

Zomato Ltd.
Sector
Online Service
Issue Highlights

Issue Open	July 14, 2021
Issue Close	July 16, 2021
Issue Price	Rs. 72 - Rs. 76 Per Share
Total Issue Size	Rs. 9,375 Cr
Of which	
Fresh Issue	Rs. 9,000 Cr
Offer for Sale	Rs. 375 Cr
Face Value	Rs. 1/share
Market Lot	195 Equity Shares
Issue Type	Book Built Issue

Offer Structure

QIB Category	75%
Non-Institutional	15%
Retail category	10%

Lead Book Running Managers

- Kotak Mahindra Capital Company Ltd
- Morgan Stanley India Company Pvt. Ltd
- Credit Suisse Securities (India) Pvt. Ltd
- BofA Securities India Ltd
- Citigroup Global Markets India Pvt. Ltd

Registrar To The Offer

- Link Intime India Pvt. Ltd

About the Company

Incorporated in 2010, Zomato Ltd is one of the leading foodservice platforms in India in terms of the value of food sold. The company has two core businesses i) Business to customer (B2C) wherein they offer food delivery and dining out. ii) Under business-to-business (B2B), they offer Hyperpure. In addition, they offer 'Zomato Pro' to their customers, a loyalty program both for food delivery and dining out. Further, there are 3 key stakeholders in their food delivery business – (i) Customers, (ii) Delivery Partners, and (iii) Restaurant Partners. As of March 31, 2021, they have 1.5mn members on their platform. They are present in 525 cities in India, with 389,932 Active Restaurant Listings. As per App Annie's estimates, its mobile application is the most downloaded food and drinks application in India in each of the last three fiscal years (FY19-21) on the iOS App Store and Google Play combined.

Objects of the Issue

- Funding organic and inorganic growth initiatives.
- General corporate purposes.

Valuation

The food service industry is highly under-penetrated in India with ~8-9% of the industry. This is substantially low when compared to global economies like the United States (~47-50%) and China (42-45%). Due to Covid-19, the foodservice market in India was largely impacted however re-opening of the economy will help gradual pickup in growth. Going forward, food services in India will gain share from the unorganized market and growth will be driven by changing consumer behavior, reduced dependence on home-cooked food/kitchen set-up, increasing consumer disposable income & spending and higher adoption among the smaller cities.

Zomato is one of the largest foodservice players in India which operates in India's largest hyperlocal delivery network. For the last 4 years, the company has been consistently gaining market share in terms of Gross Order Value as of March 31, 2021. Further, it has made significant investments in marketing and promotions to accelerate customer adoption of food delivery in India and promote its brand. It has a strong brand name and recall value across large and small Indian cities as its offerings include both food delivery and dining-out options. Going forward, they plan to invest in new products, technology, further deepen their relationships with restaurant partners and lastly continue to invest in their delivery infrastructure and expand their delivery partner base. In addition, given the large market opportunity in India, we believe Zomato will focus on growing in Indian markets which will enhance the value for all stakeholders.

On the flip side, the company is financially making losses (minimized as compared to last year), which remains a concern however the management has strong growth plans going ahead which will aid revival. Considering its financial performance, it would be prudent to wait for a meaningful turnaround to change the long term stance. However, investors may consider subscribing for the listing gains.

Key Risk: (i) Low barriers to entry mean high competition amongst the players in the sector. (ii) Financially, it is loss-making.

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S. No.	Statement	Answer	
		Yes	No
		Tick appropriate	
		Yes	No
	I/we or any of my/our relative has any financial interest in the subject company? [If answer is yes, nature of Interest is given below this table]		No
	I/we or any of my/our relatives, have actual/beneficial ownership of one per cent. or more securities of the subject company, at the end of the month immediately preceding the date of publication of the research report or date of the public appearance?		No
	I / we or any of my/our relative, has any other material conflict of interest at the time of publication of the research report or at the time of public appearance?		No
	I/we have received any compensation from the subject company in the past twelve months?		No
	I/we have managed or co-managed public offering of securities for the subject company in the past twelve months?		No
	I/we have received any compensation for brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation for products or services other than brokerage services from the subject company in the past twelve months?		No
	I/we have received any compensation or other benefits from the subject company or third party in connection with the research report?		No
	I/we have served as an officer, director or employee of the subject company?		No
	I/we have been engaged in market making activity for the subject company?		No

Nature of Interest (if answer to F (a) above is Yes :

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Name(s) with Signature(s) of RA(s).

[Please note that only in case of multiple RAs and if the answers differ inter-se between the RAs, then RA specific answer with respect to questions under F (a) to F(j) above , are given below]

SS.No.	Name(s) of RA.	Signatures of RA	Serial Question of question which the signing RA needs to make a separate declaration / answer	Yes	No.

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