



HIGHLIGHTS

- For the past two financial years, Zomato's Total Adjusted Revenue has grown at an average pace of 56.5%, showcasing its impressive growth. In FY 2024, the revenue number stood at Rs. 13,545 crores.
- Zomato's customer base has rapidly expanded, with the average monthly transacting customers nearly tripling from 5.6 million in FY 2019 to 18.4 million in FY 2024. Similarly, the average annual customers have grown from 28 million to 63 million, underscoring the company's increasing market share.
- In FY 2024, the company registered growth in both its B2B and B2C business verticals. Quick Commerce (Blinkit) registered the highest revenue growth of 116% year over year.
- For Q1 of FY2025, Adjusted Revenue was Rs. 4,520 crores. Adjusted EBITDA jumped multi-fold to Rs. 299 crores, compared to Rs 12 crores in Q1 FY2024.



INDUSTRY OUTLOOK

As per the Business Research Company, global online food delivery services will grow from \$143.05 bln in 2023 to \$159.46 bln in 2024 at a CAGR of 11.5%. The industry has been on a decennial growth trajectory due to increased internet penetration, increased availability of mobile phones and more discretionary spending but it took a monumental jump post the Covid-19 leading to shift in consumption patterns around the globe. As per Morgan Stanley's report, online food delivery market will grow from \$424 bln in 2023 to \$810 bln in 2027 driven especially by Asian countries like China, India and Japan.

According to a joint report by Swiggy and Bain & Company, India's overall food services market including dining out, ordering in and other non-home cooked food segments will double to Rs 9-10 lakh crores by 2030 from the current Rs 4-5 lakh crores. According to the study, approximately 70% of food services consumption is concentrated in top 50 cities of India and among upper middle and high-income families. This trend will continue in the medium term but incremental growth can also be expected from Tier-II cities as well in the long run. As per Statista, the market volume for grocery delivery market is projected to reach \$30.65 bln in 2024 and a value of \$0.77 tln in 2024. The Indian food delivery market is one of the fastest growing businesses globally and demand is poised for further growth because of reasons like demographic distribution, participation of women in workforce, higher internet penetration rates in the coming years, higher disposable income and rapid urbanization. China has four times the number of restaurants per million urban population than India, hence proving scope of expansion on the supply side as well. As per the same report, India's food service markets can be seen as having multiple growth engines, namely increase in the customer base from 320-340 million as of 2023 to 430-450 million in 2030 and an increase in the propensity of consumption of such services. It also mentions with trends like cloud kitchen and QSRs, the convenience, simplicity and value for money are all going to become growth drivers in the Indian food delivery landscape.

The market in which Zomato operates is a duopoly in essence with Swiggy being its biggest competition. As per research note of Goldman Sachs, Zomato now holds 55-57% market share in online food delivery market. On the other hand, various brokerage firms estimate Swiggy's market share to have come down to 45% from a dominant 52% in 2020. Zomato has also raced past Swiggy in terms of profitability. Zomato on one hand has been profitable for the past few quarters, Swiggy however has reported Rs. 1,000 crore operating loss in the first 9 months of FY24.

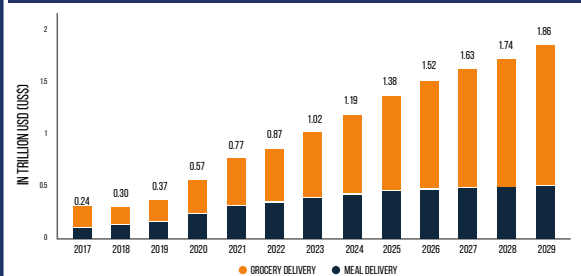


STOCK QUOTE AND CHART (CURRENCY: INR)

52 WK HIGH/LOW	286/ 97	MARKET CAP (CR)	2,42,547
		SHARES OUT. (CR)	87.62
20 DAY AVG VOLUME (MLN)	68.91	FLOAT %	69.98%
BETA	0.8	EPS	0.4

IMAGE 1.1

GLOBAL FOOD DELIVERY REVENUE



SOURCE: STATISTA

IMAGE 1.2

CMP: INR 273

SEPT 13, 2024

In FY24, Zomato's combined Gross Order Value grew 31% Y-o-Y, Swiggy's growth in the similar metric lagged behind at 26%. In the quick commerce segment also, Zomato beats Swiggy with 526 dark stores as compared to Swiggy's 487 dark stores. Zomato has more delivery partners too. Zomato is a key player in the B2B delivery segment too and it will reap the benefits of its strong execution capabilities, large scale and excellent management in a growing market.



BUSINESS DESCRIPTION

Founded in 2008 as a simple platform called Foodiebay to help people discover new restaurants in their city, Zomato has evolved into a significant player in the food delivery industry. Today, it is a technology platform connecting customers, restaurants, and delivery partners. The company operates in two markets: India and UAE. It has four business segments: Food delivery, Quick commerce (Blinkit), Going out (Dining out and ticketing business), and B2B supplies (Hyperpure).

The food delivery vertical of ~400k delivery partners and ~247k restaurant partners provide customers with a seamless, on-demand solution to search restaurants, order food, and deliver it to their doorstep. The quick commerce vertical, with ~525 stores and ~ 4.8 million sq. foot warehousing capacity in FY24, is a quick e-commerce marketplace providing on-demand delivery of thousands of products across multiple categories in less than 15 minutes. With the Going-out segment, the company wants to create a single destination for customers to discover and transact all their going-out needs. Lastly, with Hyperpure, the company intends to supply businesses with quality ingredients and solve their 'sourcing' issue. It has 76,561 unique outlets already billed in the last financial year.



FINANCIAL PERFORMANCE

Zomato delivered a strong financial performance in FY24, with total food delivery revenue growing 40% YoY to INR 6,361 crore, driven by a 23% YoY increase in Gross Order Value (GOV) and enhanced commission take rates supported by the introduction of a platform fee in Q2FY24. Advertising income also surged, outpacing GOV growth due to increased ad inventory and higher average ad spending per advertiser. Hyperpure revenue more than doubled to INR 3,172 crore, reflecting a 111% YoY growth fuelled by expanding core restaurant supplies and new quick commerce opportunities. Quick commerce revenue grew 116% YoY, reaching INR 2,301 crore, driven by a 93% increase in GOV. Zomato's overall take rate rose to 18.5% from 16.5% in FY23, supported by higher commissions, improved ad monetization, and increased customer delivery charges. Additionally, the going-out business posted a 51% YoY growth to INR 258 crore, primarily from the India dining-out sector, indicating significant future potential in the events and ticketing space.

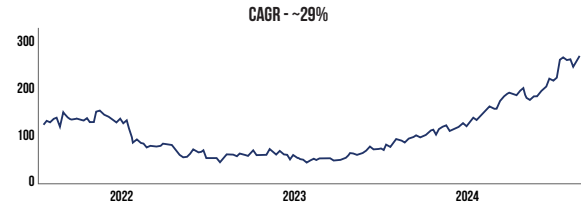
Employee benefits expenses rose by INR 194 crore (13% YoY) to INR 1,659 crore in FY24, driven mainly by increased salaries, wages, bonuses, and share-based compensation for all business segments. The rise was primarily due to salary increments and a 34% growth in headcount, which reached 8,244 in FY24, up from 6,173 in FY23. Share-based payment expenses remained stable at INR 516 crore compared to INR 505 crore in FY23. Finance costs grew by 47% YoY to INR 72 crore in FY24, mainly due to higher interest on lease liabilities as the Blinkit store network expanded to 526 stores by March 2024 from 377 stores in March 2023.

The Company achieved profitability at the PAT level on a consolidated basis for the first time in FY24, reporting a consolidated PAT of INR 351 crore, a significant turnaround from a loss of INR 971 crore in FY23.



LAKEWATER
Nurturing Visions and Values

ZOMATO LIMITED SHARE PRICE (IN RS.)



SOURCE: NSE

IMAGE 1.3

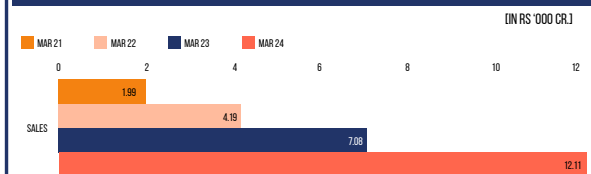
RATIOS

FOR THE FISCAL PERIOD ENDING	31ST MAR 2020	31ST MAR 2021	31ST MAR 2022	31ST MAR 2023	31ST MAR 2024
PROFITABILITY RATIOS					
OPERATING MARGIN %	-83.18%	-30.85%	-48.02%	-13.65%	-4.59%
RETURN ON CAPITAL %	-108.36%	-9.83%	-7.28%	0.67%	6.44%
RETURN ON EQUITY %	19.27%	21.65%	-7.32%	-10.63%	-333.51%
SHORT TERM LIQUIDITY					
CURRENT RATIO	1.75X	8.02X	10.60X	9.33X	2.54X
QUICK RATIO	1.75X	8.02X	10.60X	7.52X	2.62X
ASSET TURNOVER RATIO					
INVENTORY TURNOVER	37.17X	20.71X	19.25X	22.80X	33.77X
ACCOUNTS RECEIVABLE TURNOVER	7.64X	6.80X	13.59X	15.49X	19.37X
DAYS IN WORKING CAPITAL	76.02	665.05	594.94	484.13	101.69
VALUATION RATIOS					
EV/EBITDA RATIO	-	-	15.37X	5.82X	12.86X
CASH EPS (RS)	-	-	-1.36	-0.659	1.02
PE RATIO	-	-	-49.28X	-42.50X	444.15X

SOURCE: ANNUAL REPORT

IMAGE 1.4

REVENUE FROM OPERATIONS



SOURCE: ANNUAL REPORT

IMAGE 1.5



CURRENT DEVELOPMENTS AND FUTURE EXPECTATIONS

Financials - In Q1 FY25, Zomato reported strong financial performance with a YoY growth of 27%-28% in Gross Order Value (GOV) and aims to sustain a growth rate above 20% in the near term. The management highlighted a strategic focus on margin expansion while balancing profitability with continued investments in growth initiatives. The company targets contribution margins of 4%-5%, although specific timelines for achieving these targets have not been set. The food delivery sector saw no significant concerns from restaurant partners regarding demand. The quarter saw no major promotional discounts affecting margins, indicating a healthy demand environment. GOV was primarily driven by higher order volumes rather than changes in AOV, with a notable contribution from Zomato Gold members. Zomato plans to open 2,000 stores by March 2026, with the first 113 already launched. Management is confident in maintaining service quality to attract customers in new markets.

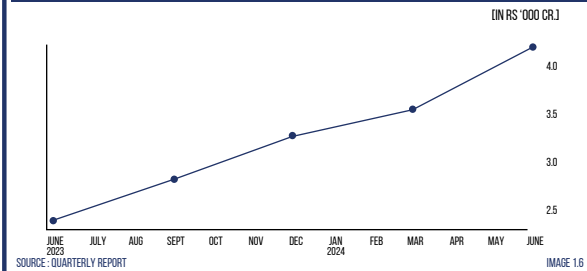
Blinkit's take rate is shaped by factors such as food inflation and product mix, with a growing share of sales coming from higher-take-rate products outside its core category. Most new stores are operated by local partners, emphasizing consistent service quality. Blinkit's ongoing expansion of SKUs has also been a key driver of its overall growth.

Business and Future Expectations -

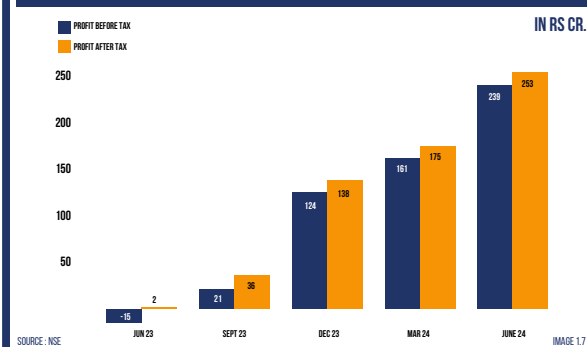
- 1. New Store Openings:** Zomato plans to open 2,000 stores by March 2026, expanding into new areas and maintaining high service quality to differentiate itself from competitors.
- 2. Launch of the District App:** Zomato plans to launch the District as a separate app and brand, similar to Blinkit, to capture new market segments while minimizing customer acquisition costs by leveraging traffic from the Zomato app.
- 3. Sustained Profitability in Quick Commerce:** Zomato is confident about the long-term profitability of its quick commerce segment, aiming to match or exceed margins seen in the food delivery business.
- 4. Blinkit mentioned that new stores reached around 1,000** daily orders within two months of opening. The current situation remains consistent with this timeline, with new stores generally taking two to three months to reach the 1,000 orders per day milestone.
- Although take rates in food delivery have improved quarter-over-quarter, contribution margins have declined. The lower margins were influenced by a higher share of Gold, which affected delivery charges. Some of these margin pressures are expected to reverse in upcoming quarters, although weather-related factors, such as rains, may continue to influence delivery costs.



QUARTERLY REVENUE GROWTH



PBT & PAT FOR LAST 5 QUARTERS



Recent events -

Zomato for Enterprise (ZFE): Zomato launched a platform called Zomato for Enterprise (ZFE), designed to help companies efficiently manage their food expenses.

Book Now, Sell Anytime: Zomato introduced the "Book Now, Sell Anytime" feature, enabling users to sell tickets for eligible events directly on the Zomato app. The payout depends on the ticket demand and the dynamic pricing cap set for the event.

Live Order Count: Zomato rolled out the "Live Order Count" feature, offering real-time updates on food delivery orders across India.

Antfin Stake Sale: Antfin sold a \$570 million stake in Zomato, reducing its holdings to 2.2%. This marked the second major sale of Zomato shares by Antfin in 2022, following a previous 2.1% stake sale in March.

Zomato introduced its new app, District, in August 2024. The app provides a range of services for planning outings, including dining options, booking movie and sports tickets, attending live performances, shopping, and arranging staycations.

Zomato has secured Paytm's movie and events ticketing business in an all-cash transaction valued at INR 2,048 crore. Set to finalize by September 2024, this acquisition will bolster Zomato's efforts to expand its going-out services and enhance its presence in the entertainment and ticketing market.

Strengths -

Zomato is the leader in food delivery and quick commerce businesses by some margin and has been operational through very tricky times. This has led to brand recognition and strong loyalty amongst its customer base. Additionally, the company's goal is to have 1000+ Blink-it stores by March 2025, and it will have an even stronger presence in top-tier cities.

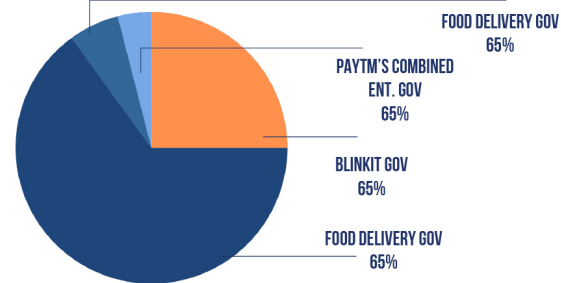
For the past few quarters, the company's performance metrics, such as Gross Order Value, Adjusted Revenue, and Adjusted EBITDA, have consistently outperformed expectations by large margins.

The company has a diversified service portfolio and operates in four segments. All four segments have grown consistently over the past few years, contributing to the organization's financial and operational success.

The company believes in establishing strong ties with all its stakeholders, which shows in the number of delivery partners, restaurant partners, and customers.

The company's management is flexible and has a proven track record of being growth-driven. They have been instrumental in bringing about operational efficiency across all segments and being innovative in ideas and offerings.

The company is debt-free, and there is no promoter pledge. Technically, the price of the company is above all its short, medium and long-term averages

**PAYTM'S GOV VS ZOMATO'S GOV**

SOURCE: MOFSL COMPANY

IMAGE 18

**CMP: INR 273**


SEPT 13, 2024

**CONCLUSION**

Zomato Ltd. has solidified its leadership in India's food delivery and quick commerce sectors, outpacing competitors like Swiggy in both market share and operational efficiency. Strong financial performance, innovative offerings, and strategic expansions—such as Blinkit and the upcoming District app—position Zomato for continued growth.

With a focus on profitability, service quality, and market expansion, Zomato is well-equipped to capitalize on increasing demand. The acquisition of Paytm's ticketing business further enhances its growth potential in the entertainment sector, reinforcing its position as a key player in India's evolving food delivery market.

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