

Ebitdad Rajat

Zomato Ltd

Received approval from the Reserve Bank of India to Operate as an Online Payment Aggregator

- Zomato Payment Pvt Ltd (ZPPL) which was incorporated in August 2021, has received approval from the Reserve Bank of India to Operate as an Online Payment Aggregator.
- This platform allows users to facilitate transactions on its platform seamlessly, increasing customer retention, etc.
- Will give better ability to offer various payment options, Credit cards, UPI, Wallet Payments.
- This has put, ZPPL as direct competition of Paytm, PhonePe, Razorpay which have good market share and significant customer base

Q3, FY2023 Result Update

- Revenue on Quarter grew by 69% on year-year basis to 3,288 Crore,
- Co. Net Profit has been quadrupled 4 times over the QoQ to Rs 138 Crore, has beaten the estimates.
- Food Delivery Business: Gross Order Value (GOV) grew by 27% YoY, with revenues surging 29% YoY to Rs 2,025 crore. And Management expected to grow by 20% Year on Year.
- The Share price was closed on 1% gain over that day with the price of 142.

Source: Company Filings and CNBC

CMP : 181.85
Target: 217 (20%)

Key Data

CMP	₹1,60,608
Market Cap	₹ 1,60,608
Book Value	₹22.9
Face Value	1.00
P/E ratio	
BSE Code	543320
NSE Ticker	ZOMATO

Industry

Sector : Online Services
Sub Sector : restaurant aggregator and food delivery
Classification: Large cap.

Financials Summary

Y/E DEC	FY21	FY22	FY23
Sales	2,118	5,010	7,761
EBITDA	-667	-1,058	-529
PBT	-812	-1208	-971
EPS	-3.75	-2.49	-1.21

Shareholding pattern (%)

As On	Dec-23	Sept-23
FII	54.88%	54.72%
DI	15.47%	13.04%
Public	27.98%	30.72%
Others	1.66%	1.82%

Peer Comparison

Companies	LTM Multiples			FY24 Multiples			FY25 Multiples		
	EV/SALES	EV/EBITDA	P/E	EV/SALES	EV/EBITDA	P/E	EV/SALES	EV/EBITDA	P/E
Zomato	20.15x	295.16x	147.11x	15.95x	599.15x	304.93x	12.46x	9773.7x	744.04x
Jubliant Foodworks	6.24x	27.68x	85.05x	4.99x	25.71x	58.29x	4.22x	23.18x	47.96x
Devyani International	6.69x	30.23x	70.03x	4.51x	22.61x	50.84x	3.36x	18.07x	36.24x
Sapphire Foods	4.81x	24.02x	4.65x	3.17x	18.80x	2.24x	2.28x	17.00x	1.65x
Westlife Foodworld	5.68x	33.08x	105.27x	4.05x	26.63x	37.80x	2.67x	21.32x	23.36x
Info edge India Ltd	24.73x	291.99x	51.25x	15.74x	160.66x	316.64x	12.30x	133.05x	172.97x

Source: Own Calculation

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Website to Download Full Report:
www.Ebitdadrajat.in

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Zomato Average Order Value increased from 528 to 635 in just 1.5 years

- when average order values increase, that could also impact margins, when the AOV increases, this purley impacts the margins, as higher order value typically results in Increased Revenue per Transactions, this was also one of the factors which led company to profitability.
- AOV increases were largely seasonal. It is dependent on a lot of factors such as seasonality, festivals, Sports tournaments like IPL, ICC etc. These events change the spending patterns alot!
- And the overall AOV movement, like we said, is dependent on a lot of factors. Product mix is the biggest one, obviously. (Sale of iphones is the major reason for blinket AOV increase)

Source: Company Filings

Key Revenue Segments

Segment Wise Breakup

Particular	2021	2022	2023
India Food Ordering and Delivery	1,512.4	3,414.6	4,537.1
Hyperpure Supplies (B2B Business)	202.8	551.6	1,506.7
Quick Commerce Business	-	-	808.6

Source: Company Filings

Blinkit: More Stores yet to Come

- Out of Top 10, Top 8 continues to give around 60% of the mark. And Since, it is a category mix like Electronic, Home décor, and beauty. Seasonal demand also plays major role.
- Like in Holi, Laundry Detergents were are also spiking up and Gulal sales are through roof, and hitted All-time Order per Minute (OPM)
- It is the highest selling Beverage Brand in the country much above Thumbsup or Sprite
- 70% of the Blinkit stores are Profitable. Since, they receive revenue upfront and pay out our sellers with a slight lag.
- On Working Capital, it is a Negative working capital business, Since it is a Marketplace.

Source: Company Filings

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Financial Summary

Profit and Loss Statement

Amt is in INR (Crore) Only

Particulars	2020	2021	2022	2023
Sales	2,605	1,994	4,192	7,079
<i>Growth rate</i>		<i>-23%</i>	<i>110%</i>	<i>69%</i>
Expenses	4,909	2,461	6,043	8,290
<i>As % of Sales</i>	<i>188%</i>	<i>123%</i>	<i>144%</i>	<i>117%</i>
EBIT	-2,305	-467	-1,851	-1,211
<i>Growth rate</i>		<i>-80%</i>	<i>296%</i>	<i>-35%</i>
Interest	13	10	12	49
<i>As % of Sales</i>	<i>0.5%</i>	<i>0.5%</i>	<i>0.3%</i>	<i>0.7%</i>
Depreciation	84	138	150	437
<i>As % of Sales</i>	<i>3%</i>	<i>7%</i>	<i>4%</i>	<i>6%</i>
Profit before tax	-2,386	-815	-1,220	-1,015
Net Profit	-2,386	-816	-1,222	-971

Source: Company Filings, Screener

Balance Sheet Statement

Amt is in INR (Crore) Only

Particulars	2020	2021	2022	2023
Liabilities				
Equity Capital	0	0	764	836
Reserves	457	7,644	15,741	18,623
Preference Capital	252	455	0	0
Borrowings	73	72	70	507
Other Liabilities	2,370	987	751	1,632
Total Liabilities	2,900	8,704	17,327	21,599
Asset				
Fixed Assets	1,591	1,539	1,404	6,343
CWIP	1	0	1	8
Investments	324	2,205	4,718	6,765
Other Assets	985	4,959	11,204	8,484
Total Assets	2,900	8,704	17,327	21,599

Source: Company Filings, Screener

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Financial Summary

Cash Flow Statement

Amt is in INR (Crore) Only

Particulars	2020	2021	2022	2023
Cash from Operating Activity	-2,144	-1,018	-693	-844
Profit from operations	-2,127	-280	-922	-637
Receivables	-94	-20	-34	-203
Inventory	-2	-11	-28	-43
Payables	-103	36	140	-71
Other WC items	214	-762	170	141
Working capital changes	15	-757	248	-176
Direct taxes	-32	19	-19	-31
Cash from Investing Activity -	1,740	-5,245	-7,971	797
Fixed assets purchased	-21	-10	-59	-103
Fixed assets sold	0	0	2	2
Investments purchased	-2,148	-8,341	-7,376	-15,058
Investments sold	4,046	6,521	5,308	12,649
Interest received	25	11	113	490
Other investing items	-162	-3,405	-5,960	2,817
Cash from Financing Activity	359	6,402	8,750	-127
Proceeds from shares	0	6,608	9,008	11
Proceeds from borrowings	0	2	0	0
Repayment of borrowings	0	-4	-1	-23
Interest paid fin	-11	-9	-10	-50
Financial liabilities	-20	-14	-20	-65
Other financing items	390	-181	-226	0

Source: Company Filings, Screener

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Financial Ratios

Particulars	2020	2021	2022	2023
Profitability				
Return on Assets %	(47.3%)	(6.5%)	(9.6%)	(5.3%)
Return on Capital %	(61.9%)	(7.3%)	(10.1%)	(5.6%)
Return on Equity %	(145.8%)	(18.6%)	(9.9%)	(5.4%)
Margin Analysis				
Gross Margin %	64.6%	52.6%	48.4%	59.6%
SG&A Margin %	52.9%	29.2%	29.3%	53.2%
EBITDA Margin %	(90.0%)	(24.9%)	(45.0%)	(17.1%)
EBITA Margin %	(90.9%)	(25.9%)	(45.4%)	(19.7%)
EBIT Margin %	(91.7%)	(30.3%)	(47.5%)	(23.3%)
Asset Turnover				
Total Asset Turnover	0.8x	0.3x	0.3x	0.4x
Fixed Asset Turnover	22.1x	21.3x	42.0x	18.7x
Accounts Receivable Turnover	26.9x	15.8x	28.9x	23.0x
Inventory Turnover	NM	102.1x	79.4x	46.7x
Short Term Liquidity				
Current Ratio	1.8x	8.0x	10.6x	7.5x
Quick Ratio	1.3x	7.5x	9.7x	7.2x

Source: Own Calculation

Valuation and Risk

Amt in INR (Rupees only)

Particulars	EV/EBITDA	Market Price
Trading Comps Range	59.39	182

Source: Own Calculation

Key takeaways from Valuations and it's Risk

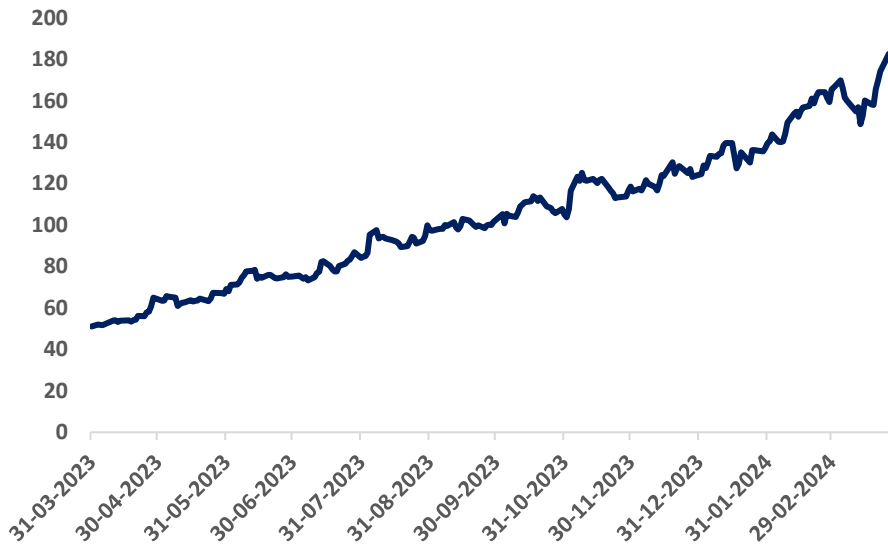
- Simultaneously, I have applied the Trading Comps Model, benchmarking Zomato against industry peers through key multiples EV/EBITDA. **The Trading Comps Model suggested a valuation of Rs 59 per share**, offering valuable insights into Zomato competitive standing within the market.
- As I present this valuation, it is crucial to recognize the dynamic nature of the market. Regular monitoring and reassessment will be essential to adapt to evolving risks and market conditions.

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Price Performance

Zomato Price Chart (April,2023 – April,2024)



Source: Yahoo Finance

Technical Analysis Trends

Particular	Short Term	Medium Term	Long Term
Trend	Bearish	Sideways	Bullish
Resistance	188	200	260
Support	176	170	130

Source: Own Analysis

Historical Performance

Data is on Daily Basis

1 Week	7.34%
1 Month	14.28%
3 Months	47.81%
YTD	47.21%
1 Year	262.39%
3 Years	0.00%

Source: Moneycontrol

Pivot Levels

Data is on Daily Basis

Type	R1	R2	PP	S1	S2
Classic	185	189	180	177	172
Fibonacci	184	186	180	177	175
Camarilla	182	183	184	181	181

Source: Moneycontrol

Moving Average

Data is on Daily Basis

5	177.60
10	168.26
20	164.99
50	153.97
100	138.89
200	115.63

Source: Moneycontrol

Key takeaways from Price Performance

- The price chart for Company indicates a Bullish trend over the 1-day timeframe.
- The stock has experienced a consistent upward movement, reflecting positive investor sentiment and strong market demand especially after the Q3 results of FY2024.
- Notable support levels include 176 and 170 where the stock has shown resilience and rebounded in the past.
- A notable double top pattern is observed in Zomato in a Daily timeframe.
- The Stock has become Multibagger from last 1 Year's and has delivered more than 262%.

Disclaimer

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