating it from credit market shocks. Cash-Generative Core: The Zomato food delivery arm generated INR 606 Cr (Q1 FY27 Reported) in Adjusted EBITDA in a single quarter. This structural profitability fully funds speculative bets without requiring external dilution. Quick Commerce Inflection: Blinkit achieved an Adjusted EBITDA of INR 102 Cr (Q1 FY27 Reported), its third straight positive quarter. Showing quick commerce can be profitable at the Adjusted EBITDA level derisks the group's most capital-intensive subsidiary. Corporate Structuring: The rename to Eternal Limited separates the group identity from the Zomato brand, and the company reports five segments (food delivery, Hyperpure, quick commerce, going-out, others), giving investors clearer segment reporting.

08 Weaknesses and Vulnerabilities

Top-Line Distortion

The 1P inventory model transition artificially hyper-inflates consolidated revenue, obscuring actual volumetric growth for retail investors and requiring complex "like-for-like" reconciliations by advisors. Direct Regulatory Exposure: Platform companies remain highly vulnerable to state-level gig worker legislation and retroactive tax notices (such as the recent Andhra Pradesh GST demand), which add social security and welfare obligations for gig workers. New Segment Cash Burn: The District (going-out) segment remains in heavy investment mode. While manageable against total cash reserves, it acts as a drag on consolidated margins and lacks a proven long-term unit economic model. Premium Valuation Multiple: Trading at roughly 885x FY26 net profit (market capitalisation of INR 3,23,769 Cr on 24 Sep 2026 against INR 366 Cr of FY26 profit), the stock has zero margin of safety for execution missteps, making it vulnerable to sudden market corrections if quick-commerce growth decelerates.

EXHIBIT 5 **SWOT summary**

STRENGTHS
- INR 18,288 Cr cash balance
- Blinkit achieving Adjusted EBITDA profitability
- Core food delivery generating consistent profits

WEAKNESSES
- Inflated revenue reporting from inventory model shift
- Loss-making non-core segments (District)
- Opaque quick-commerce ad revenue breakdown

OPPORTUNITIES
- Further retail-media monetization
- Leveraging delivery fleet for wider category logistics
- Consolidating B2B sourcing via Hyperpure

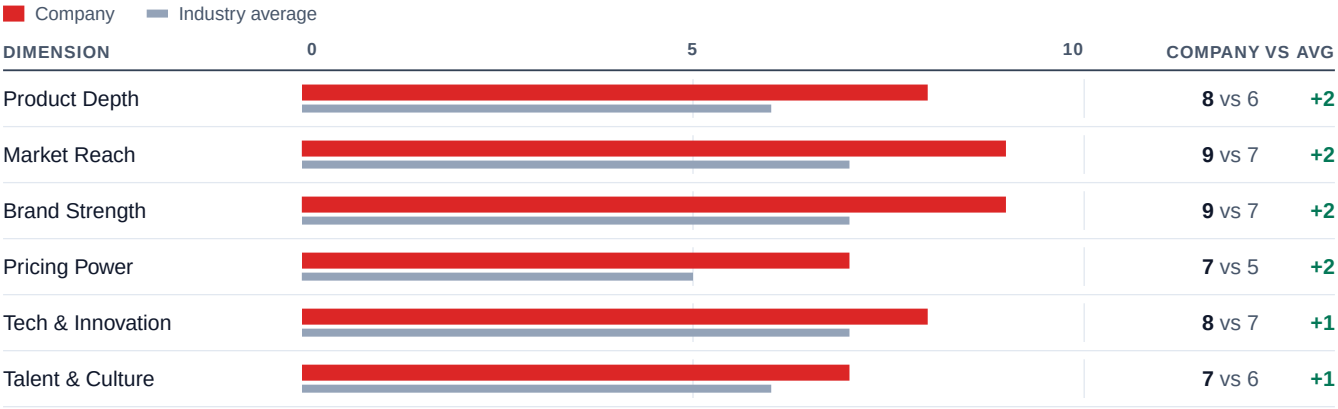
THREATS
- State-level gig economy labor bills
- Aggressive capitalization and expansion by Zepto
- Tax authority scrutiny across multiple jurisdictions

09 Competitive Positioning

Eternal is one of the largest players in the Indian consumer internet space. In food delivery, it competes in a duopoly with Swiggy, and Eternal reports a consolidated net profit (INR 366 Cr (FY26 Audited)). In quick commerce, Blinkit competes with Swiggy Instamart and Zepto; management describes competitive intensity as high but more predictable. Blinkit has reported positive Adjusted EBITDA for three consecutive quarters (Q3 FY26 to Q1 FY27). Eternal's structural advantage over the next 12-24 months is its ability to cross-subsidize customer acquisition using food-delivery platform fees, a lever pure-play competitors like Zepto lack.

EXHIBIT 6 **Competitive position against the industry average**

Analyst scores, 0 to 10



Sorted by the gap to the industry average: advantages first. Scores are analytical judgments, not measured data.

10 Strategic Implications

For a transaction advisor or credit professional, Eternal represents an entity with prime solvency but elevated compliance and accounting complexity. The immediate threat is not financial exhaustion, but state-level regulatory interventions that could fundamentally alter the cost of goods sold (labor classification). Action 1: Verify the "like-for-like" revenue and contribution margin data during any valuation exercise, actively stripping out the optical inflation caused by Blinkit's shift to an inventory-led accounting model. Action 2: Monitor contingent liabilities deeply. Assess the aggregate exposure of pending GST demands and state-level gig-economy compliance notices across the group's subsidiaries. Action 3: Evaluate Eternal on a sum-of-the-parts (SOTP) basis, treating Zomato as a mature cash cow and Blinkit as an aggressive growth asset. Do not accept consolidated multiples without isolating the loss-making District and 'Others' (Bistro, Nugget) segments.

11 Watch Areas

Next 6 Months
Outcome of Eternal's challenge to Karnataka's gig-worker social security Act. An adverse outcome could force higher welfare contributions, suppressing EBITDA margins across both food delivery and quick commerce.

Next 6 Months
GST appellate outcomes. Further crystallization of tax demands could strain cash flows, even if heavily provisioned.

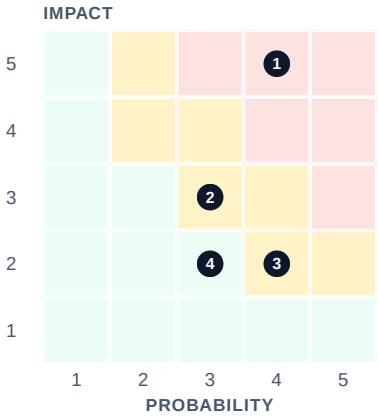
Q2 FY27 Earnings
Blinkit margin durability. Advisors must verify if the Q1 profitability was sustained or diluted by store expansion (management targets about 3,000 stores by March 2027).

Next 12 Months
Competitive spending by Swiggy (Instamart) and Zepto. Renewed pricing-led competition could break the current rational pricing environment.

Next 12 Months
Capital allocation into District. Continued cash burn without clear monetization pathways could signal capital misallocation by the board.

EXHIBIT 7 **Risk matrix**

Probability and impact, each 1 to 5



#	RISK	CATEGORY	P	I	SCORE
1	Gig-worker classification legislation increasing labor costs	Regulatory	4	5	20 High
2	Retrospective GST demands straining cash reserves	Regulatory	3	3	9 Medium
3	Accounting distortion obscuring actual sales volume growth	Financial	4	2	8 Medium
4	Cash drag from unproven 'District' out-of-home segment	Operational	3	2	6 Low

Ranked by probability times impact. Numbers in the grid match the table.

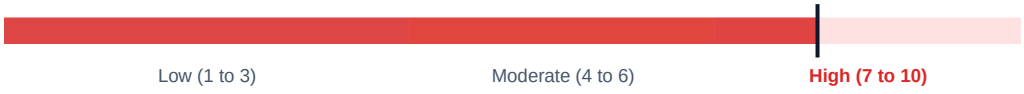
12 Competitive Threat Score

EXHIBIT 8 **Competitive threat score**

Out of 10

8 / 10

HIGH THREAT



Eternal Limited is a highly lethal competitor with unmatched capital reserves and operational scale. It earns this score because it turned its most dangerous vulnerability, Blinkit's cash burn, into positive Adjusted EBITDA, which reached INR 102 Cr in Q1 FY27 after turning positive in Q3 FY26. Its core food delivery business acts as an impregnable cash engine. The score is held back from a 9 or 10 solely due to the existential tail-risks of gig-economy labor regulation and aggressive state taxation, which could structurally damage its unit economics overnight.

13 Analyst Note and Data Confidence

Data confidence is HIGH. Statutory entity details were checked against the company's results filings and FY26 Annual Report, and financial data was sourced directly from the FY26 Annual Report, shareholder letters and Q1 FY27 earnings filings. The primary analytical gap is the lack of public disclosure regarding the precise breakdown of Blinkit's ad-revenue versus grocery margins, which management keeps opaque. Advisors must independently verify the exact contingent liabilities related to GST litigation and ensure legal counsel reviews the ongoing gig-worker regulatory environment before finalizing any credit or transaction advisory models. This brief serves as AI-assisted strategic intelligence and should augment, not replace, formal statutory audit review.

14 Specific Question Analysis

THE QUESTION

Is Blinkit's quick-commerce expansion worth its losses and cash use, measured against the profits of Zomato food delivery? Use Eternal's NSE/BSE filings and annual report figures in rupees.

THE SHORT ANSWER

> **Blinkit is no longer operating at a loss at the Adjusted EBITDA level, having been positive for three consecutive quarters, so it is no longer draining the operating profits of the food delivery business. Confidence: High.**

THE EVIDENCE

1. In Q1 FY27, Blinkit posted a positive Adjusted EBITDA of INR 102 Cr (Q1 FY27 Reported), a total swing from an EBITDA loss of INR 162 Cr in the same quarter last year.

2. The core Zomato food delivery business remains the cash engine, generating an Adjusted EBITDA of INR 606 Cr (Q1 FY27 Reported).

3. Eternal's consolidated cash and investments balance stood at an immense INR 18,288 Cr (Q1 FY27 Reported), proving the company funded Blinkit's expansion without endangering corporate liquidity.

4. Blinkit is now the company's largest top-line contributor, generating segment revenue of INR 15,664 Cr (Q1 FY27 Reported) in a single quarter, though this figure is inflated by a shift to an inventory-led accounting model.

THE CONFIDENCE CAVEAT

While Blinkit is profitable at the Adjusted EBITDA level, the metric adds back share-based payment expense (while deducting rent paid on Ind AS 116 leases). The exact net profit margin of the subsidiary alone is obscured within consolidated filings.

THE RECOMMENDED ACTION

Advisors should explicitly model Blinkit as a self-sustaining asset rather than a liability in sum-of-the-parts valuations, while isolating the inventory-accounting distortion from true volume growth.

A Raw Data Appendix

Mechanical data extracted during research. Verify against primary sources before relying on any figure.

Current website hero headline	*Not publicly available*
Current website tagline	*Not publicly available*
Pricing page structure	*Not publicly available*
Key product features listed on website	*Not publicly available*
Active job postings detected	*Not publicly available*
Estimated web traffic tier	*Not publicly available*
App store presence	High visibility across iOS and Android (Zomato and Blinkit apps)
LinkedIn company page followers	*Not publicly available*
Last detected pricing change	Introduction of platform fee on food delivery orders (FY24)
Last detected product launch	Bistro and Nugget (new initiatives reported under 'Others' segment)
Last detected hiring surge or freeze	*Not publicly available*
Last detected rebranding or major messaging change	March 2025 (Corporate rebranding to Eternal Limited)
Registered legal company name	Eternal Limited
Relevant company identifier or registry number	L93030DL2010PLC198141
Registered office address	Ground Floor 12A, 94 Meghdoot, Nehru Place, New Delhi 110019, India
Date of incorporation	2010
Company type	Public Limited Company
Major registrations or licences if relevant	GST Registered
Key executives	Albinder Singh Dhindsa (CEO), Akshant Goyal (CFO), Sandhya Sethia (Company Secretary)
Board of directors	Kaushik Dutta, Deepinder Goyal, Sanjeev Bikhchandani, Namita Gupta, Aparna Popat Ved, Sutapa Banerjee
Investor list	*Not publicly available*
Subsidiaries or group companies	Blink Commerce Pvt Ltd, Zomato Hyperpure Pvt Ltd, Zomato Entertainment Pvt Ltd
Pending insolvency, litigation, or regulatory proceedings	GST orders and notices on delivery charges (INR 420 Cr for all states, Oct 2019-Mar 2022; INR 14 Cr for Andhra Pradesh, Apr 2022-Mar 2024; INR 13 Cr notice for Gujarat, Apr 2022-Mar 2023), all contested; challenge to the Karnataka gig-worker Act.

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