

ZOMATO LIMITED

Issue highlights

- ❑ **Zomato Limited ("Zomato")** was incorporated on January 18, 2010 as "DC Foodiebay Online Services Pvt. Ltd." Zomato is one of the leading Food Services platforms in India in terms of value of food sold, as of March 31, 2021. During Fiscal 2021, 32.1 million average MAU visited their platform in India. As of March 31, 2021, they were present in 525 cities in India, with 389,932 Active Restaurant Listings. Their mobile application is the most downloaded food and drinks application in India in each of the last 3 fiscal years on iOS App store and Google Play combined.
- ❑ Zomato has a footprint across 23 countries outside India as of March 31, 2021.
- ❑ Company's business is built around the core idea that over time, people in India are going out to eat at restaurants more than they cook at home. To capture value out of this shift in customer behaviour, they have two core business-to-customer (B2C) offerings:
 - **Food delivery** and
 - **Dining-out**,
 - In addition to their business-to-business (B2B) offering **Hyperpure**.
 - Another important part of their business is **Zomato Pro**, Their customer loyalty program encompasses both food delivery and dining-out.
- ❑ There are 3 key stakeholders in their food delivery business:
 - Customers,
 - Delivery Partners, and
 - Restaurant Partners.
- ❑ Zomato has one of India's **largest hyperlocal delivery networks** in terms of number of delivery partners as of March 31, 2021. Their delivery network collected food from their restaurant partners and delivered it to customers with a **median delivery time of less than 30 minutes** in Fiscal 2021.
- ❑ The shares will be listed on BSE and NSE.

Brief Financial Details*

(₹ In Cr)

	As at Mar' 31,		
	2021	2020	2019
Equity Share Capital	0.03	0.03	0.03
Instrument entirely equity in nature -CCPS	454.93	252.40	243.72
Reserves as stated	7,643.76	457.35 [^]	2,356.15
Net worth as stated	8,096.11	2,083.11	2,597.29
Revenue from Operations	1,993.79	2,604.74	1,312.59
Revenue Growth (%)	(23.46)%	98.44%	-
EBITDA as stated	(467.17)	(2,304.70)	(2,243.78)
Adj.EBITDA as stated	(325.11)	(2,206.17)	(2,143.81)
Loss Before Tax	(815.12)	(2,385.60)	(1,010.51)
Net Loss for the year	(816.43)	(2,385.60)	(1,010.51)
NAV(₹)	15.09	4.77	6.92

Source: RHP *Restated Consolidated, Reserve net of Capital Reserve.

[^]Networth includes ₹1,375.94 Cr (The company entered into an agreement dated 21.01.2020 to purchase Uber Eats India Assets for a consideration of ₹ 1,375.94 Cr against the consideration, the company issued 76,376 number of Class I-2 CCCPS at a value of ₹ 180,153 each which was classified as financial liability).

Issue Details

Offer of Equity Shares aggregating upto ₹ 9,350 Cr
(Fresh issue of Equity Shares aggregating upto ₹ 9,000 Crore and Offer for sale of Equity Shares aggregating upto ₹ 350 Cr)
Issue size: ₹ 9,350 Cr
No. of shares: 1,302,083,333-1,233,552,631
Face value: ₹ 1/-
Employee Reservation: 6,500,000 Shares
Price band : ₹ 72 – 76
Bid Lot: 195 Shares and in multiple thereof

Post Issue Implied Market Cap:
₹ 56,959 – 59,623 Cr
BRLMs: Kotak Mahindra Capital, Morgan Stanley India, Credit Suisse Securities, BofA Securities, Citigroup Global Markets
Registrar: Link Intime India Pvt. Ltd.

Issue opens on: Wednesday, 14th Jul'2021
Issue closes on: Friday, 16th Jul'2021

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	22-07-2021
Refunds/Unblocking ASBA Fund	23-07-2021
Credit of equity shares to DP A/c	26-07-2021
Trading commences	27-07-2021

Issue break-up

	No. of Shares (Approx)	₹ In Cr [^]	% of Issue
QIB	971,687,501 – 920,289,474	6,994	75%
NIB	194,337,499 – 184,057,894	1,399	15%
Retail	129,558,333 – 122,705,263	933	10%
Empl	6,500,000 – 6,500,000	49	-
Total	1,302,083,333 -1,233,552,631	9,375	100%

[^] on upper Band

Listing: BSE & NSE

Shareholding (No. of Shares)

Pre issue	Post issue [~]	Post issue [^]
6,660,969,150	7,910,969,150	7,845,179,676

[~]@Lower price Band [^]@ Upper Price Band

^{*}Issue of 2,354,544,423 Bonus shares and conversion of 4,306,073,250 CCPS on 06.04.2021

Shareholding (%)

	Pre-Issue	Post-Issue
Promoters & Promoter Gr	-	-
Public	95.80%	96.43%
Non Promoter Non Public (Employee Trust)	4.20%	3.57%
Total	100.00%	100.00%

BACKGROUND

Company and Directors

The company was incorporated as “DC Foodiebay Online Services Private Limited” on January 18, 2010. The company is a professionally managed company and does not have an identifiable promoter in terms of the SEBI ICDR Regulations and the Companies Act. Consequently, there are no members forming part of the ‘promoter group’ in terms of the SEBI ICDR Regulations.

Brief Biographies of Directors

Kaushik Dutta is the Chairman and an Independent Director of the company. He is co-founder of Thought Arbitrage Research Institute, an independent not-for-profit research think tank. He was also associated with Price Waterhouse & Co., Chartered Accountants LLP, and Lovelock & Lewes, Chartered Accountants as Partner for over 25 years.

Deepinder Goyal is the Founder and the Managing Director and the Chief Executive Officer of the company. Prior to founding Zomato, he worked with Bain and Company.

Sanjeev Bikhchandani is the Non-Executive Director of the company, and a nominee of Info Edge on the Board. He is the founder and an executive director on the board of directors of Info Edge.

Douglas Lehman Feagin is the Non-Executive Director of the company, and a nominee of Alipay on the Board. Prior to joining the company, he has worked as managing director in the investment banking division of the Goldman Sachs Group, Inc., for approximately 22 years. He is currently associated with Alipay U.S., Inc. as senior vice president of the Ant group.

Aparna Popat Ved is the Independent Director of the company. She is a professional badminton player having represented India at various international forums including the Commonwealth Games (where she also won a silver and three bronze medals) and the Olympics in 2000 and 2004.

Gunjan Tilak Raj Soni is the Independent Director of the company. She is currently the chief executive officer of Zalora Group. She also has extensive experience across various roles in Myntra Jabong India Pvt Ltd, Star India Pvt Ltd and Mckinsey & Company, Inc.

Namita Gupta is the Independent Director of the company. She has previously worked with Facebook, Inc. and Microsoft for several years. She is the founder and currently on the board of directors of Airveda Technologies Pvt Ltd.

Sutapa Banerjee is the Independent Director of the company. She also has extensive experience in the financial services industry having worked at ABN AMRO Bank and Ambit Capital Pvt Ltd for several years.

Key Managerial Personnel

Gunjan Patidar is co-founder of the company and currently the chief technology officer. He joined the company on January 19, 2010.

Akriti Chopra is currently the head of people development at the company. She joined the company on November 9, 2011.

Surobhi Das is currently the head of customer experience at the company. She first joined the company on July 5, 2011 and was associated till May 12, 2018. She re-joined the company on August 18, 2020.

Daminee Sawhney is currently the head of human resources at the company. She first joined the company on February 1, 2011 and was associated till November 11, 2011. She re-joined the company on December 24, 2012.

Gaurav Gupta is co-founder and currently the head of supply at the company. He joined the company on June 22, 2015.

Akshant Goyal is currently the Chief Financial Officer of the company. He joined the company on April 1, 2017.

Rahul Ganjoo is currently the head of food delivery at the company. He joined the company on August 21, 2017. Prior to joining the company, he worked for over 16 years in different roles with different companies.

Mohit Gupta is co-founder and currently the head of new businesses at the company. He joined the company on July 1, 2018. He has experience of over 19 years in different roles with different companies.

Sandhya Sethia is currently the Company Secretary and Compliance Officer of the company. She joined the company on January 10, 2019.

Damini Bhalla is currently the General Counsel at the company. She joined the company on March 26, 2021.

OBJECTS OF THE ISSUE

Objects	Amount
Funding organic and inorganic growth initiatives	6,750.00
General Corporate Purposes	[•]
Total	[•]

OFFER DETAILS

The Offer	Amount	No of Shares
Fresh Issue	₹ 9,000 Cr	Upto 1,250,000,000 [^] - 1,184,210,526 [~] Equity Shares
* Offer for sale by:		
Info Edge – The Selling Shareholder	₹ 375 Cr	Upto,52,083,333 [^] - 49,342,105 [~] Equity Shares

([^] at upper price band and [~] lower price band)

BUSINESS OVERVIEW

Zomato Limited (“**Zomato**”) is one of the leading Food Services platforms in India in terms of value of food sold, as of March 31, 2021. During Fiscal 2021, 32.1 million average MAU visited their platform in India. As of March 31, 2021, they were present in 525 cities in India, with 389,932 Active Restaurant Listings. Their mobile application is the most downloaded food and drinks application in India in each of the last 3 fiscal years on iOS App store and Google Play combined.

Their technology platform connects customers, restaurant partners and delivery partners, serving their multiple needs. Customers use their 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, they provide restaurant partners with industry-specific marketing tools which enable them to engage and acquire customers to grow their business while also providing a reliable and efficient last mile delivery service. They also operate a one-stop procurement solution, Hyperpure, which supplies high quality ingredients and kitchen products to restaurant partners. Zomato also provides their delivery partners with transparent and flexible earning opportunities.

Zomato has a footprint across 23 countries outside India as of March 31, 2021. They have taken a conscious strategic call to focus only on the Indian market going forward. Given the large market opportunity in India, a focused Zomato will enhance the value for all their stakeholders.

The Platform Offerings

Company’s business is built around the core idea that over time, people in India are going out to eat at restaurants more than they cook at home. To capture value out of this shift in customer behaviour, they have two core business-to-customer (B2C) offerings:

- **Food delivery** and
- **Dining-out,**
- In addition to their business-to-business (B2B) offering **Hyperpure.**
- Another important part of their business is **Zomato Pro**, Their customer loyalty program encompasses both food delivery and dining-out.

Each of their B2C as well as B2B offerings help increase the value of their platform for their customers, enabling them to further attract new customers and to deepen engagement with existing customers. Each of their offerings also helps improve Assortment, Affordability, Accessibility and Quality (“**AAAQ**”) of restaurant food for their customers thereby helping grow the restaurant industry.

• Food Delivery

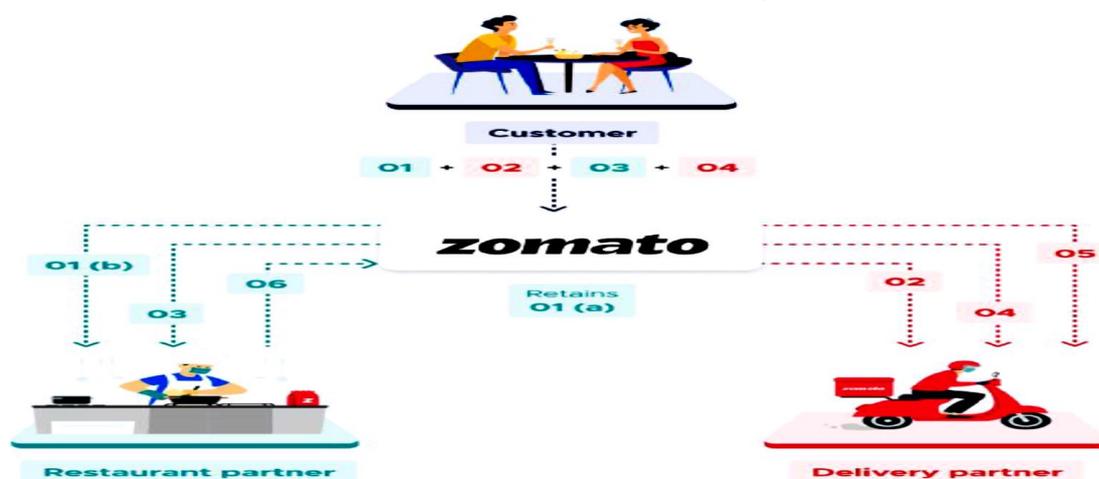
Zomato has consistently gained market share over the last 4 years to become the category leader in the food delivery space in India in terms of Gross Order Value (“**GOV**”) from October 1, 2020 to March 31, 2021. The

company generates a majority of their revenue from food delivery and the related commissions charged to their restaurant partners for using their platform. Restaurant partners also spend for advertisements on their platform.

There are 3 key stakeholders in their food delivery business – (i) Customers, (ii) Delivery Partners, and (iii) Restaurant Partners.

- **Customers:** food delivery allows customers a convenient, on-demand solution to search and discover local restaurants, order food, and have it delivered reliably and quickly. On an average, 6.8 million customers ordered food every month on their platform in India in Fiscal 2021 with an average monthly frequency of over 3 times. In Fiscal 2021, 99.3% of their food delivery Orders came through Zomato's mobile application.
- **Delivery partners:** Zomato has one of India's **largest hyperlocal delivery networks** in terms of number of delivery partners as of March 31, 2021. Their delivery network collected food from their restaurant partners and delivered it to customers with a **median delivery time of less than 30 minutes** (delivery time calculated from the time the Order is placed on their mobile application to the time the Order is delivered to the customer). They had 169,802 Active Delivery Partners during the month of March 2021. In Fiscal 2021, their delivery partners fulfilled 94.1% of their Orders delivered.
- **Restaurant partners:** They had 148,384 Active Food Delivery Restaurants on the platform in March 2021. Restaurants are the backbone of their business, and they can only be viable, if they help the restaurant industry grow and succeed more than what it could do without them.

Illustrative Economics of a Food Delivery Order



- 01** Cost of Food Net of Restaurant and Zomato Funded Discounts=
- 01 (a)** (Commissions retained by Zomato Less any Zomato funded discounts) +
- 01 (b)** (Amount transferred to restaurants)
- 02** Delivery Charges Paid by Users (Pass-through to Delivery Partners)
- 03** Packaging Charges (Pass-through to Restaurant Partners)
- 04** Tips (if any) (Pass-through to Delivery Partners)
- 05** Additional Fees
- 06** Advertisement Revenue

Restaurant partner economics: Zomato charge their restaurant partner commissions based on an agreed upon rate. They remit to the restaurant partner a net amount equal to the cost of food ordered and packaging charges less the commission and any restaurant funded discounts. Separately, the restaurant partner may pay them for any food delivery related advertisement on the platform.

Delivery partner economics: Zomato remits 100% of the tips and delivery charges provided by the customer to the delivery partner (pass-through). Incrementally, they also pay the delivery partner an additional fee.

Zomato economics: Zomato retains the commission net of any Zomato funded discounts. Additional fee to the delivery partner is paid by them. Additionally, they also earn food delivery related advertisement sales revenue from restaurant partners.

• Dining-Out

Customers use their dining-out offerings to search and discover restaurants, read and write customer generated reviews and view and upload photos, book a table and make payments while dining-out at restaurants. Zomato is a preferred destination for dining-out search and restaurant discovery in India.

As of March 31, 2021, Zomato had 389,932 Active Restaurant Listings on their platform and in Fiscal 2021, 61.8 million units of CGC was generated on their platform compared to 157 million in Fiscal 2020. They are the largest food-focused restaurant listing and reviews platform in terms of customer base, in India, as of March 31, 2021. They are also the largest online table reservations platform in India with 3.3 million Covers booked through their platform in Fiscal 2021. In Fiscal 2020, 12.2 million Covers were booked through their platform.

Zomato currently monetize their dining-out offering through advertisement sales through which restaurant partners pay them for enhanced visibility on their platform. In Fiscal 2021, 2,512 restaurant partners paid for their advertising sales product in India compared to 8,064 restaurant partners in Fiscal 2020. Zomato currently do not monetize table reservations or dining-out payments.

- **B2B Supplies (Hyperpure)**

Hyperpure is their farm-to-fork supplies offering for restaurants in India. They source fresh, hygienic, quality ingredients and supplies directly from farmers, mills, producers and processors to supply to their restaurant partners, helping them make their supply chains more effective and predictable, while improving the overall quality of the food being served.

Restaurant partners ordering supplies through Hyperpure get a “Hyperpure Inside” tag on their Zomato page, which is intended to provide customers with an assurance of the quality of ingredients used at the restaurant. Zomato started Hyperpure in 2019 and is growing rapidly. In the month of March 2021, they supplied to over 9,225 restaurant partners across 6 cities in India. Hyperpure helps them increase their engagement with restaurant partners on their platform, and in turn retain and grow their loyalty with them.

- **Zomato Pro**

Zomato has an exclusive paid-membership program, Zomato Pro, which unlocks flat percentage discounts for their customers at select restaurant partners across both food delivery and dining-out offerings. These discounts are available to their customers on all days in a year (except during a few pre-determined festive days) and the Pro Restaurant Partners choose and fund the percentage discount available to Pro Members at their restaurants. Their customers become Pro Members by paying Zomato a membership fee. The program allows Pro Restaurant Partners to market themselves to a select audience. As of March 31, 2021, Zomato had 1.5 million Pro Members and over 25,443 Pro Restaurant Partners in India.

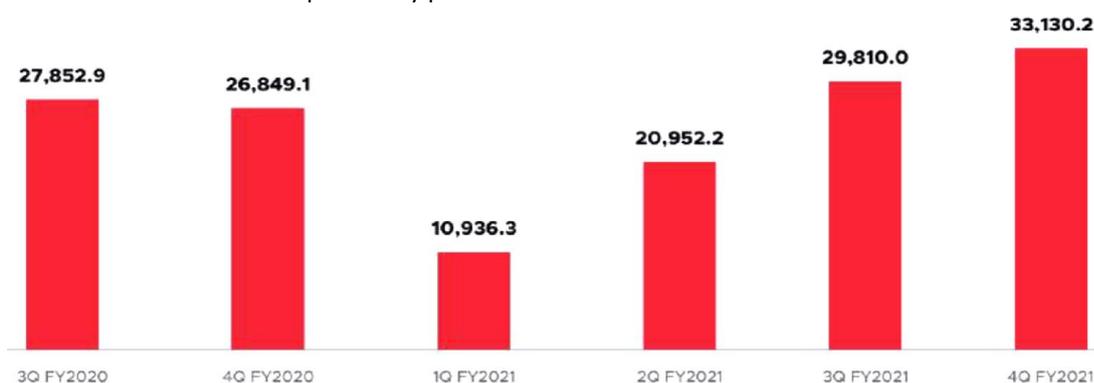
Key Operating and Financial Metrics

	Unit	Fiscal		
		2019	2020	2021
Average MAU	Cr	2.93	4.15	3.21
Average MAU	Cr	0.56	1.07	0.68
Active Food Delivery Restaurants (in the last month of the period)	No.	94,286	143,089	148,384
GOV	₹ Cr	5,387.01	11,220.90	9,482.87
YOY Growth	%		108.3%	(15.5)%
Orders	Cr	19.10	40.31	23.89
YOY Growth	%		111%	(40.7)%
Total Income	₹ Cr	1,397.72	2,742.74	2,118.42
YOY Growth	%		96.23%	(22.76)%
Adjusted EBITDA	₹ Cr	(2,143.52)	(2,206.17)	(325.11)

BUSINESS IMPACT – COVID 19

The COVID-19 pandemic disproportionately affected the Food Services industry in India as lockdowns were implemented and people became reluctant to eat restaurant food due to the fear of catching the virus. In the first quarter of Fiscal 2021 Zomato saw a significant impact on their business and their food delivery business in India hit its lowest in terms of GOV in a quarter in two financial years. However, since then, their food delivery business in India has recovered strongly, with GOV growth of 91.6% and 42.3% and 11.1% in the second, third and fourth quarters of Fiscal 2021 respectively, over the immediately preceding quarters. Their GOV in the fourth quarter of Fiscal 2021 was ₹ 3,313.02 crore which was the highest GOV that they have achieved in any quarter till March 2021. There is no adverse impact of the second wave of the COVID-19 pandemic on their food delivery business in India.

Gross Order Value ("GOV") (₹ Million)
Sharp recovery post initial Covid-19 related lockdowns



On the other hand, their dining-out business is still recovering as customers continue to be reluctant to dine-out as a precautionary measure. While the short term impact of COVID-19 was severe on their business, it has accelerated digital adoption and will continue to provide tailwinds to their business in the future.

The Community

Company's community has three key stakeholders (i) customers; (ii) delivery partners, and (iii) restaurant partners.

Customers	Zomato strives each day to bring to their customers a combination of assortment, affordability, accessibility and quality of restaurant food they love.
why customers love Zomato	<p>All-in-one platform for restaurant food: By downloading a single Zomato mobile application, their customers get access to content, which not only helps them search, discover, reserve a table, read and write a customer generated review and pay for dining-out services, but also lets them order food from these restaurants.</p> <p>Curated and rich restaurant content: Zomato lists restaurants with information and content about the restaurants, including content generated by their customers in the form of reviews, ratings and photos.</p> <p>Value and assortment: Zomato offers a wide assortment of restaurant food options to customers ranging from different cuisines and costs to suit customers' palate and budget. Additionally, customers get access to deals and discounts on their platform. Zomato Pro, their exclusive membership program, with 1.5 million members in India as of March 31, 2021, unlocks exclusive discounts at select restaurants across food delivery and dining-out.</p> <p>Convenience: Zomato gives their customers the ability to order food online and get it delivered at their doorstep. Their delivery partners are trained and incentivized to ensure their customers get hassle free delivery with limited human intervention. In addition, their customers can also reserve tables at restaurants for dining-out at the click of a button and make payments for food delivery and dining-out seamlessly through their platform.</p>
Delivery Partners	The delivery partners are a critical part of company's community. The scale of their business provides earning opportunities to a large number of Indians across cities. They had 169,802 Active Delivery Partners in the month of March 2021 and they are the backbone of their food delivery business.
Restaurant Partners	<p>Restaurants are the foundation of company's business, and the success of their restaurant partners is critical to their success. As of March 31, 2021, there were 389,932 Active Restaurant Listings on their platform in India, of which 148,384 restaurants were also Active Food Delivery Restaurants during the month of March 2021. Zomato do not have their own kitchens or restaurant brands and as a result they do not compete with their restaurant partners.</p> <p>The restaurant market in India is highly fragmented with only 6-7% of the value being driven by chain restaurants and the balance being standalone restaurants. This makes Zomato's role as an aggregator even more important as they help the growth of the industry by giving restaurant partners.</p>
Benefits of restaurant partners:	<p>Discovery: Zomato list restaurant partners on their online discovery platform for free. This helps restaurant partners increase demand for their offerings for both food delivery and dining-out.</p> <p>Hyperlocal delivery network: Leveraging their large fleet of delivery partners, restaurant partners can get their food delivered to customers reliably and quickly. Customers can also order and pick-up the food themselves from the restaurants using the 'takeaway' feature on their platform.</p>

Sales and promotion channel: Zomato's platform offers restaurant partners the ability to run brand marketing, sales and promotion campaigns targeted at high intent customers who are looking for the kind of food/service being offered by these restaurant partners.

Suite of business support services: Zomato provides their restaurant partners multiple tools to enable them to run their businesses better including analytics and dashboards, table reservations and payment processing, among others. They also help them manage their kitchen supplies more efficiently through their Hyperpure offering.

Revenue from Operations: Business Segment-wise

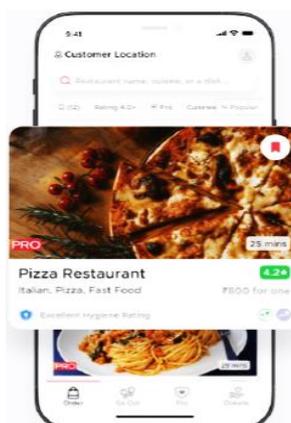
Particulars	Year Ended March 31,					
	2021		2020		2019	
	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total	Revenue (₹ in Cr)	% to Total
Revenue from services	1,715.55	86.04%	2,290.81	87.95%	1,281.40	97.62%
– Services rendered at a point in time	1,412.64		1,732.58		881.75	
– Services rendered over time	302.92		558.23		399.66	
Royalty income	-	-	-	-	0.01	0.00%
– Services rendered over time	-		-		0.01	
Revenue from sale of traded goods	200.20	10.04%	107.59	4.13%	14.89	1.13%
– Goods transferred at a point in time	200.20		107.59	%	14.89	
Income from provision of platform services	78.04	3.91%	206.34	7.92%	16.29	1.24%
– Services rendered at a point in time	78.04		206.34		16.29	
Total for Revenue from operations	1,993.79	100.00%	2,604.74	100.00%	1,312.59	100.00%

CUSTOMER APP WALKTHROUGH

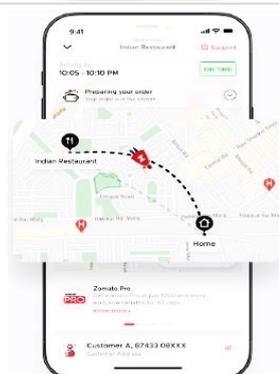


the only food app you need

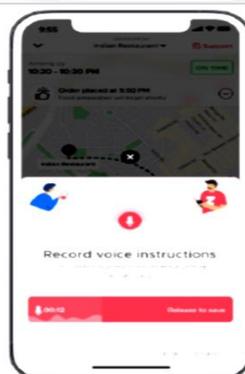
whether you're looking for biryani to feed your cravings, soul comforting pizzas and burgers, or even a salad with a cup of coffee or chai, Zomato is the only app you need for **ordering in** or **dining out**



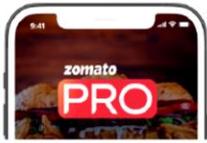
order from your favorite restaurants



track your order real-time



record voice instructions for convenient deliveries



- Up to 40% off on each dining experience
- Up to 30% extra off on food deliveries
- 25,000+ restaurants welcome Pro members

Become a PRO member

₹200 for three months

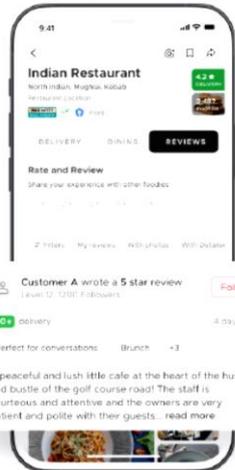
enjoy exclusive member benefits with Pro



Popular dining hotspots

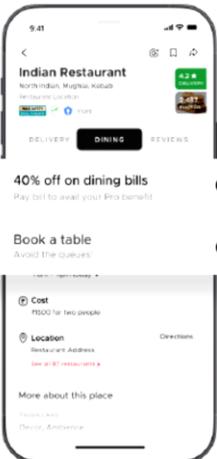


discover the best in dining experiences

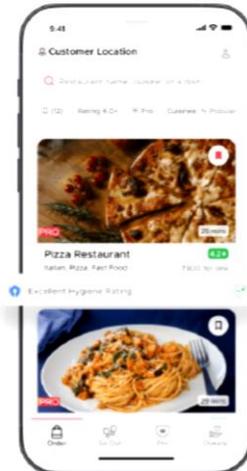


make informed choices with reviews

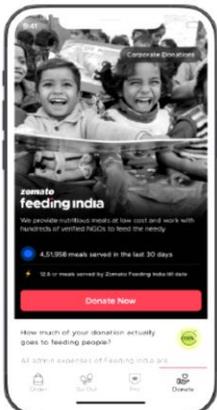
look up all restaurant details before visiting



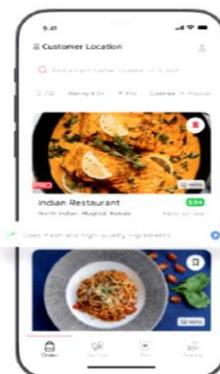
enjoy benefits on dining



look up restaurant hygiene ratings



donate to Zomato Feeding India and help feed the needy



order from Hyperpure partner restaurants

MARKETING AND SALES NETWORK

The strength of their platform and the benefits that accrue to restaurant partners and customers serve as their most effective marketing tool. This has helped them generate strong organic growth through word-of-mouth since their early days. They also employ paid marketing efforts to attract new and retain existing customers, sometimes in collaboration with their restaurant partners. Their online and offline marketing channels include search engine marketing, social media, mainstream media like television and radio and out-of-home display advertising.

Zomato builds relationships with restaurant partners through their offline on-field sales force. They enter into legally binding agreements with restaurant partners who elect to purchase their services, such as advertisement, food delivery, Hyperpure, among others. The creation of listings on their platform is free of charge.

As of March 31, 2021, they had 3,755 employees worldwide. They also engage contractors and consultants to provide them temporary workforce.

BUSINESS CONTRACTS

Zomato operates their businesses primarily through arrangements with their restaurant partners, delivery partners, other intermediaries such as call center operators who assist in customer service operations and wallet and payment gateway operators to facilitate payment on their platform. In addition, they have also entered into an agreement with a global data management system service provider for primarily hosting of their platform, billing, collection of payments and data storage.

<p>Agreements with restaurant partners</p>	<p>Zomato list restaurants and their related information on their platform free of charge. Once these restaurants are listed, they are bound by the terms and conditions mentioned on company's website, which among others, govern company's use of such information on their platform.</p> <p>For other services which include advertisements on their platform, food delivery, Hyperpure, Zomato Pro partnership, Zomato enters into standardized contracts with each restaurant partner who amongst other things, sets out obligations of both Zomato and the restaurant partner. While most of these contracts are standardized and on a non-exclusive basis, Zomato do have a few customized contracts with certain restaurant partners which may differ from their standard contracts in certain terms, including charges and tenure.</p>
<p>Agreements with customers</p>	<p>Customers using and accessing their platform are bound by the standard terms of service available on their platform ("Customer T&Cs"). In terms of the Customer T&Cs, customers agree to use services offered through their platform only for the purposes permitted therein, and subject to any applicable laws, regulations or generally accepted practices or guidelines in the relevant jurisdictions.</p> <p>Customers can purchase and avail the Zomato Pro memberships, which are available for an agreed duration, the usage of which shall be governed in accordance with the Customer T&Cs and any special terms stated at the time of purchase of the Zomato Pro membership.</p>
<p>Agreements with delivery partners</p>	<p>Zomato enters into contracts with the delivery partners on an independent contractor basis, pursuant to which the delivery partners agree to provide delivery services on their platform for orders that are transmitted to them. The delivery partners undertake delivery whenever connected with a customer and charge delivery fees from the customer which is collected by Zomato and passed on to the delivery partner.</p>

COMPETITIVE STRENGTHS

- **Strong network effects driven by their unique content and transaction flywheels**

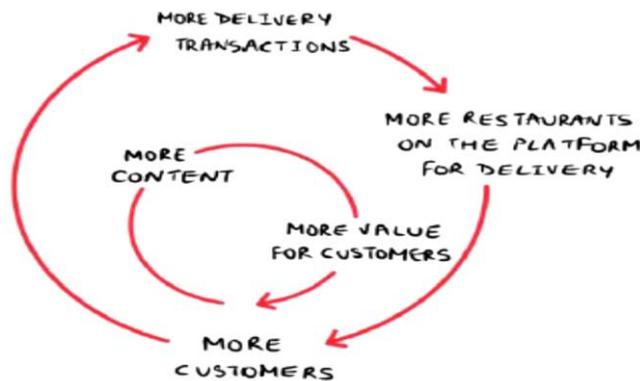
The end-to-end Food Services approach makes Zomato the most unique Food Services platform globally combining the offerings of **platforms** such as **Yelp**, **DoorDash** and **OpenTable** in a single mobile app. They had 389,932 Active Restaurant Listings across 525 cities in India, as of March 31, 2021. Restaurant listings on their platform include data points such as photos of the menu, photos of the restaurant premises, address and GPS coordinates, phone number, website, social media presence (Facebook and Twitter links), cuisine, opening timings, average cost for a meal, free parking availability, indoor or outdoor seating availability, free Wi-Fi availability, whether the restaurant offers live entertainment, has a smoking room, whether table booking is recommended, among others. They term this information about restaurants as "Structured Content".

They collect and curate all Structured Content using a feet-on-street approach, aided by in-house developed technology which helps them do this in a cost effective manner. Outside of Structured Content, they also have CGC which consists of reviews, ratings and photos posted by customers on their platform. In Fiscal 2021, 12.7 million customers generated 61.8 million units of CGC on their platform.

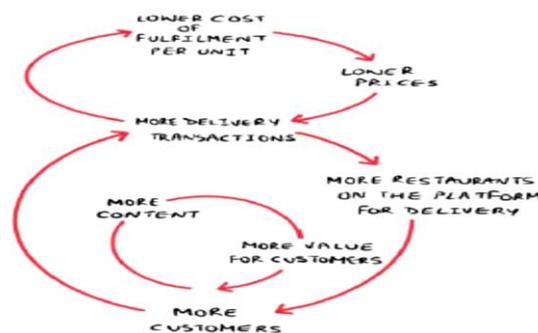
Their focus on content attracts a large number of customers to their platform organically. During Fiscal 2021, 68% of their new customers were acquired organically and not through any paid advertisements. Their customers value the rich content of the restaurant listings on their platform and further enhance the richness of the restaurant listing content by adding their own reviews and photos to the platform which leads to a virtuous cycle of more new customer acquisition.



This unique content strategy feeds into the transaction funnel and creates a strong flywheel effect as more content leads to more customers and more customers lead to richer content. More customers on their platform also increases the number of food orders for the restaurants on their platform in turn leading to more restaurants becoming available for food delivery on their platform. More restaurants on their platform, increases the choices available to their customers leading to growth in customers.



Finally, more food delivery orders on their platform reduces the delivery cost which reduces the prices for their customers, thereby leading to even more food delivery orders.



The chart below reflects the indexed growth in annual GOV by customer cohort, with each cohort representing customers who placed their first order on their platform in a given fiscal year.

For example, the cohort for Fiscal 2018 which includes all customers who placed their first order on their platform in Fiscal 2018, has collectively increased spend on their platform to three times over the past three years.

**GOV retention by Cohorts –
Customers consistently increase their spend on company’s platform**

Cohort	Y1	Y2	Y3	Y4	Y5
Fiscal 2017	1.0x	1.6x	2.2x	3.0x	2.9x
Fiscal 2018	1.0x	2.0x	2.7x	2.4x	
Fiscal 2019	1.0x	1.6x	1.1x		
Fiscal 2020	1.0x	0.7x			

- **The widespread and efficient on-demand hyperlocal delivery network**

Zomato operates one of India’s largest hyperlocal delivery networks. In Fiscal 2021, their delivery partners fulfilled 94.1% of their Orders delivered. Food delivery is highly complex as food is a highly perishable commodity, which requires careful handling while maintaining high levels of hygiene and real-time on-demand service. Company’s precise and real-time, demand forecasting, fleet optimization and intelligent dispatch technology optimizes matching of orders and delivery partners using machine learning.

- **A technology and product-first approach to business**

Zomato is a technology first organization leveraging artificial intelligence, machine learning and deep data science to continuously drive innovations on their platform for their community of customers, delivery partners and restaurant partners. Their products are highly personalized, intuitive, simple to use, visually appealing and are designed to drive high engagement with their customers.

They enable restaurant partners with fully automated order management systems. These systems offer dashboards that have features such as, order transmission, order processing, menu synchronization, payment reconciliation, content promotion, marketing tools and invoice management features.

Their delivery partners are able to accept orders, see their per order earnings and estimate the time and navigate to restaurants’ location and point of delivery using their mobile application. Their customers are also able to record and save voice instructions for the delivery partners to reach the point of delivery without intervention through voice call or messages, thus creating a seamless delivery experience. Their machine learning driven algorithms are able to forecast demand, optimize fleet utilization and batch orders. Zomato runs an integrated product, design, engineering and data science team without boundaries to boost collaboration and speed of output.

- **Zomato is a strong consumer brand recognized across the length and breadth of India**

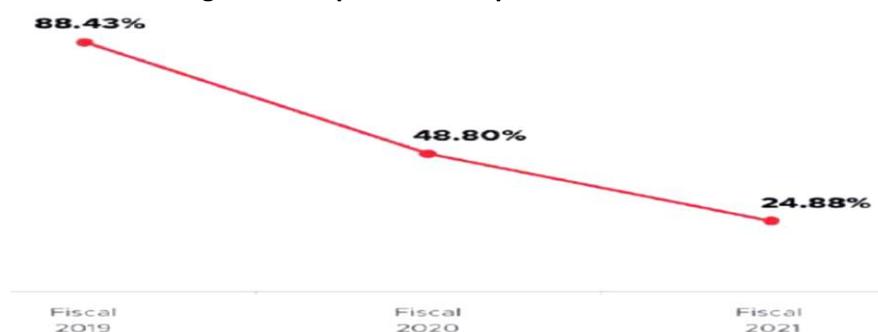
Zomato has a strong brand name and recall, across large and small Indian cities. Their offerings include both food delivery and dining-out, thereby giving them the ability to capture mind share of consumers for ‘non-home cooked food’. Their brand is synonymous with food and their customers associate them with everything to do with food. Their delivery partners also carry Zomato branded gear including t-shirts, jackets, bags, and boxes, further enhancing their brand awareness on the streets.

LONG TERM GROWTH STRATEGIES

- **Continuous focus on unit economics and growth, at the same time**

Zomato has made significant investments in marketing and promotions to accelerate customer adoption of food delivery in India and promote their brand. All these investments have contributed towards category creation and resulted in customers coming back to their platform organically for repeat purchases. As a result of an increase in the share of repeat customers, their advertisement and sales promotion expenses per Order have reduced over time.

Advertising and sales promotion expenses as % of total income



While their business has grown rapidly since 2019, the unit economics of their food delivery business has also improved consistently. The unit economics for the food delivery business for Fiscal 2020 and 2021 are illustrated below:



- **Commission and other charges** comprises commission from restaurant partner, food delivery related advertisement sales revenue and other revenue
- **Customer delivery charge** comprises delivery fees paid by customers
- **Delivery cost** comprises payout to their delivery partners which includes customer delivery charge plus availability fee paid by us
- **Discounts** comprise platform-funded discounts
- **Other Variable Costs** comprises payment gateway charges, support cost, restaurant partner refunds and other variable spends on account of activities like delivery partner onboarding, delivery partner insurance, SMS, cash on delivery handling and call masking, among others
- **Contribution profit/(loss)** is Commission and other charges plus Customer delivery charge less Delivery Cost, Discounts, Other Variable Costs and
- Costs associated with marketing, branding and other fixed operating costs are excluded.

Contribution as % of GOV



- **Expand and strengthen the community across the three businesses – food delivery, dining-out and Hyperpure**
The company intends to attract new customers to their platform and convert them into active, frequent customers of their offerings. They will also continue to focus on increasing engagement with their existing customers to use their platform more frequently. They plan to grow their Zomato Pro membership base.

To ensure the right selection and assortment for customers on their platform, they will continue to invest in growing the breadth, depth and quality of restaurant partners for their offerings. They will continue to deepen their relationships with restaurant partners by innovating to increase their platform's value proposition for their restaurant partners, expanding the suite of services offered to them, and driving differentiated partnerships with restaurants.

To continue to provide a seamless delivery experience for their customers, they will continue to invest in their delivery infrastructure and expand their delivery partner base, providing them flexible earning opportunities.

- **Invest in new products and technologies**

Zomato will invest in new products, technologies and features for the benefit of their customers. They are in the process of rolling out nutraceutical products on their platform. They plan to continue to innovate to offer higher personalization and new experiences to their customers. Machine learning is already a big focus area for them and they plan to continue to do the same.

- **Continue to build a strong consumer brand recognized across India**

Company's campaigns, community and content has created a strong consumer brand in India. The will continue to invest in their branding activities and increase their brand awareness and brand affinity. They will strive towards increasing the benefits of their hyper local delivery network to their branding advantage.

COMPETITION

Food Services is a competitive market in India comprising food delivery players like Zomato and **Swiggy**, cloud kitchens like **Rebel Foods** and branded Food Services players (including quick service restaurants like **Dominos**, **McDonalds** and **Pizza Hut**, among others). Food delivery players also compete with multiple other participants in the Food Services industry including restaurants which own and operate their own delivery fleets, traditional offline ordering channels, such as take-out offerings and phone-based ordering, local publications, and other media, both online and offline where restaurants place their advertisements to attract customers.

In this competitive market, Zomato has consistently gained market share over the last 4 years to become the category leader in the food delivery space in India in terms of GOV from October 1, 2020 to March 31, 2021.

The year-on-year growth of Zomato and the industry.

Growth in Market Share
(Based on FY2018 GOV indexed to 100)



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