

# QUICK COMMERCE

An Industry  
Analysis





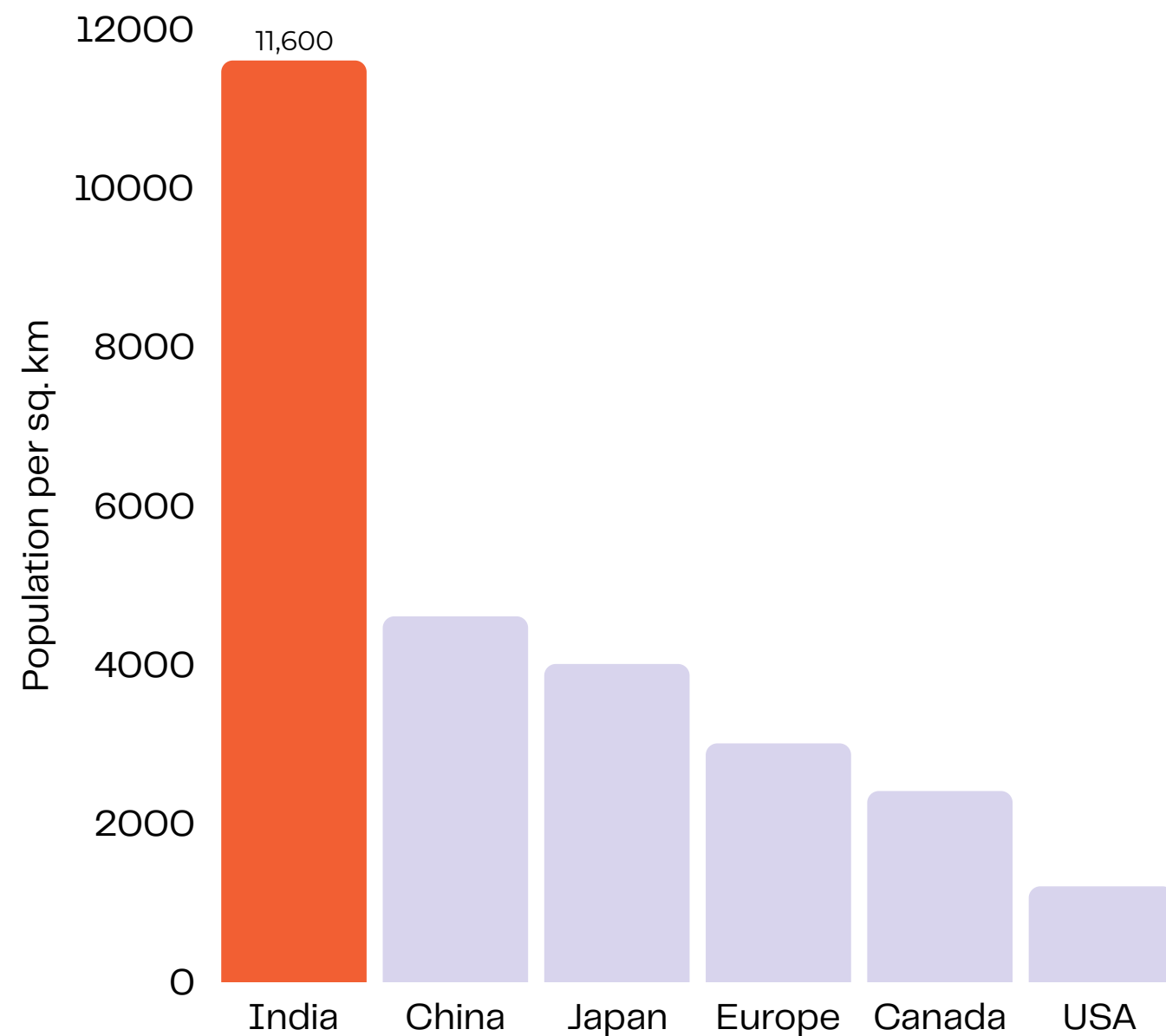
# \$5 Billion

The quick commerce market is valued at \$5 billion in 2025, estimated to double to \$9.95 billion by 2029.

Despite rapid growth, quick commerce has a penetration rate of only 7% within its total addressable market of USD 45 billion, **highlighting untapped potential.**

We see quick-commerce shaping our consumption across various categories such as **food, groceries, electronics and lifestyle products.**

# Why has Quick-Commerce worked in India, but failed elsewhere?

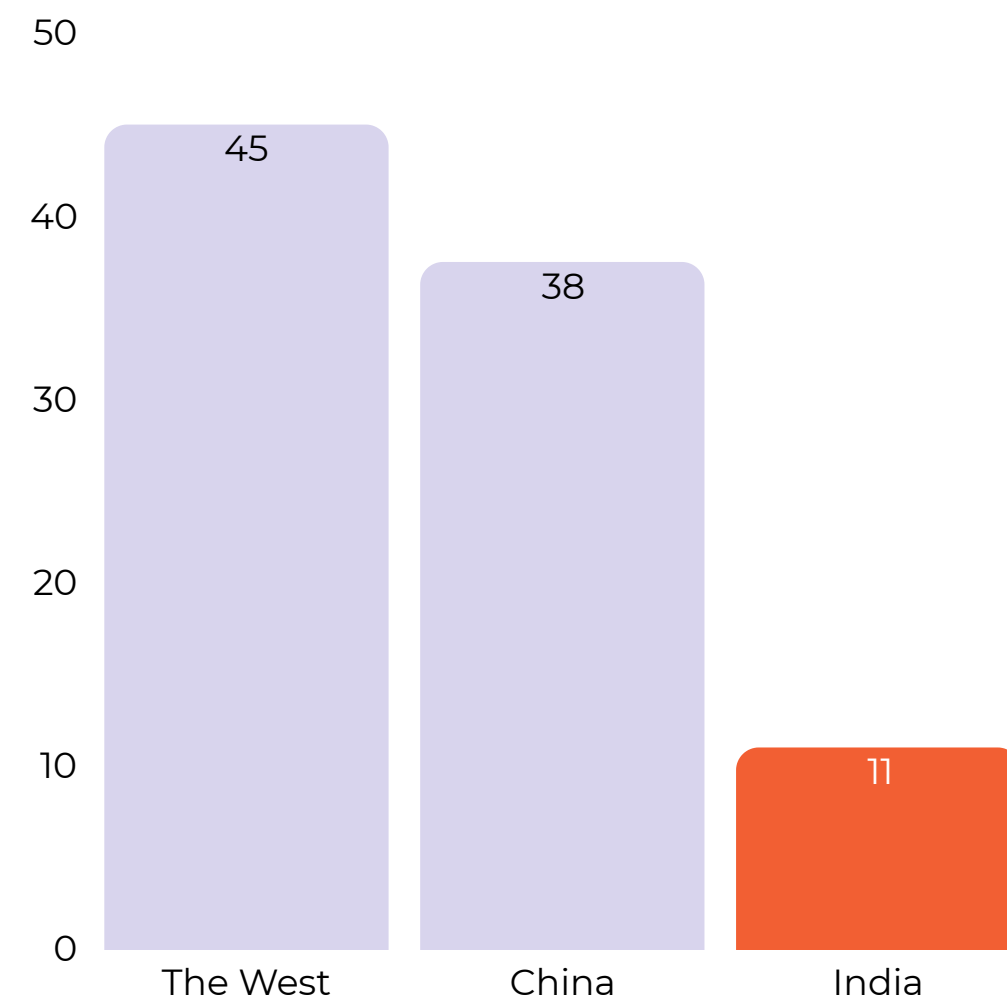


Source: Demographia World Urban Areas

In dense cities, a network of dark-stores can serve thousands within a 2–3 km radius, enabling 10–30 minute deliveries economically, **leveraging ‘Kirana culture’**.

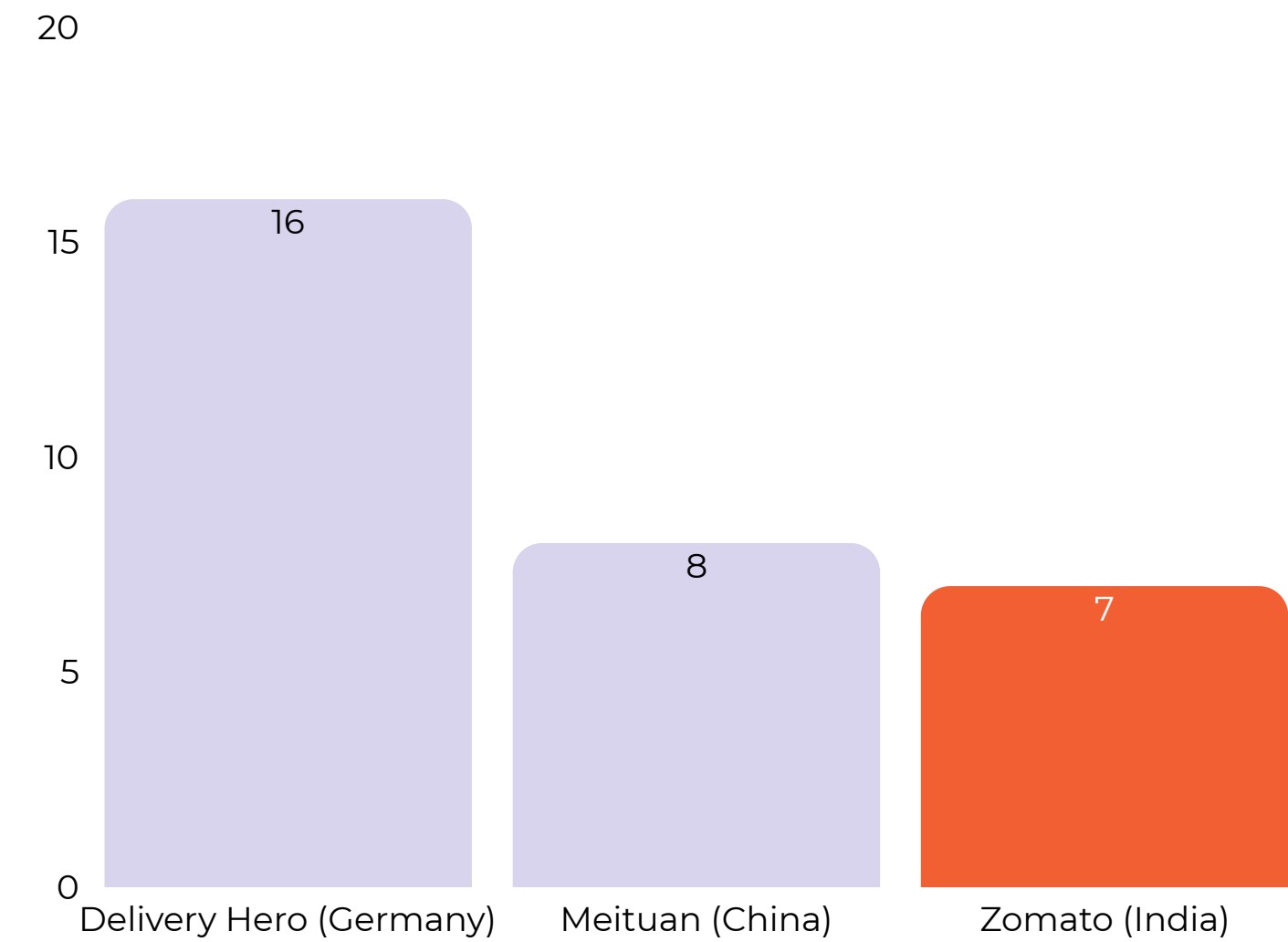
Indian cities offer low-cost real estate for small fulfillment hubs and abundant gig delivery labor, meaning quick commerce players have **structural cost advantages, improving profitability at scale**.

## Wage/Cart-Size Ratio



Source: CLSA

## Lowest Rider Cost as % GOV



Source: CLSA

Cheap cost of labour across the value chain, leading to ***profitable unit economics at scale.***

# The Power of 'India 1'



Kunal Shah   
@kunalb11

Bulk of eCommerce in India happens from very small amount of affluent pincodes and on a small amount of SKUs.

Affluent customers are impatient.

Quick commerce will eat eCommerce alive.

Soon.

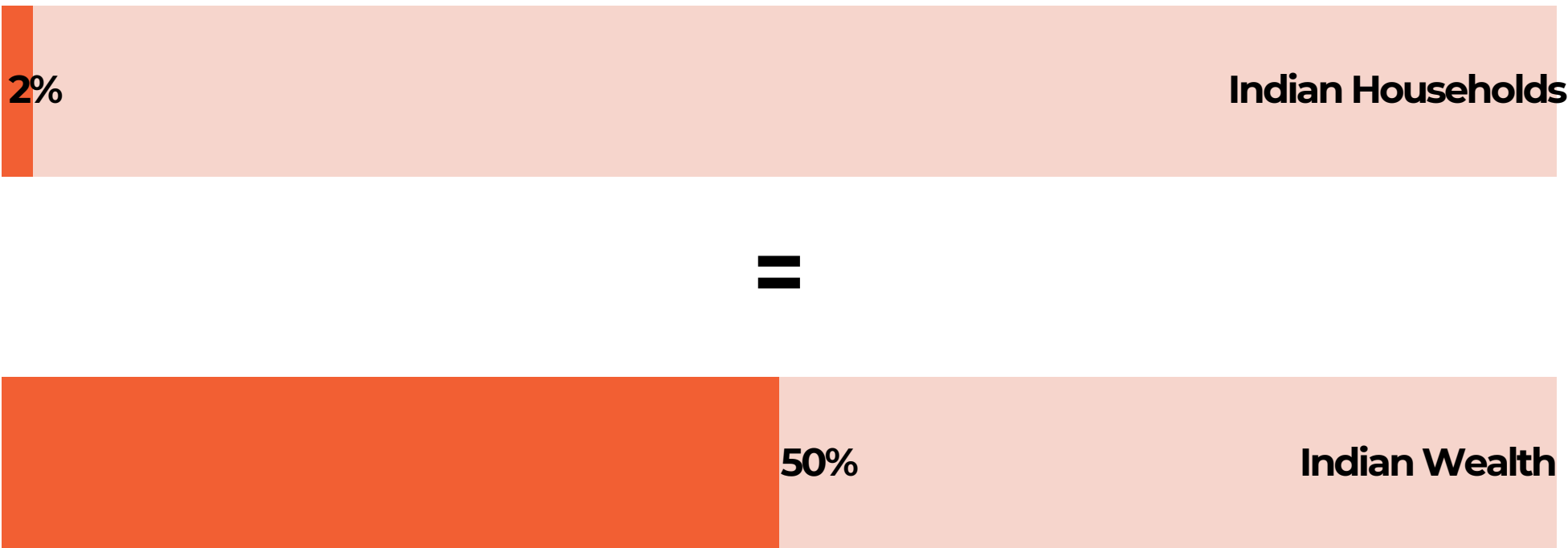
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India exhibits one of the world's most pronounced wealth concentration patterns, with the **top 2% of households** (approximately 5 million families) controlling over half of the nation's wealth.

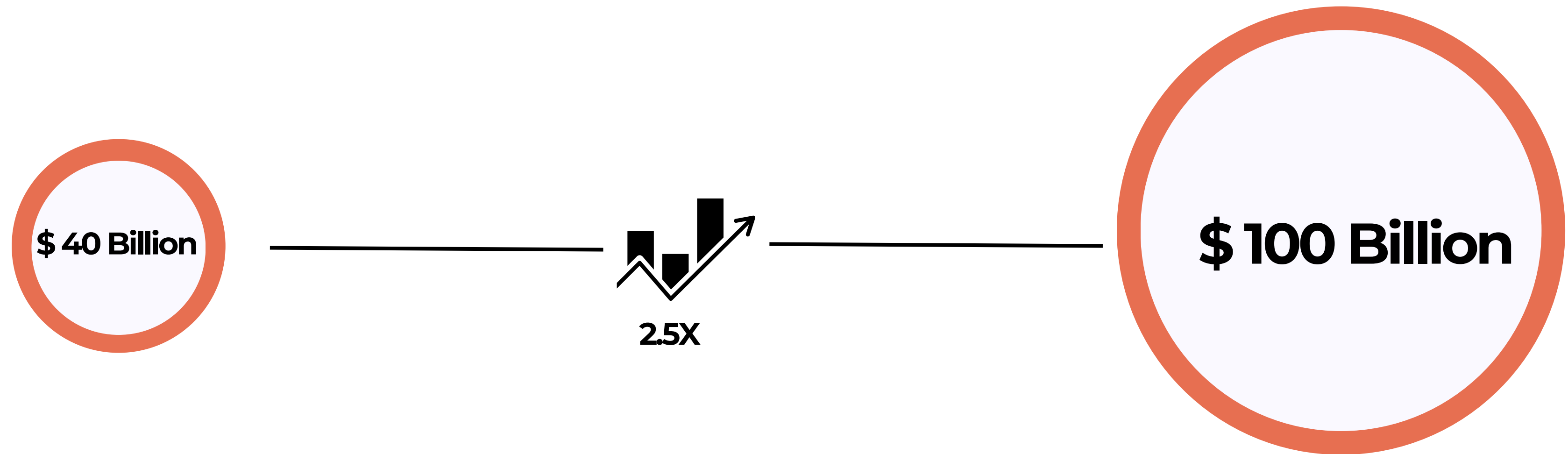
## Wealth Concentration & Market Influence

These households contribute disproportionately to consumption as well.



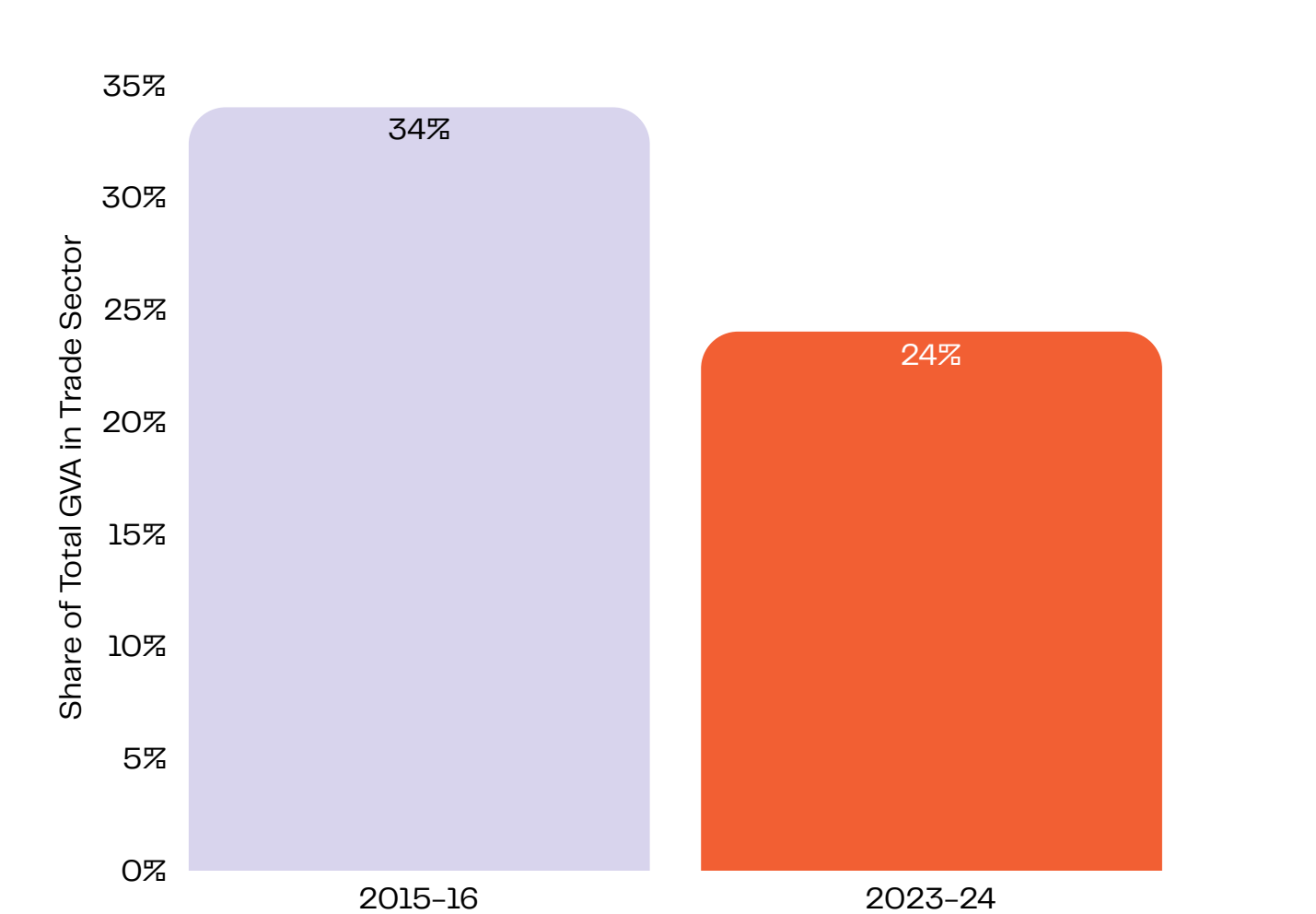
# The \$100b opportunity

The projected expansion from \$40 billion to \$100 billion in elite discretionary spending represents a 150% increase over approximately a decade. This isn't just normal economic growth—it reflects a fundamental shift in how wealth accumulates and gets deployed in the Indian economy, **enabling higher AOVs across Q-commerce.**

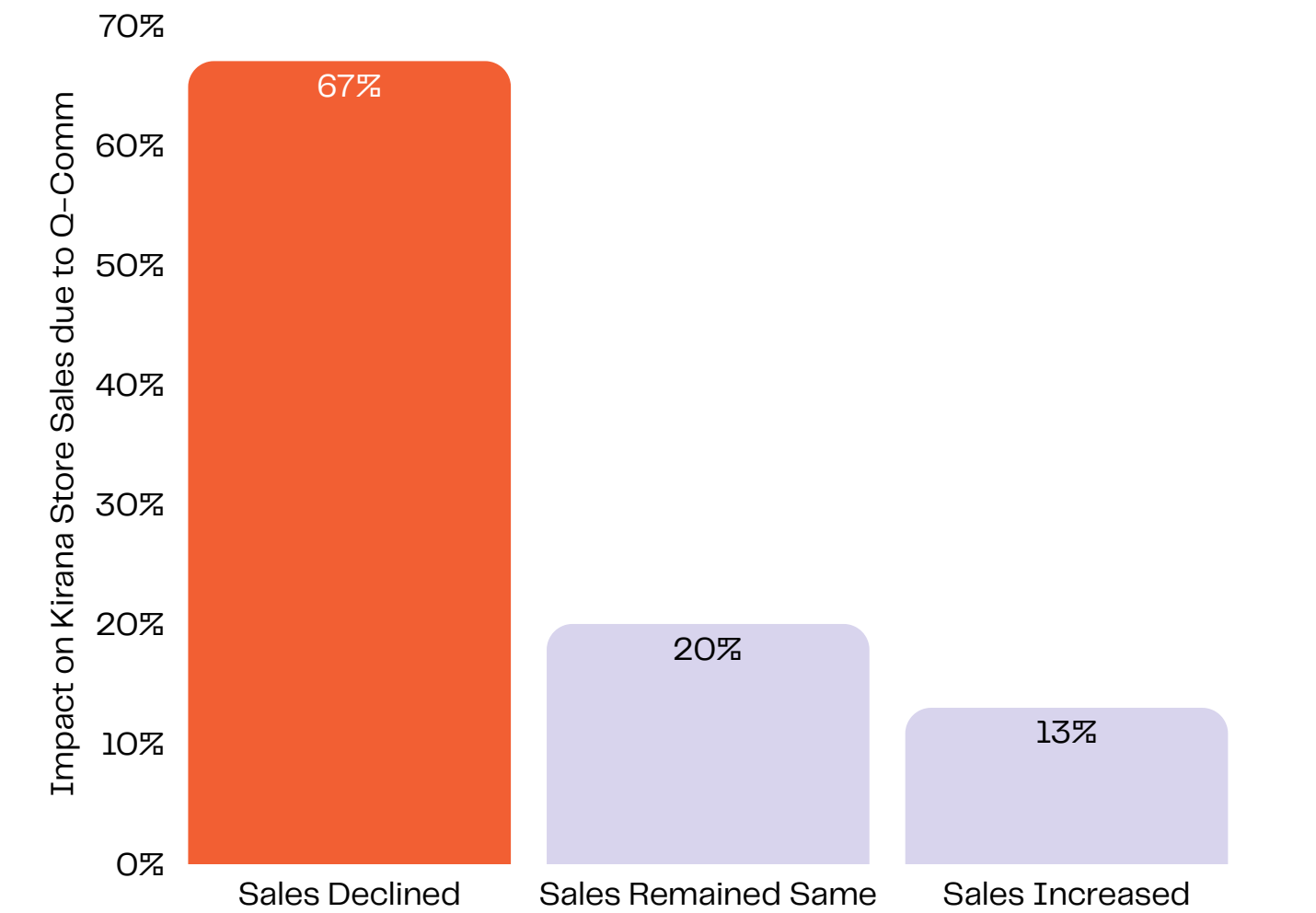


Spending growth of India's top 2% from \$40 billion today to \$100 billion by 2033  
The **rich in India are getting richer** and a majority of their **incremental income moves to discretionary spends.**

# and the end of “Kirana’s”



Source: Captable



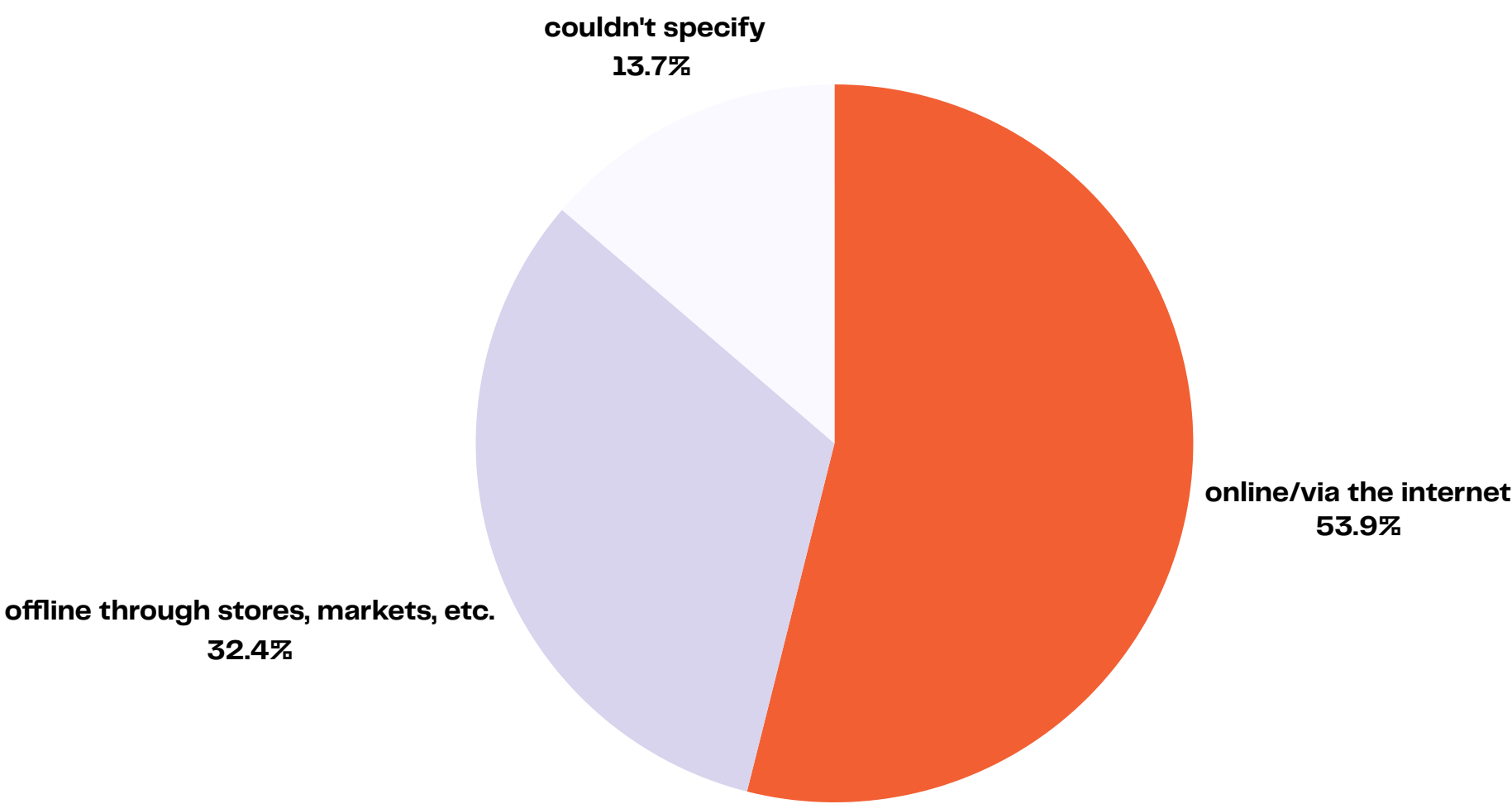
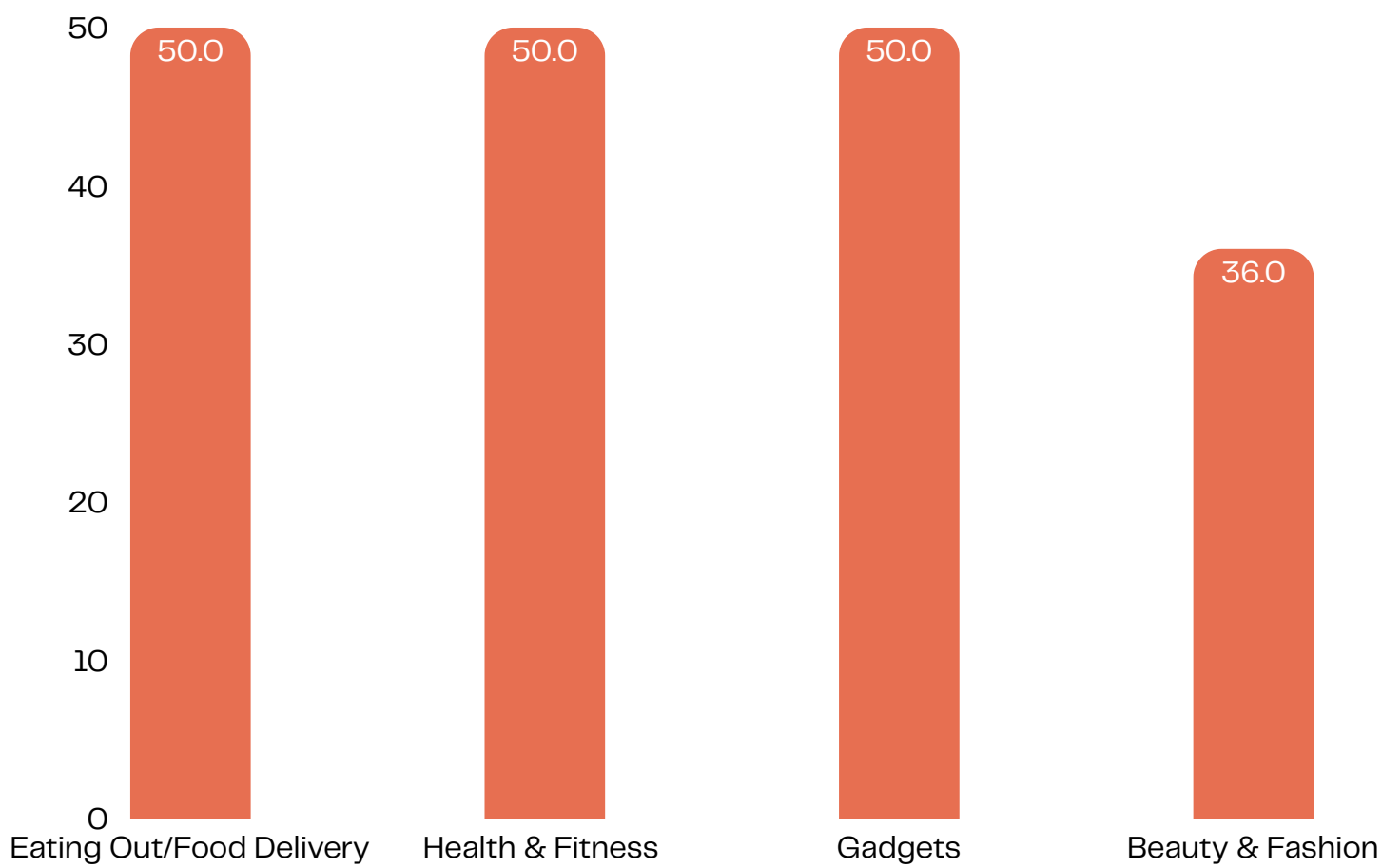
Source: Captable

**Changing consumption patterns**

**Negative sentiment among owners**

# Gen Z: Driving Digital Consumption in India

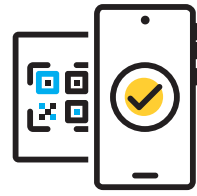
Gen Z strongly ***prefers online channels*** for discretionary spending.  
Food delivery is among top spending categories **(50%)**.



Over **1 in 2** Gen Z consumers conduct the majority of their discretionary spending online.



# India's Digital Boom and the 'India Stack'



## Frictionless Payments

There were **14.23m** daily UPI transactions in Dec 2024, with over **350m** daily active users.

This frictionless payment layer reduces checkout time and boosts order frequency, leading to a greater number of “last-minute purchases”.



## Widespread use of Smartphones

There are **637m** smartphone users in India. It is estimated to reach **900m** by 2026.

As smartphones become more affordable, a new wave of digital shoppers emerges, widening the total addressable market for Q-commerce.



## Data Penetration

The cost of data in India is among the lowest in the world at **\$0.68 per GB**, well below the global average of **\$4.21 per GB**.

This affordability accelerates quick commerce penetration across geographies and income groups, making high-frequency app usage a mass-market behavior.

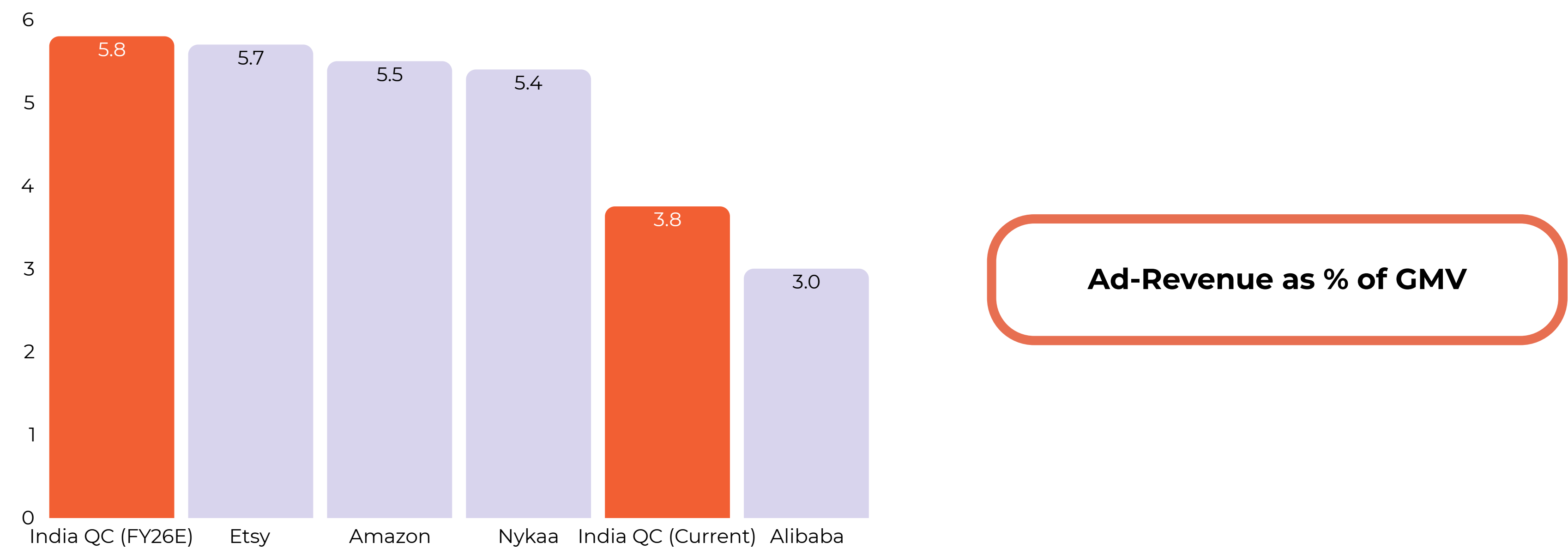


## Identity Infrastructure

Aadhaar, eKYC, and DigiLocker have brought over **1.3b** people into the formal digital economy.

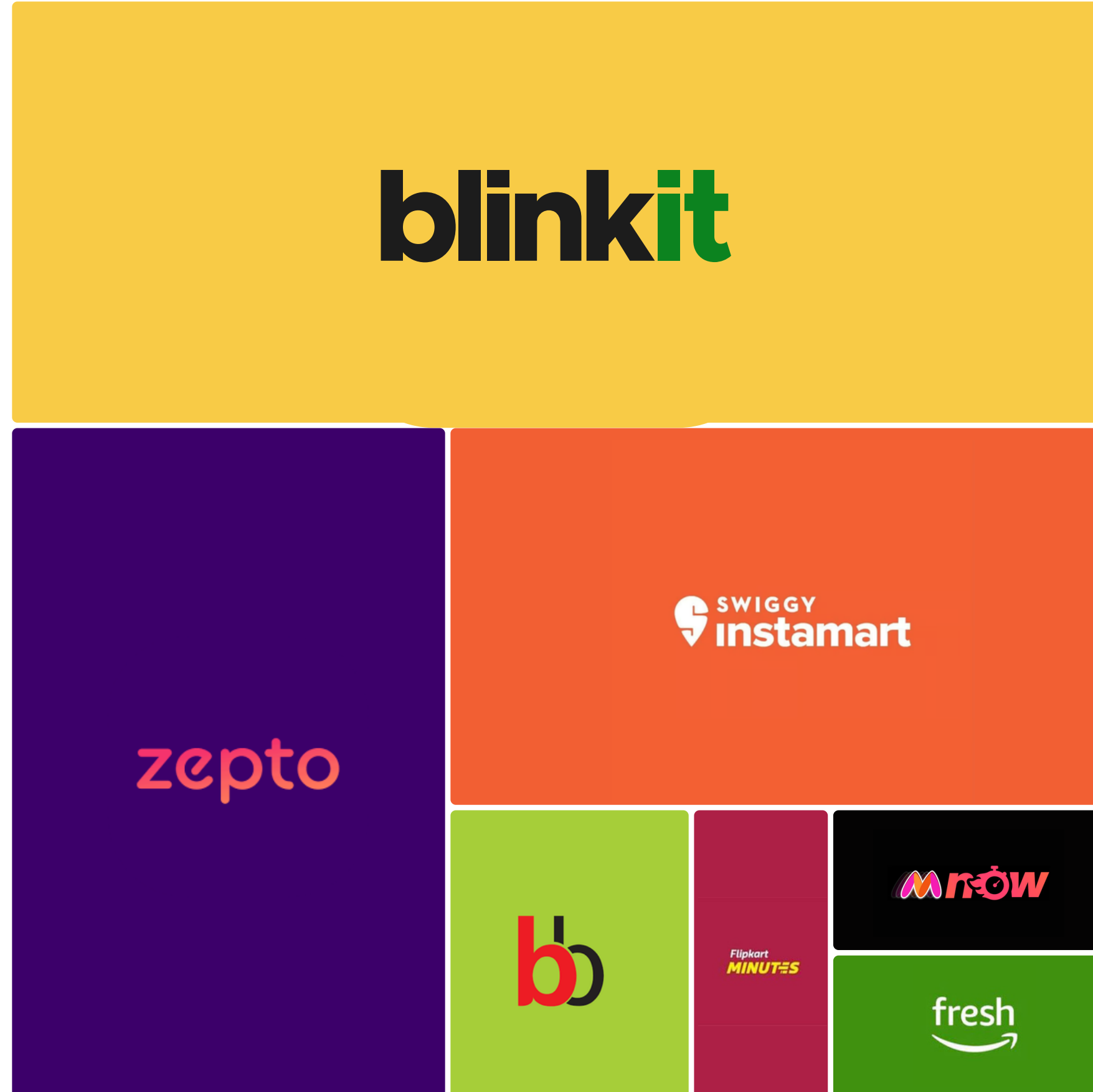
This foundation of verifiable identity and trust lowers onboarding friction, enables secure transactions, and facilitates high-velocity commerce.

As we see digital penetration across all income and age segments, an opportunity opens up for Q-commerce giants to capitalise on advertising-revenue, which **contributes substantially to the bottom-line (90% EBITDA margin)**.



Source: BofA

# INDIAN QUICK COMMERCE MARKET (2024)



# WHO ARE THE KEY PLAYERS?

							
<b>Market Share and Valuation</b>	46% \$15.4b	29% \$5b	25% \$6.8b	<1% \$3.2b	<1%	<1%	<1%
<b>Focus Areas</b>	Food, Groceries, Lifestyle, Electronics,	Food, Groceries, Lifestyle, Essentials	Food, Groceries, Lifestyle, Electronics	Groceries, Lifestyle, Medicines	Daily Essentials	Fruits, Vegetables and Groceries	Fashion, Beauty and Lifestyle
<b>Delivery Speed</b>	11 minutes	9 minutes	8 minutes	11 minutes	15 minutes	120-240 minutes	30 minutes
<b>Penetration</b>	85 cities, expanding monthly	71 cities, expanding monthly	77 cities, expanding monthly	Top 10 metros, 15 state capitals	Bengaluru, Mumbai, Delhi NCR and Thane	Top 7 metros, Mysore Indore, Thane, Jaipur, Ahmedabad	Select areas of Bengaluru
<b>AOV</b>	Rs. 707	Rs. 550	Rs. 534	Rs. 700	Rs. 300-400	-	-
<b>SKUs</b>	25,000	15,000	20,000	10,000	10,000		10,000
<b># Dark Stores</b>	1229	1147	705	500-700	300	-	-



# Q-commerce is an Infrastructure Game

Quick commerce is ***fundamentally an infrastructure play*** – and Blinkit stands out as the pure-play winner with the most robust physical and technological foundation. With 1229 dark stores, Blinkit edges rivals Zepto and Instamart.

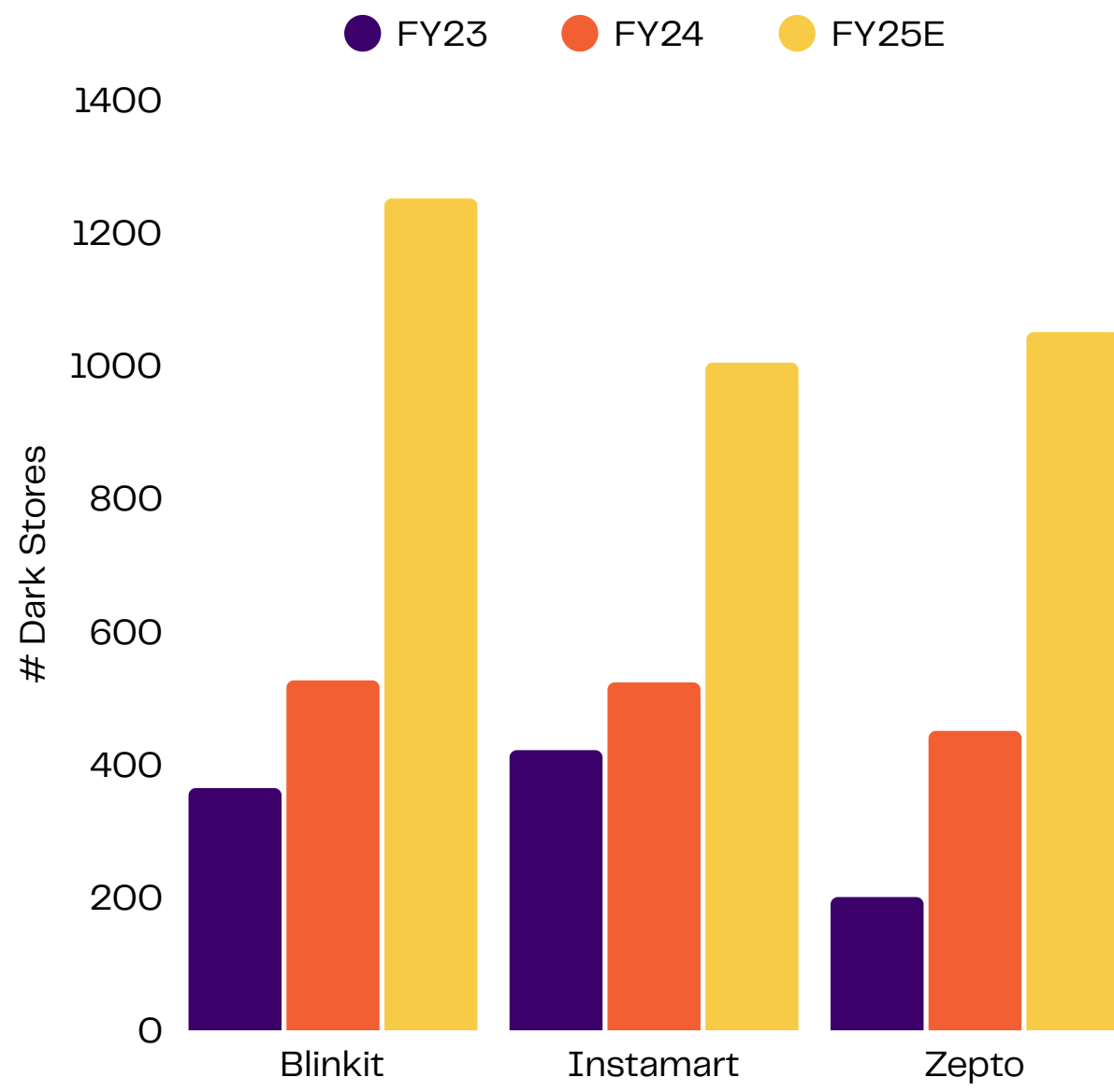
Blinkit's active dark store area is **6.2m** sq. feet, trumping Zepto (**4m** sq. feet) and Instamart (**2.45m** sq. feet), enabling it to keep greater SKUs and larger SKUs like AC's

Blinkit's leaner cost structure stems from a strategically optimized dark store network, reaching breakeven with **~1,500** orders/day versus competitors' **~2,000**.

Due to a higher dark store density per city, Blinkit is able to fulfill orders faster than peers, fulfilling **110.3m** orders per month.

In the last two quarters, Blinkit has added **368** net new stores (**152** in Q2FY25 and **216** in Q3FY25) accounting for about **37%** of the total store network.

and  is leading the way!



Metrics	FY25E
GOV	Rs. 27,867 Cr (1 <sup>st</sup> )
% yoy	123.50% (1 <sup>st</sup> )
Average MTUs	9.6m (1 <sup>st</sup> )
AOV	Rs. 707 (1 <sup>st</sup> )
Orders	413m (1 <sup>st</sup> )
Implied Take Rates	19.50% (1 <sup>st</sup> )
Adjusted Revenue	Rs. 5420 Cr (1 <sup>st</sup> )
Contribution Margin as % of GOV	4.00% (1 <sup>st</sup> )
Adjusted EBITDA	(Rs. 33 Cr)
% margin on GOV	(0.10%)

# Venture Scale

Blinkit benefits from **efficiency like no other company**. With a high GMV per store and AOV, Blinkit rivals its competitors Zepto and Instamart.

## *High Revenue/Store*

The average daily GMV (Gross Merchandise Value) per store **doubled to Rs. 12.7 lakh** in Q2 FY25, compared to Rs. 5.9 lakh in Q2 FY24, outshining rivals like Zepto and Instamart.

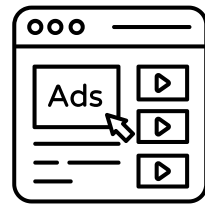
## *High AOV*

With an AOV OF **Rs. 707**, Blinkit has the highest AOV by far amongst its rivals. This marks a **15%** increase in the AOV from FY24 (**Rs. 613**), suggesting increasing consumer demand.

## *Profitable Scaling*

This suggests that Blinkit has significantly improved its operational efficiency and is likely getting more revenue from each location and each person, which could indicate a more **profitable scaling model**.

# Synergy with Ecosystem



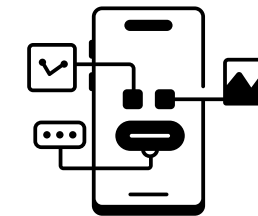
## CAC Savings

By leveraging Zomato's existing credibility, Blinkit is able to lower its marketing spend to **Rs. 191 Cr** as compared to rivals, Zepto (**Rs. 303 Cr**) and BBNOW (**Rs. 385 Cr**), leading to a lower customer acquisition cost.



## Logistical Powerplay

Zomato and Blinkit's shared logistics infrastructure of **700,000+** riders has been crucial in driving up fleet productivity and lowering delivery expense per order by pooling demand.

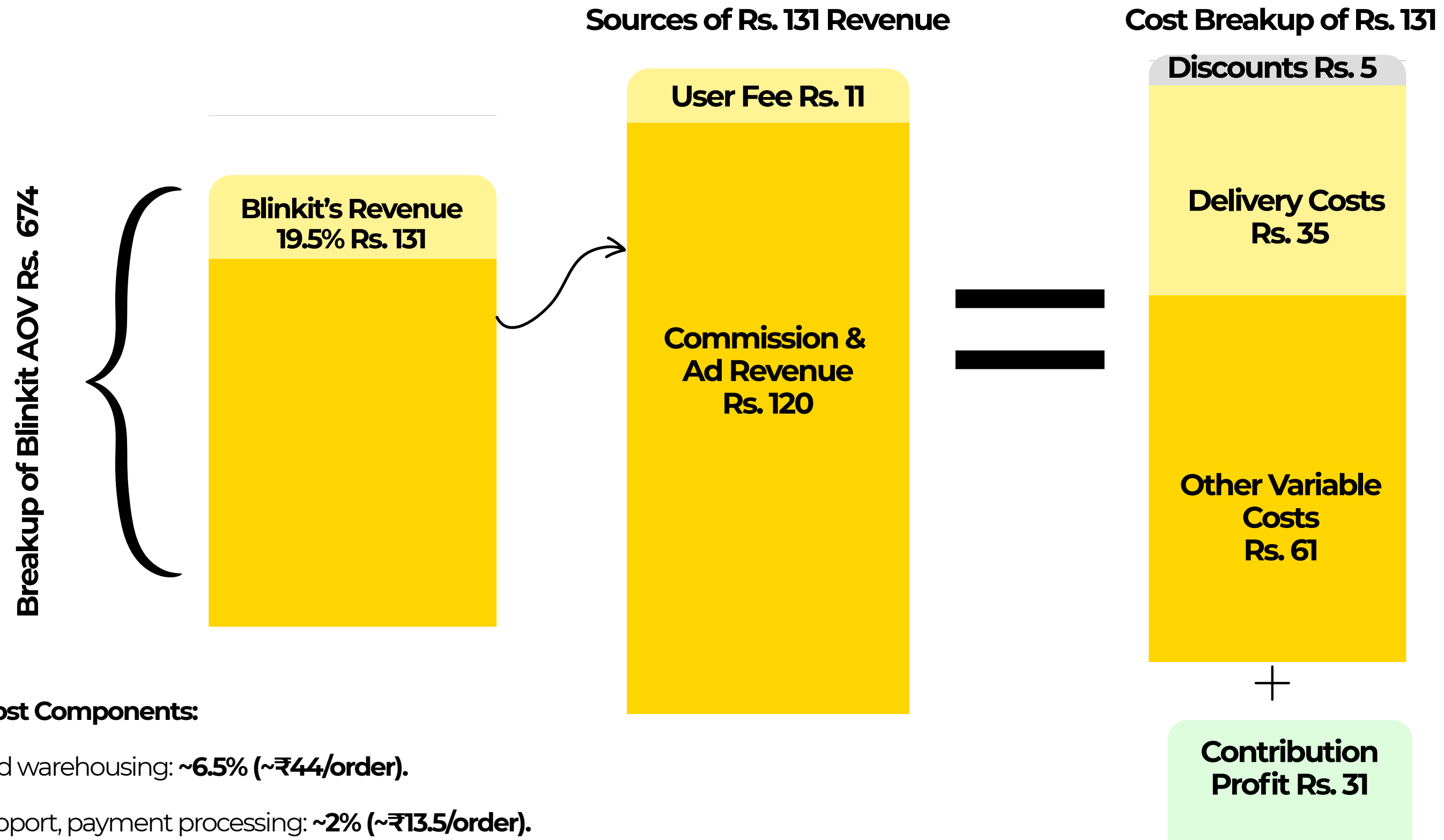


## Not a 'Super-App'

The separation grants both Zomato and Blinkit the **agility to iterate and scale rapidly in their respective domains**. Unlike super apps that must balance multiple service innovations simultaneously, Blinkit can concentrate on scaling profitably.



# Unit Economics of A Single Blinkit Order



- **Other Variable Cost Components:**

- Dark stores and warehousing: ~6.5% (~₹44/order).
- Packaging, support, payment processing: ~2% (~₹13.5/order).
- Customer acquisition costs: ₹3.5/order.

# Break Even Analysis



Forecasted EBITDA breakeven by **July–September 2026**.

Requires **~2,000 orders/day/store** at a take rate of **~19%** to achieve breakeven at the current scale.

Faces intense competition from Blinkit and Zepto while grappling with rising losses (**₹527 Cr** in Q3 FY25).



Achieved contribution margin breakeven in **Q2 FY24**.

Blinkit incurred **₹370 Cr** in capital expenditure over the last two quarters for **368** new stores and **1.3 million sqft** of warehousing, leading to rapid scaling at the cost of short-term cash flow pressure.



On track for EBITDA breakeven within the **next few years** but faces challenges from rising losses (**₹1,272 Cr** in FY23) due to aggressive expansion and marketing spends.

**Needs significant scale** and operational efficiencies to offset high CAC.

# Investment Strategy

## Structure (300-400\$M for a 2-3% stake)

**Primary Equity Injection (\$200M)** (preferred equity with anti-dilution and liquidation preferences)

**Convertible Note (\$100M)** (downside protection if exit multiple compresses)

Secondary Share Purchase (\$100M) (without diluting the company, at or slightly below headline valuation)

At a high valuation of \$15.4b, we are layering convertible notes with equity to hedge against valuation risk.

This exposure is enough to generate substantial absolute returns if Blinkit scales (for instance, a 3–5× increase on a \$300M investment yields \$900M to \$1.5B, a large dollar gain).

A small stake also means lower investment concentration risk for the fund's portfolio; the fund isn't putting an outsized portion of its capital into one deal, which is prudent at this high valuation.

At a **\$15.4B enterprise value**, and **\$650M** FY25 revenue this is roughly **23–24× EV/FY25E Revenue**, a steep multiple for a commerce business. However, we are pricing in Blinkit's explosive growth and dominant market share.

The company expanded from ~639 dark stores in mid-2024 to 1,000+ stores by end of 2024, and is **targeting 2,000 stores by 2025**.

# Justification and Returns

## Peer Comparison

Zepto: \$5b valuation and 29% share  
Instamart: \$6.8b and 25% share  
Instacart (IPO): \$10b (3.4x annual revenue)  
GoPuff: \$15b valuation

## Revenue Growth

FY25: \$650M  
At a CAGR of 50-60% (management projects >100%), by FY30 we can project \$4-\$8B revenue.

By 2030, quick commerce will be a more mature industry, likely growing ~15–20% annually instead of ~100%. Valuation multiples are expected to compress from the current ~20× revenue to a more moderate **6–8× EV/Revenue** range, reflecting a shift from “growth mode” to “scale/profitability mode.”

Low-Case	\$4b revenue * 6x = \$24b exit EV	1.5x MoIC 8% IRR (5 yrs)
Base-Case	\$6b revenue * 7x = \$42b exit EV	2.7x MoIC 22% IRR (5 yrs)
High-Case	\$8b revenue * 8x = \$64b exit EV	4x MoIC 32% IRR (5 yrs)



# Opportunities and Threats

## Product and Category Diversification

Blinkit has expanded its offerings beyond groceries, partnering with brands like Sony (PlayStation 5), Lenskart (eyewear), and Atomberg (smart ceiling fans).

This **diversification increases average order value (AOV)** and attracts new customer segments.

Diversification to **new categories such as Food and Fashion, with higher repeat customers** also presents an opportunity.

## Unethical Anti-Competitive Practices

Several competitors employ potentially unethical business practices that create an anti-competitive landscape.

Bistro (Zomato's 10-minute food delivery service) has faced allegations from restaurant associations regarding misuse of partner data to **develop competing offerings**.

## Intensifying Competition in Quick Commerce

Rivals like Swiggy Instamart, Zepto, and BigBasket are aggressively expanding their market share.

Zepto has grown to 29% market share by late 2024 and is nearing profitability, while BigBasket leverages Tata's resources for BB Now.

# References

1. <https://www.storyboard18.com/advertising/zepto-blinkit-instamart-spend-heavily-on-advertising-to-boost-presence-51668.htm>
2. <https://blume.vc/reports/indus-valley-annual-report-2025>
3. [https://b.zmtcdn.com/investor-relations/681c57ac651e6e8f54c263ffbf1e0b9\\_1737369246.pdf](https://b.zmtcdn.com/investor-relations/681c57ac651e6e8f54c263ffbf1e0b9_1737369246.pdf)

# THANK YOU

## TEAM

Arman Ghosh

Lakshay Aggarwal

Kavish Kumar

Sara Goyal

Ronit Kadakia