



Before the Bell: IPO Edition



Company Overview

- Zepto is a leading Indian quick-commerce (Qcom) platform redefining urban retail through ultra-fast delivery of groceries and daily essentials. It was founded in 2021 and was built to solve a core urban consumer problem: access to daily needs instantly, reliably, and at scale.
- "Groceries delivered in 10 minutes" is Zepto's slogan. Hyperlocal dark stores assist them in doing this. They are simply warehouses that are situated in a neighborhood with high demand but are closed to the public. This infrastructure allows the company to consistently deliver orders in 10–15 minutes, significantly faster than traditional e-commerce.
- Zepto makes money by selling groceries at a margin, especially through its own private-label products, while offering free delivery on orders above a minimum value. It also earns from small fees on low-value or peak-time orders, paid subscriptions, and advertising and data services for brands.
- **Competitive Advantages:**
 - **Ultra-fast delivery capability:** Zepto has a dense network of hyperlocal dark stores enables consistent 10–15-minute deliveries, creating a strong speed-based competitive advantage.
 - **Strong brand recall in quick commerce:** Zepto is widely recognized for its reliability and speed hence, driving repeat usage and high customer retention.
 - **High-frequency use case:** Zepto focuses on daily essentials resulting in regular customer engagement and predictable demand patterns.
- **Risks/Challenges:**
 - **Capital-intensive business model:** Establishing dark stores, inventory holding, and last-mile delivery require significant upfront and ongoing investment.
 - **Thin margins in core grocery categories:** Staples and fresh produce offer limited pricing flexibility thus, impacting short-term profitability.
 - **Price-sensitive customer base:** Consumers are highly sensitivity to delivery fees, surcharges, and price changes.

Financial Overview

(Amount in INR Crores)

Income Statement	FY 2022A	FY 2023A	FY 2024A	FY 2025A
Revenue from Operations	141	2,026	4,453	9,669
EBITDA	(369)	(1,162)	(1,071)	--
PBT	(390)	(1,272)	(1,249)	--
PAT	(390)	(1,272)	(1,249)	(3,367)

Key Points:

- The company has delivered exceptionally strong revenue growth over the past two years. Revenue more than doubled to INR 4,453 crore in FY24 and expanded a further 126% in FY25 to reach INR 9,669 crore, reflecting rapid customer adoption and geographic scale-up.
- Despite this topline momentum, the company has remained loss-making since inception in 2021, as it continues to prioritize market expansion, network density, and customer acquisition over near-term profitability.
- The business model is highly working-capital and logistics intensive, with procurement, fulfillment, delivery, and operating expenses forming the majority of the cost base and dominating the profit and loss statement.
- Capital expenditure remains elevated due to ongoing investments in dark store infrastructure, technology platforms, automation, and last-mile delivery capabilities, which are required to support speed, reliability, and service quality.

Important Points

- India's quick commerce market has emerged as one of the fastest-growing e-commerce segments globally. The Total Addressable Market (TAM) has expanded from USD 1.6 billion in FY23 to USD 3.05 billion in FY24, representing a 91% year-on-year growth. Morgan Stanley's revised forecast projects the market to reach USD 57 billion by 2030, up from its earlier estimate of USD 42 billion, reflecting accelerating adoption beyond Tier 1 cities into Tier-2 and Tier-3 metros.
- Zepto currently ranks as the second-largest player in the Indian quick-commerce market, with an estimated 26% market share as of September 2025. This places it behind market leader Blinkit (a Zomato subsidiary, with over 50% share), and ahead of Swiggy Instamart.
- Zepto has confidentially filed its draft red herring prospectus with the market regulator on 26th December, 2025, indicating preparations for a potential IPO in 2026. The proposed IPO is expected to be largely a fresh issue, with Zepto looking to raise around ₹11,000 crore.
- Zepto has managed to raise \$1.8 billion (or close to ₹16,000 crore) since inception through leading investors, with the latest funding round being USD 450 million (about INR 3,757.5 crore) from the California Public Employees' Retirement System (CalPERS) in October 2025, valuing the company at approximately USD 7 billion.
- Management has disclosed in Q3 FY25 that over 70% of the existing dark-store network has reached full EBITDA profitability. At the same time, capital deployment remains focused on aggressive network expansion, with the company launching hundreds of new dark stores each quarter and store count growing at over 200% year-on-year, as it prioritizes market capture and density-led scale.

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