

## **ZOMATO : ONLINE FOODKING OF INDIA**

---

In 2024, despite a strong increase in Gross Order Value (GOV), Deepinder Goyal, Founder & CEO of Zomato Limited, India's leading food delivery platform, expressed apprehension over the decline of profitability in its core food delivery operation. Profitability declined by 30.4% in Q2 FY2025 compared with the previous quarter despite notable growth in GOV. The significant impediment to Zomato's long-term sustainability and the ability to deliver its highly ambitious margin targets of 4-5% by FY25 was that growth had been far too brisk relative to the shrinking margin.

He also expressed challenges of striking a balance between ongoing growth and profitability throughout its various business sectors, even while it had achieved notable year-over-year revenue growth (61%) and Adjusted EBITDA profitability in its rapid commerce business (Blinkit). Although the business showed stunning growth in various areas, it faced a challenging environment in sustaining profitability in its primary meal delivery business.

In a recent challenge, Zomato's Hyperpure warehouse in Hyderabad was raided by food safety experts who found 90 packets of button mushrooms with incorrect, future-dated labels.

Akshant Goyal, chief financial officer at Zomato revealed that while most of the Zomato owned- Blinkit stores then were profitable with expanding margins, it was not seeing margin expansion at aggregate level because of the investments it was making towards scaling infrastructure.

### **COMPANY BACKGROUND: ZOMATO**

Zomato was an Indian multinational restaurant aggregator and food delivery firm founded by Deepinder Goyal and Pankaj Chaddah in the year 2008. Launched in 2010, Zomato aimed to connect customers with restaurant partners and delivery partners toward serving their multiple needs. Customers used the platform to search and discover restaurants, read and write customer generated reviews and view and upload photos, order food delivery, book a table and make payments while dining-out at restaurants. On the other hand, it provided restaurant partners with industry-specific marketing tools which enabled it to engage and acquire customers to grow its business while also providing a reliable and efficient last mile delivery service.

### **INDIA'S COMPETITIVE FOOD-TECH LANDSCAPE**

The Indian food delivery market has experienced immense growth and transformation over the past few years, mostly driven by the two leading players, Zomato and Swiggy. As of 2024, these two companies have dominated the landscape, engaging in an intense battle for market leadership.

Both Swiggy and Zomato operate identical businesses, but valuations and financials differ, two critical aspects which are part of investors' assessment before buying any share in the stock markets.

1. Zomato: Founded in 2008 as "FoodieBay", Zomato holds a 58% market share in the food delivery segment focussing on "better food for more people".
2. Swiggy: Founded in 2014, Swiggy holds the second highest market share in India in the food-tech industry in India- 42% and is present across 600 cities all over India.
3. Foodpanda: Founded in 2012, Foodpanda is placed as the third player in the market with a much lower share, usually considered to be a niche position within the online food delivery space.

4. Eatsure: Founded in 2011, Eatsure is an app-based platform offering online food ordering & delivery services and holds a significantly smaller market share in India compared to other platforms.

## **ZOMAUVERSE: ZOMATO'S KEY BUSINESSES**

### **1. B2C Business**

#### **a. Food Delivery**

As its primary focus, Zomato's service of food delivery ensures last mile delivery services of food from ordering till customer support and everything in between.

#### **b. Blinkit (Quick Commerce)**

Blinkit is an E-Commerce marketplace that makes grocery shopping extremely easy and comfortable. It allows customers to shop at their favourite stores in their nearby areas and receive quick delivery.

#### **c. District (Going Out)**

District is Zomato's going out business that provides services in terms of dining, events, movies, etc.

### **2. B2B Business**

#### **a. Hyperpure**

Hyperpure provides kitchen supplies to restaurants, hotels and caterers. It is the go-to place for wholesale restaurant supplies at Mandi rates in India.

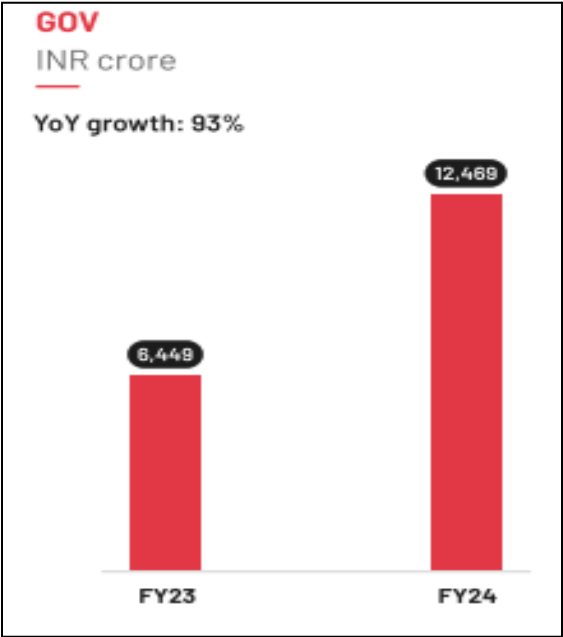
## **RECENT TRENDS AT ZOMATO**

- 1) Delivery and related charges increased 54% YoY in FY24 to INR 3,915 crore. This primarily includes payouts to delivery partners for last mile deliveries across our food delivery and quick commerce operations. It also includes the delivery partner support cost and cost of consumables issued to delivery partners at the time of onboarding.
- 2) Advertisement and sales promotion expenses increased 17% YoY to INR 1,432 crore in FY24. This includes platform funded subsidies (to the extent not netted off from revenue), marketing & branding costs, customer appeasement costs and refunds across our business operations.
- 3) Other expenses increased 43% YoY to INR 1,179 crore in FY24. This primarily includes quick commerce warehouse management & associated logistics cost, rental expenses, legal & professional fee, general & admin expenses, insurance cost amongst others
- 4) Gold Subscription: Zomato provided its membership- Zomato Gold at very cheap prices- Rs30 for 6 months.
- 5) Recent New Features-
  - a. Zomato Everyday
  - b. Food on Train
  - c. Large Order Fleet
  - d. Zomato Legends

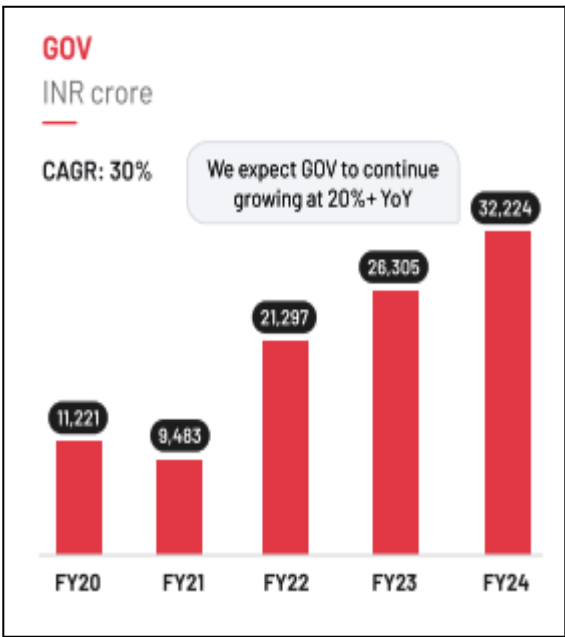
EXHIBITS

1. GROSS ORDER VALUE & REVENUE OF CORE BUSINESSES

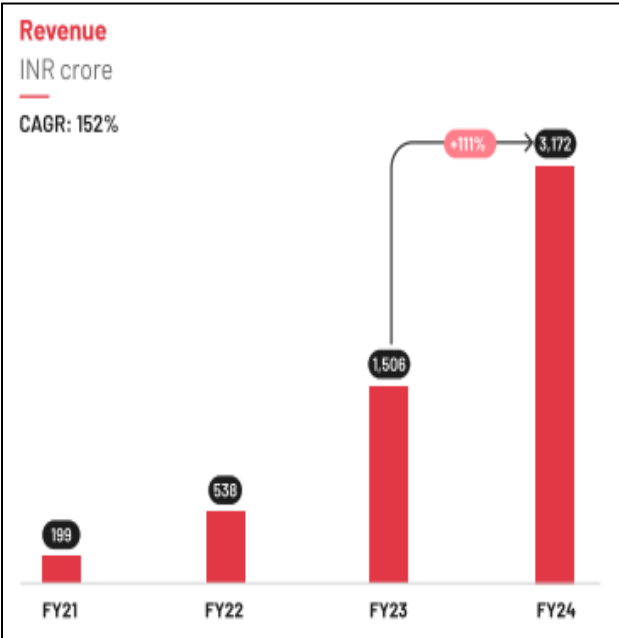
BLINKIT



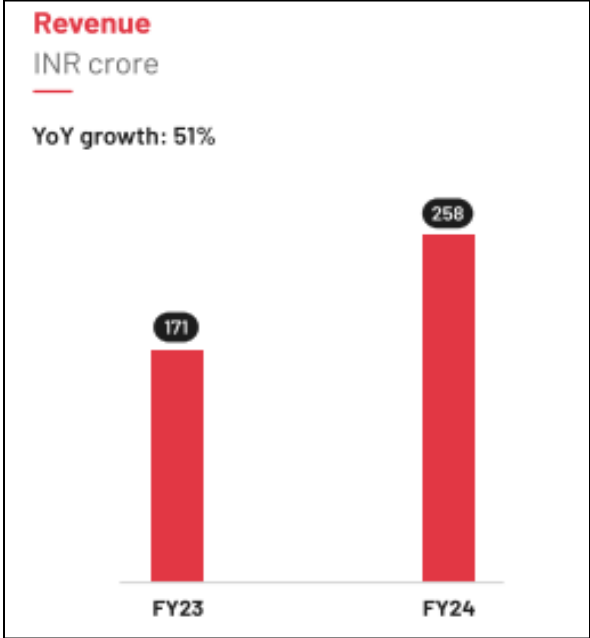
FOOD DELIVERY



HYPERPURE

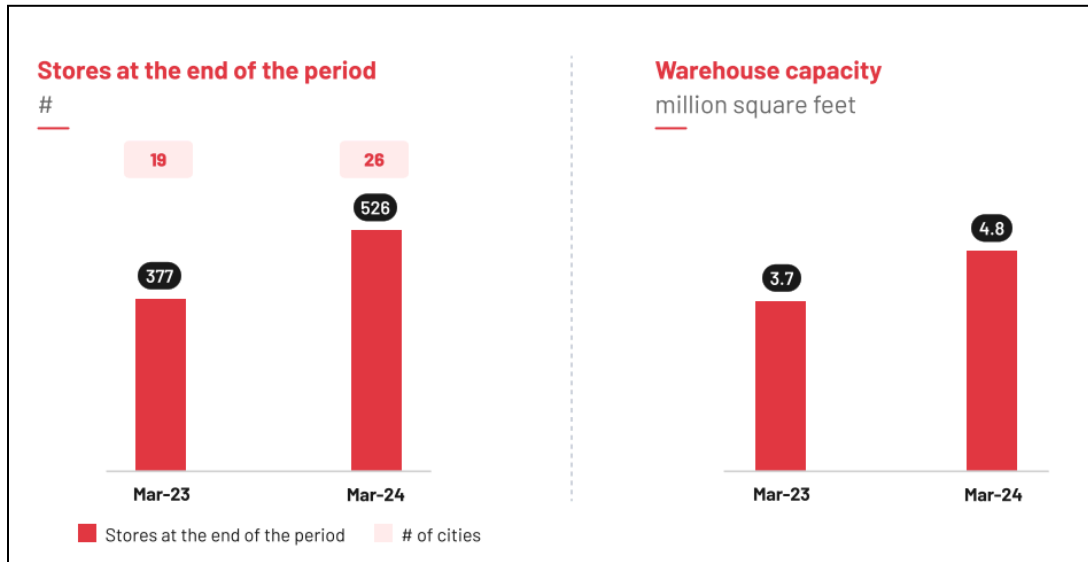


GOING OUT (DISTRICT)



Source: Company overview, May 2024

## 2. BLINKIT DARK STORES NUMBER OVER THE YEARS

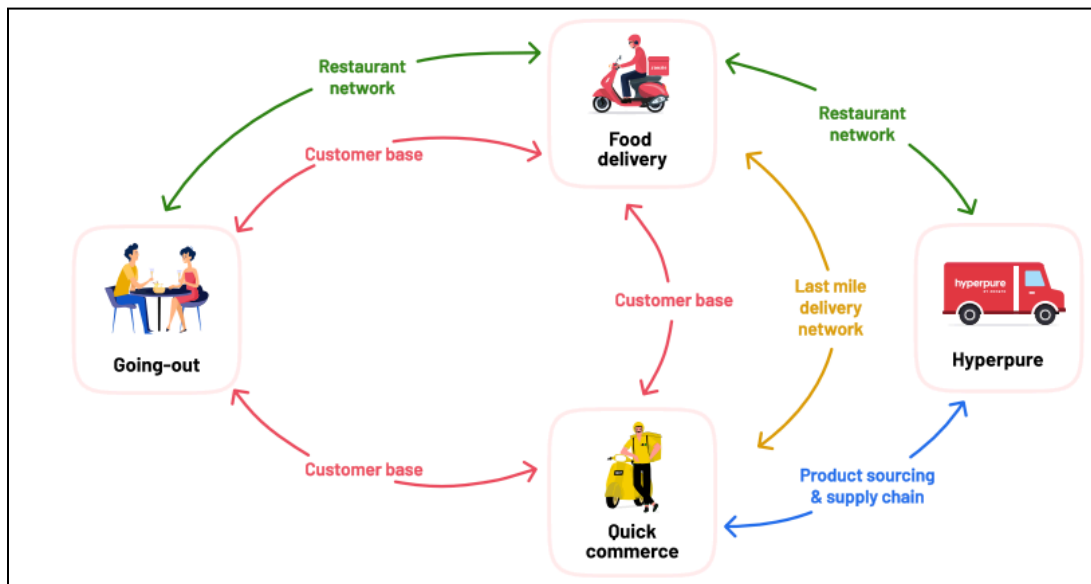


## 3. ZOMATO'S STATEMENT OF PROFIT AND LOSS

Particulars	Note	For the year ended March 31, 2024	For the year ended March 31, 2023
<b>Income</b>			
Revenue from operations	21	12,114	7,079
Other income	22	847	682
<b>Total income (I)</b>		<b>12,961</b>	<b>7,761</b>
<b>Expenses</b>			
Purchases of stock-in-trade	23	2,887	1,438
Changes in inventories of stock-in-trade	24	(5)	(43)
Employee benefits expense	25	1,659	1,465
Finance costs	26	72	49
Depreciation and amortisation expenses	27	526	437
Other expenses	28	7,531	5,429
<b>Total expenses (II)</b>		<b>12,670</b>	<b>8,775</b>
<b>Profit / (loss) before share of profit / (loss) of an associate, a joint venture, exceptional items and tax (III= I-II)</b>		<b>291</b>	<b>(1,014)</b>
Share of profit / (loss) of an associate and a joint venture (IV)		-	(1)
<b>Profit / (loss) before exceptional items and tax (V=III+IV)</b>		<b>291</b>	<b>(1,015)</b>
Exceptional items (VI)	29	-	(0)
<b>Profit / (loss) before tax (VII= V-VI)</b>		<b>291</b>	<b>(1,015)</b>
<b>Tax expense :</b>	38		
Current tax		1	0
Deferred tax		(61)	(44)
<b>Total tax expense (VIII)</b>		<b>(60)</b>	<b>(44)</b>
<b>Profit / (loss) for the year (IX= VII-VIII)</b>		<b>351</b>	<b>(971)</b>






<sup>1</sup> <https://www.zomato.com/investor-relations/financials>

#### 4. CORE BUSINESSES



Source: Company overview, May 2024

#### 5. FOOD DELIVERY OPTIONS USING CUSTOMER PERSONAS

	<b>Zomato Everyday</b> <ul style="list-style-type: none"><li>• Zomato Everyday is an offering for home-style-cooked meals at affordable price points</li><li>• The offering is still nascent and is being piloted in select locations within Delhi NCR, Bengaluru and Mumbai currently</li></ul>
	<b>Zomato Legends</b> <ul style="list-style-type: none"><li>• Zomato Legends lets customers order iconic dishes from legendary restaurants across the country and have them delivered to their doorstep</li><li>• Currently available in 8 cities in India with ~80 legendary restaurants on-boarded</li></ul>
	<b>Food on train</b> <ul style="list-style-type: none"><li>• Partnership with IRCTC offering delivery of restaurant food to customers at their train seats</li><li>• Customers can order up to 30 minutes prior to station arrival and access benefits like real-time tracking, guaranteed delivery and free cancellations</li><li>• Offering live across 80+ train stations pan-India</li></ul>
	<b>Large order fleet</b> <ul style="list-style-type: none"><li>• Launched India's first large order fleet to improve customer experience while handling large orders that may not be carried on a two-wheeler</li><li>• Custom EV three-wheeler fleet designed to serve orders for a gathering of up to 50 people</li></ul>
	<b>Healthy</b> <ul style="list-style-type: none"><li>• Enables health conscious customers to order food delivery from dishes hand-picked by nutritionists and prepared by some of the finest restaurants</li><li>• Customers can select dishes based on their preferences (high protein, low carbs, low calorie, etc.) and can also view the entire nutritional information about each dish</li></ul>