ZOMATO LIMITED - ONE-PAGE EXECUTIVE SUMMARY

Financial Analysis & Investment Overview (FY23-FY25)

🏢 COMPANY SNAPSHOT

Business: India's #1 food delivery & quick commerce platform | **Market Share:** 50%+ | **Listed:** NSE/BSE
Revenue Model: Restaurant commissions (18-25%), delivery charges, quick commerce (Blinkit), B2B supply (Hyperpure)
Key Assets: Network effects, brand equity, technology moat (AI/ML logistics), strategic subsidiaries

📊 3-YEAR FINANCIAL PERFORMANCE

Key Metrics (₹ Cr)	FY23	FY24	FY25	Growth	Status
Revenue	4,707	6,622	8,617	+83%	✅ Strong
EBITDA	257	1,484	2,298	+794%	✅ Excellent
PAT	117	1,371	1,960	+1,576%	✅ Outstanding
Total Assets	21,927	24,325	35,851	+64%	✅ Growing
Equity	20,806	22,775	34,115	+64%	✅ Strong
Operating Cash Flow	224	1,379	1,614	+621%	✅ Positive

Margins: EBITDA 5.5% → 26.7% | Net Profit 2.5% → 22.7% | **CAGR:** 35.4%

🎯 RATIO ANALYSIS SCORECARD

Category	Key Ratios (FY25)	Benchmark	Assessment
Liquidity	Current: 4.12 | Quick: 4.12 | Cash: 2.12	>1.5 | >1.0 | >0.5	⭐⭐⭐ Excellent
Profitability	EBITDA: 26.7% | Net: 22.7% | ROE: 6.1%	20%+ | 15%+ | 15%+	⭐⭐⭐ / ⭐
Efficiency	Asset Turnover: 0.28x | DSO: 5 days | CCC: -26 days	Variable | <30 | Negative	⭐⭐⭐ Strong
Leverage	D/E: 0.005 | Interest Coverage: 137x	<1.0 | >3.0	⭐⭐⭐ Debt-free

Overall Rating: 8.5/10 | **Financial Health:** ✅ Excellent

💰 BALANCE SHEET HIGHLIGHTS (FY25)

Assets (₹35,851 Cr): Investments ₹24,431 Cr (68%) | Cash & Liquid ₹3,240 Cr (9%) | Goodwill ₹1,209 Cr | PPE ₹86 Cr (Asset-light)
Equity (₹34,115 Cr): Virtually debt-free (95% equity, 5% liabilities) | QIP fundraise ₹8,501 Cr in FY25
Working Capital: Negative CCC of -26 days = Cash collected 26 days before paying restaurants (natural float advantage)

📈 KEY STRENGTHS

✅ **Market Leadership** - 50%+ share with strong network effects
✅ **Profitability Proven** - 26.7% EBITDA margin, sustainable unit economics
✅ **Fortress Balance Sheet** - Debt-free, ₹3,240 Cr liquid assets, D/E: 0.005
✅ **Cash Generative** - ₹1,614 Cr OCF, negative working capital cycle
✅ **Strategic Positioning** - Blinkit (quick commerce), Hyperpure (B2B), Going-Out (experiences)
✅ **Platform Economics** - 70% variable costs = operating leverage at scale

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⚠️ KEY RISKS & WEAKNESSES

🔴 **High Risk:** Competition (Swiggy, Zepto) | Regulatory (gig worker laws could raise costs 15-20%)
🟡 **Medium Risk:** Unit economics sustainability | Technology disruption (drones, D2C models)
🟢 **Watch Areas:** ROE at 6.1% (target: 15%+) | Revenue growth moderation (40% → 30%) | Geographic concentration

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🚀 STRATEGIC RECOMMENDATION

Primary Focus: Accelerate "Going-Out" Business (Dining, Events, Experiences)

Rationale:

- Higher margins: 30-40% vs 20-25% food delivery
- Lower competition, stronger customer stickiness
- Leverages existing brand and customer base
- Builds lifestyle ecosystem beyond transactions

Investment: ₹500-1,000 Cr over 2 years
Target: 20% of revenue from Going-Out by FY27
Expected Impact: Blended margins to 30%+, ROE to 15%+, reduced delivery-dependency risk

Secondary: Improve capital efficiency on ₹24,431 Cr subsidiary investments to boost ROE from 6.1% to 15%+

💼 INVESTMENT THESIS

Rating: BUY | **Valuation:** 8-10x P/S, 30-35x EV/EBITDA, 40-45x P/E (premium justified)

Bull Case: Market leader with proven profitability, debt-free balance sheet, strong cash generation, ecosystem expansion (Blinkit 3x potential), platform economics at scale, India's consumption story

Bear Case: Intense competition, regulatory uncertainty, ROE below target, growth moderation, execution risk on capital deployment

Bottom Line: Zomato has executed a remarkable turnaround from loss-making to 27% EBITDA margins while maintaining market dominance. Financially healthy, strategically well-positioned, with clear path to enhanced shareholder returns through capital efficiency improvements and diversification.

📋 INTERVIEW-READY ONE-LINER

"Zomato transformed from ₹117 Cr to ₹1,960 Cr PAT in 2 years with 26.7% EBITDA margins, maintains a debt-free balance sheet with ₹3,240 Cr liquidity, operates with negative working capital providing natural cash float, and is strategically positioned in high-growth verticals. Key focus: improving 6.1% ROE to 15%+ through capital efficiency and ecosystem expansion into higher-margin Going-Out business."

Analyst: Ayush Singh | **Date:** January 2026 | **Project:** Financial Statement & Business Model Analysis
Methodology: 3-year comparative analysis | Ratio analysis | DCF considerations | Strategic assessment