

Robust growth amidst tough macros; profitability improves

Zomato reported a very strong quarter in 3Q, as most headline numbers were either in line or ahead of JMFe, amidst tough macros. Guidance was also robust, with the management suggesting 50%+ YoY growth in Consol. Adj. Revenue in the near term (vs. 40%+ guided in the medium term earlier), while also retaining its Adj. EBITDA break-even guidance for Blinkit by 1QFY25. Food delivery GOV grew a decent 6.3% QoQ (+27% YoY, broadly in-line JMFe), a marginal miss on guidance. Blinkit, on the other hand, reported strong sequential GOV growth of 28% (+103% YoY) ahead of JMFe of 26% QoQ. Profitability across all key businesses was better than expected, driving a strong beat on reported EBITDA (INR 510mn vs. JMFe INR 298mn) as well as PAT (INR 1.38bn vs. JMFe INR 0.65bn). While sequential food delivery GOV could moderate a bit in 4Q (owing to a high 3Q base, albeit YoY is likely to remain robust at 20%+ YoY), Blinkit trends should remain strong due to significant under-penetration and new store expansion (net 40 stores added in 3Q). Continued strong operating performance in both these businesses should keep the stock buoyant in the near term, in our opinion. Maintain high conviction 'BUY'.

- Decent GOV growth in food delivery:** Food Delivery GOV grew 6.3% QoQ (27% YoY vs. 20% in 2Q) to INR 84.9bn, broadly in line with JMFe. While the trends were marginally below the management's guidance of high-single digit sequential growth, we believe the market will overlook it, amidst tough macros and significant outperformance vs. the listed QSRs. Growth was aided by strong 20%+ YoY expansion in monthly active restaurants. While expanding supply remains a crucial near-term growth driver, management suggested that demand drivers (MTUs and ordering frequency) will remain long-term growth drivers for the business. During the quarter, MTUs expanded to 18.8mn from 18.4mn/17.4mn in 2QFY24/3QFY23. Food Delivery revenue grew 10% QoQ (+48% YoY) aided by strong GOV expansion as well as take-rate improvement to 20.1% vs. 19.4%/17.2% in 2QFY24/3QFY23, respectively. Sequential take-rate expansion was aided by improvement in platforms fees and advertisement income. While GOV is likely to expand 20%+ YoY in the near term, market share gains and rebound in macro consumer demand will be key to incremental growth.
- Solid expansion in food delivery margins:** Contribution margin (as % of GoV) expanded 50bps QoQ to 7.1% (c.30bps ahead of JMFe) despite strong negative impact of Gold on delivery charges collected from customers. Fixed expenses grew 9% QoQ (4.1% as a % of GOV vs. 4.0% in 2Q), primarily due to 1) marketing spends for the festive season and World Cup and 2) increased server and tech cost. Overall, contribution margin aided Adj. EBITDA margin, which rose 40bps QoQ to 3.0% (c.20bps beat on JMFe). Consequently, Adj. EBITDA of INR 2.52bn expanded to INR 2.04bn/INR 0.23bn in 2QFY24/3QFY23, respectively, ahead of JMFe of INR 2.43bn. We marginally increase our adj. EBITDA margin over FY24-26E to factor in the beat in 3Q.
- Blinkit reports robust GOV growth of 28% QoQ, on track for break-even by 1QFY25:** Blinkit's GOV in 3Q stood at INR 35.4bn (+28% QoQ, +103% YoY), marginally ahead of

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	200
Upside/(Downside)	39.0%
Previous Price Target	200
Change	0.1%

Key Data – ZOMATO IN

Current Market Price	INR144
Market cap (bn)	INR1,255.2/US\$15.1
Free Float	100%
Shares in issue (mn)	8,819.8
Diluted share (mn)	8,819.8
3-mon avg daily val (mn)	INR8,273.0/US\$99.7
52-week range	148/49
Sensex/Nifty	71,428/21,718
INR/US\$	83.0

Price Performance

%	1M	6M	12M
Absolute	8.5	54.2	165.4
Relative*	8.4	42.2	125.4

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Financial Summary	(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	41,924	70,794	1,19,902	1,72,194	2,12,181
Sales Growth (%)	110.3	68.9	69.4	43.6	23.2
EBITDA	-18,508	-40,441	730	14,803	24,778
EBITDA Margin (%)	-44.1	-57.1	0.6	8.6	11.7
Adjusted Net Profit	-15,064	-38,046	3,527	12,899	21,630
Diluted EPS (INR)	-2.1	-4.6	0.4	1.5	2.5
Diluted EPS Growth (%)	0.0	0.0	0.0	261.0	67.7
ROIC (%)	-75.3	-76.3	-6.6	8.9	19.1
ROE (%)	-12.2	-21.2	1.8	6.1	9.3
P/E (x)	-69.2	-31.2	355.5	98.5	58.7
P/B (x)	6.3	6.1	6.2	5.8	5.2
EV/EBITDA (x)	-61.8	-28.5	1,568.9	76.1	44.3
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 08/Feb/2024

JMFe. During the quarter, MTUs expanded to 5.4mn from 4.7mn/3.1mn in 2QFY24/3QFY23. AOV continued to expand sequentially, from INR 607 in 2Q to INR 635 in 3Q. The management attributed the AOV increase to assortment and GOV mix moving in favour of high average selling price categories (such as electronics, home décor, festive needs, among others). Having mentioned that, we expect AOVs to remain volatile in the near to medium term due to seasonal factors. The company added 40 net stores in 3Q, leading to a total active store count to 451 at the quarter-end. Blinkit's take-rate during the quarter moderated a bit sequentially to 18.2% vs. 18.3% in 2QFY24 primarily due to higher contribution from low commission categories. Despite that, the company continued to report strong expansion in contribution margin to 2.4% (+110bps QoQ, +700bps YoY) mainly due to sharp ramp-up in per store throughput (+17% QoQ). Adj. EBITDA margin loss narrowed to 2.5% vs. a loss of 4.5% last quarter, benefitting from contribution margin expansion as well as corporate level operating leverage. We continue to believe take-rate expansion, store operating leverage and corporate level operating leverage are key levers for near-term margin expansion to break-even levels in Blinkit.

- **Hyperpure continues to see strong growth momentum:** Revenue grew 15.3% QoQ (+104% YoY) to INR 8.59bn, roughly in line with JMFe. Growth was driven by increase in supplies to restaurants as well as higher supplies to Blinkit. Adj. EBITDA margin for this business stood at -4.0% (-4.6% in 2QFY24) due to strong operating leverage that offset lower gross margin (9.0% in Dec-Q versus 9.5% in Sep-Q). Adj. EBITDA losses were sequentially flat at INR 340mn (loss of INR 530mn in 3QFY23). The company noted that it will be setting up a processing plant for value-added supplies such as sauces, spreads, pre-cut and semi-finished perishable products, among others.
- **Going-out and others:** Going-out GOV stood at INR 8.58bn in 3Q vs. INR 6.82bn in 2Q. Revenue grew c.56% sequentially (7.4% YoY) QoQ to INR 810mn. Adj. EBITDA loss was sequentially flat at INR 40mn; however, margin improved to -4.9% from -7.7% in 2QFY24. The company launched an events ticketing platform in 9 cities in India, a 'Events' tab for which is provided on the Zomato app itself. The company's focus remains on growing this business and building scale, rather than chasing profitability. As a result, we can expect cost to grow at a higher rate than revenue, on account of investments.
- **Maintain 'BUY' with an unchanged SOTP driven TP of INR 200:** We value food delivery at ~50x Mar'26 pre-IND AS EV/EBITDA, a significant premium to leading listed QSRs as it a) is a diversified play on the organised food services industry, dependent neither on growth of a few players nor on changing consumer appetite for any cuisine and b) operates on a lean business model, with limited need for capex or working capital investments. While Blinkit, once profitable, can command premium profit multiples to the food delivery business, as it is relatively more sticky and a play on retail commerce (bigger TAM and longer growth runway), for the time being we value it at 2x Mar'26 GOV. As Dining-out and Hyperpure businesses are loss-making, we value them at 3x/1x Sales, respectively, basis their long-term steady-state EBITDA margin potential. Our SOTP gives us a Mar'25 FV of INR 200 (refer exhibit . Zomato continues to be one of our preferred picks in the listed Internet space as we believe it is well positioned to benefit from robust industry tailwinds for the hyperlocal delivery businesses. Its balance sheet also remains strong with net cash of INR 120bn as of Dec'23 (INR 118bn in Sep'23). We maintain 'BUY'.

Exhibit 1. Consolidated key financials

	2QFY23	3QFY23	4QFY23	FY23	1QFY24	2QFY24	3QFY24	Comments
Food delivery GOV (INR mn)	66,310	66,800	65,690	2,63,100	73,180	79,800	84,860	■ Food Delivery Gross order value (GOV) of INR 84.9bn, was up by 6.3% QoQ (+27% YoY), broadly in line with JMFe of INR 85.3bn.
Change (YoY)	22.6%	21.5%	12.3%	23.5%	13.8%	20.3%	27.0%	
Quick Commerce GOV (INR mn)	14,820	17,490	20,460	64,490	21,400	27,600	35,420	
Change(QoQ)	26%	18%	17%		5%	29%	28%	
Cons. revenue (INR mn)	16,613	19,482	20,560	70,794	24,160	28,480	32,880	■ Blinkit GOV stood at INR 35.4bn (+28.3% QoQ), a slight beat on JMFe of INR 34.89bn.
Change (YoY)	62%	75%	70%	69%	71%	71%	69%	
Total operating expense	19,727	23,144	22,814	82,897	24,640	28,950	32,370	■ Consol. revenue stood at INR 32.89bn, slight miss on JMFe of INR 32.98bn.
Operating profit (EBITDA)	-3,114	-3,662	-2,254	-12,103	-480	-470	510	
EBITDA margin	-18.7%	-18.8%	-11.0%	-17.1%	-2.0%	-1.7%	1.6%	■ Contribution margin in Food Delivery business stood at 7.1%, c.33bps above JMFe of 6.8%. Take rate had improved to 20.1% (vs. 19.4% in 2Q), ahead of JMFe of 19.8%.
Adj. EBITDA Margin	-11.6%	-13.6%	-8.5%	-11.1%	0.5%	1.4%	3.8%	
Depreciation & amortization	1,067	1,548	1,338	4,369	1,300	1,280	1,280	
EBIT	-4,181	-5,210	-3,592	-16,472	-1,780	-1,750	-770	■ Contribution margin in Blinkit stood at +2.4% versus 1.3% last quarter, a slight miss on JMFe of 2.6%
EBIT margin	-25.2%	-26.7%	-17.5%	-23.3%	-7.4%	-6.1%	-2.3%	
Net other income	1,576	1,573	1,547	6,328	1,630	1,960	2,010	■ Reported EBITDA margin stood at 1.6% in 3QFY24 versus -1.7% in 2QFY24.
Exceptional	0	0	1	1	0	0	0	
Profit before tax	-2,605	-3,637	-2,044	-10,143	-150	210	1,240	■ Adj. net profit (ex-minority and exceptional) in consolidated business stood at INR 1.38bn versus of INR 0.36bn in 2QFY24, much ahead of JMFe of INR 0.65bn.
Income tax expense	-97	-171	-168	-436	-170	-150	-140	
Minority Interest	0	0	0	-3	0	0	0	
Reported PAT	-2,508	-3,466	-1,876	-9,704	20	360	1,380	
Change (YoY)	NA	NA	NA	NA	NA	NA	NA	
Adjusted PAT	-2,508	-3,466	-1,877	-9,705	20	360	1,380	
Change (YoY)	NA	NA	NA	NA	NA	NA	NA	
Adjusted diluted EPS	-0.31	-0.41	-0.22	-1.18	0.00	0.04	0.16	
Change (YoY)	NA	NA	NA	NA	NA	NA	NA	

Source: Company, JM Financial

Exhibit 2. Key performance metrics – Food Delivery segment

Food Delivery	2QFY22	3QFY22	4QFY22	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
GOV (INR mn)	54,100	55,000	58,500	64,300	66,310	66,800	65,690	73,180	79,800	84,860
Change (YoY)	158%	85%	77%	42%	23%	21%	12%	14%	20%	27%
Adjusted Revenue (INR mn)	12,471	11,975	12,846	14,705	15,814	15,655	15,295	17,420	19,250	20,250
Change (YoY)	115%	50%	70%	42%	27%	31%	19%	18%	22%	29%
Take rate(%)	23.1%	21.8%	22.0%	22.9%	23.8%	23.4%	23.3%	23.8%	24.1%	23.9%
Reported Revenue (INR mn)	8,513	8,895	9,564	10,744	11,357	11,507	11,725	13,720	15,460	17,040
Change (YoY)			81%	50%	33%	29%	23%	28%	36%	48%
Take rate(%)	15.7%	16.2%	16.3%	16.7%	17.1%	17.2%	17.8%	18.7%	19.4%	20.1%
MTU (mn)	15.5	15.3	15.7	16.7	17.5	17.4	16.6	17.5	18.4	18.8
Change (YoY)	158%	82%	171%	36%	13%	14%	6%	5%	5%	8%
Avg. monthly ordering frequency* (x)	2.89x	3.07x	3.19x	3.24x	3.16x	3.05x	3.20x	3.33x	3.45x	3.50x
Change (YoY)	-2%	6%	7%	9%	9%	-0.6%	0.3%	2.9%	9.3%	14.6%
Order volumes* (mn)	134	141	150	162	166	159	159	175	190	197
Change (YoY)	153%	93%	-3%	48%	23%	13%	6%	8%	15%	24%
AOV* (INR)	403	390	389	396	400	419	412	418	419	430
Change (YoY)	2%	-4%	-2%	-5%	-1%	7%	6%	6%	5%	3%
Contribution Profit as % of GOV	1.2%	1.7%	1.1%	2.8%	4.5%	5.1%	5.8%	6.4%	6.6%	7.1%
Adjusted EBITDA (as a % of GOV)	-4.2%	-4.0%	-3.2%	-1.8%	0.0%	0.3%	1.2%	2.5%	2.6%	3.0%

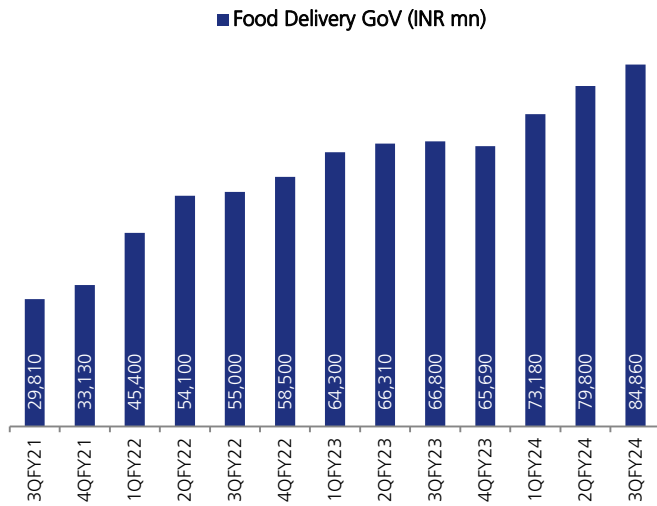
Source: Company, JM Financial. * indicates JMFL estimates

Exhibit 3. Key performance metric – Quick Commerce segment

Quick Commerce	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24
GOV (INR mn)	14,820	17,490	20,460	21,400	27,600	35,420
Change (YoY)				83%	86%	103%
Adjusted Revenue (INR mn)	2,360	3,008	3,625	3,840	5,050	6,440
Change (YoY)				134%	114%	114%
Take rate(%)	15.9%	17.2%	17.7%	17.9%	18.3%	18.2%
MTU (mn)	2.6	3.1	3.9	3.9	4.7	5.4
Change (YoY)				77%	81%	74%
Avg. monthly ordering frequency (x)	3.35x	3.40x	3.35x	3.15x	3.23x	3.44x
Change (YoY)				-6%	-4%	1%
Order volumes (mn)	26.1	31.6	39.2	36.8	45.5	55.8
AOV (INR)	568	553	522	582	607	635
Change (YoY)				10%	7%	15%
Contribution margin (as a % of GOV)	-7.3%	-4.5%	-2.7%	-0.7%	1.3%	2.43%
Adjusted EBITDA (as a % of GOV)	-17.5%	-13.0%	-9.9%	-6.2%	-4.5%	-2.5%

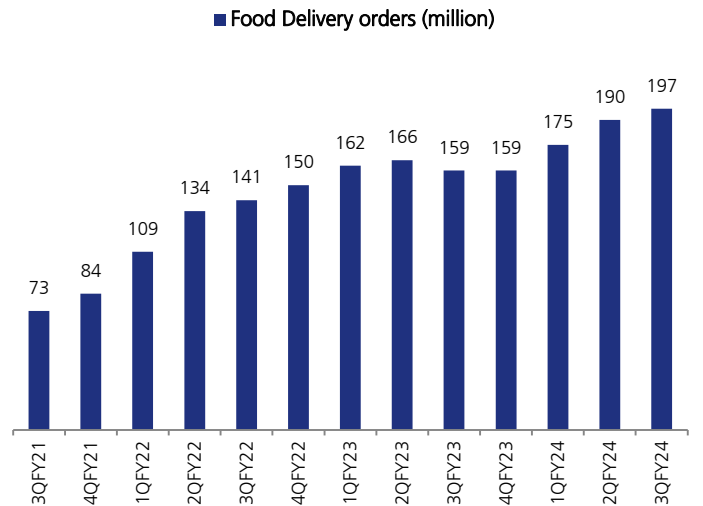
Source: Company, JM Financial

Exhibit 4. Food Delivery: GOV trend



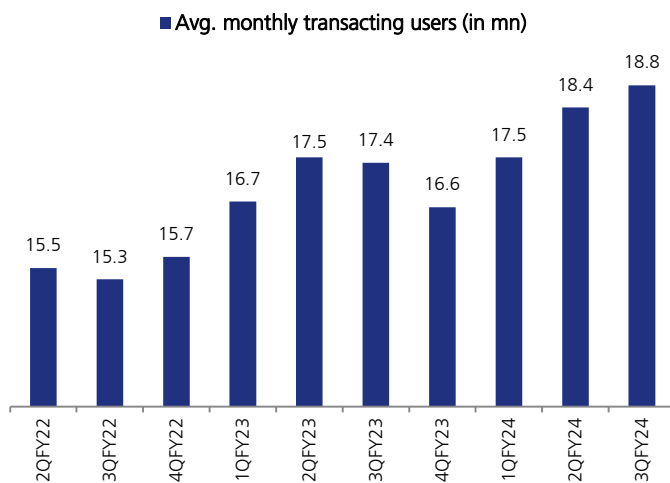
Source: Company, JM Financial

Exhibit 5. Food Delivery: Order volume trend



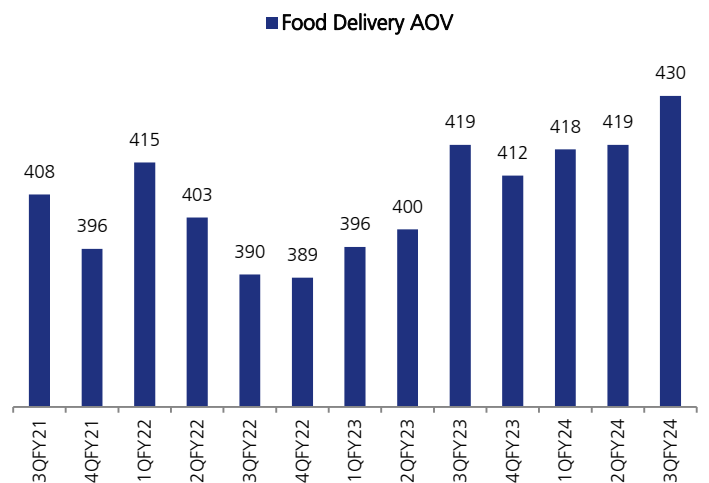
Source: Company, JM Financial estimates

Exhibit 6. Food Delivery: Avg. monthly transacting user trend



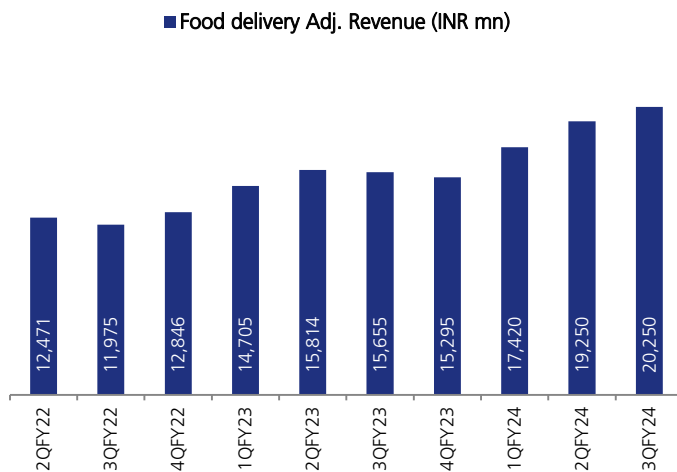
Source: Company, JM Financial

Exhibit 7. Food Delivery: Avg. order value



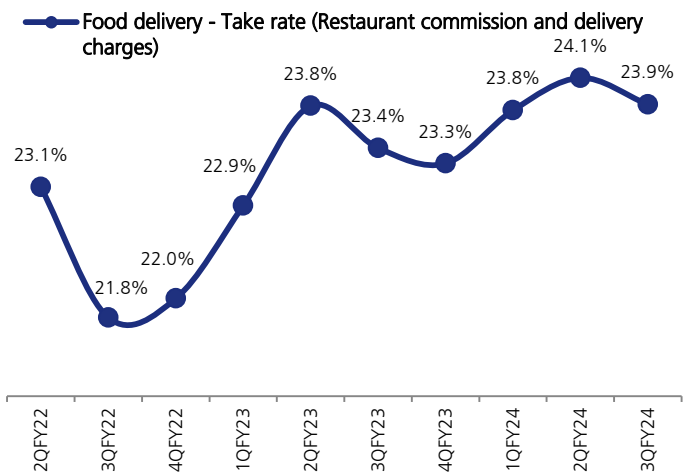
Source: Company, JM Financial estimates

Exhibit 8. Food Delivery: Adjusted revenue trend



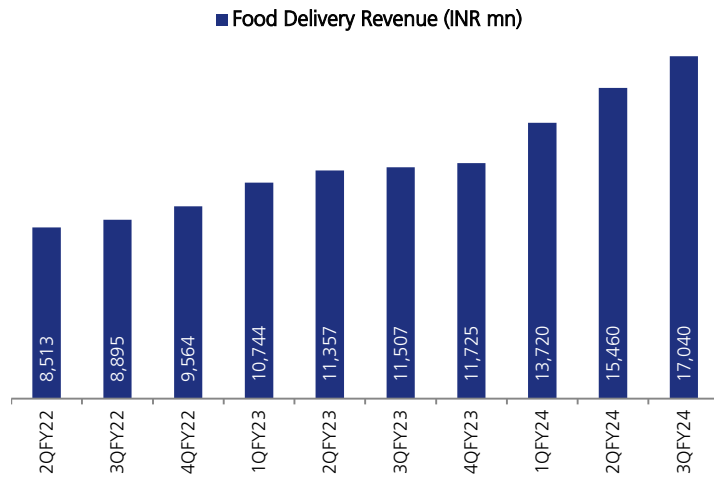
Source: Company, JM Financial. Note: Adjusted revenue = Revenue from operations + Customer delivery charges in case of Food Delivery.

Exhibit 9. Food Delivery: Take rate (including delivery charges)



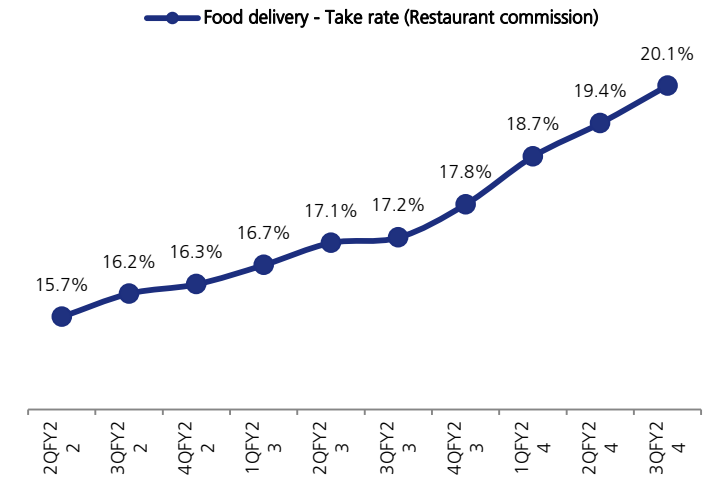
Source: Company, JM Financial

Exhibit 10. Food Delivery revenue trend



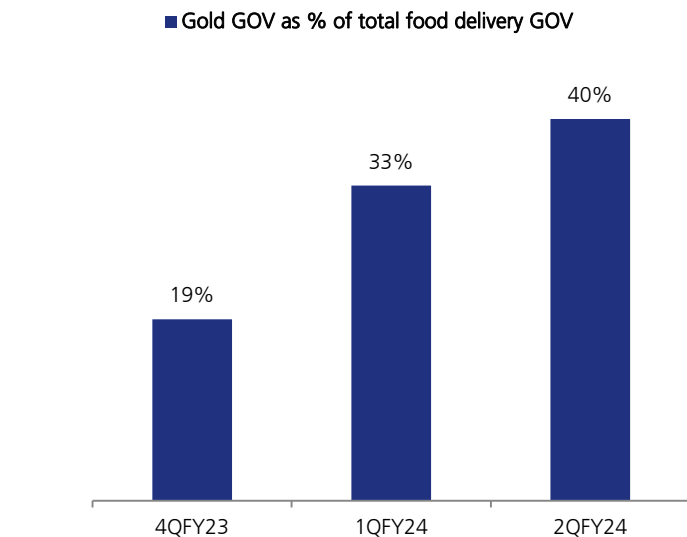
Source: Company, JM Financial

Exhibit 11. Food Delivery take rate (excluding delivery charges)



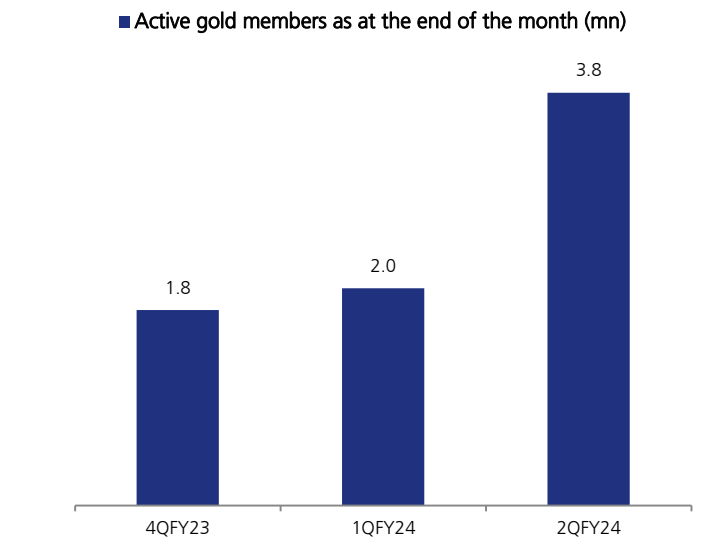
Source: Company, JM Financial

Exhibit 12. Gold GOV as % of total food delivery GOV



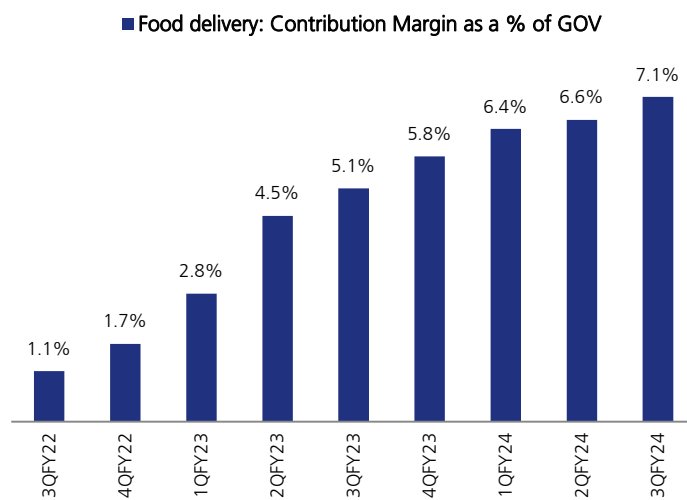
Source: Company, JM Financial

Exhibit 13. Active gold members



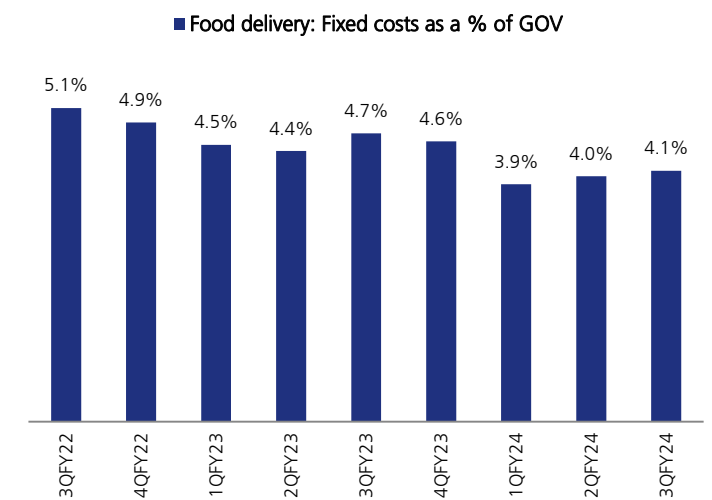
Source: Company, JM Financial

Exhibit 14. Food Delivery: Contribution margin as % of GOV



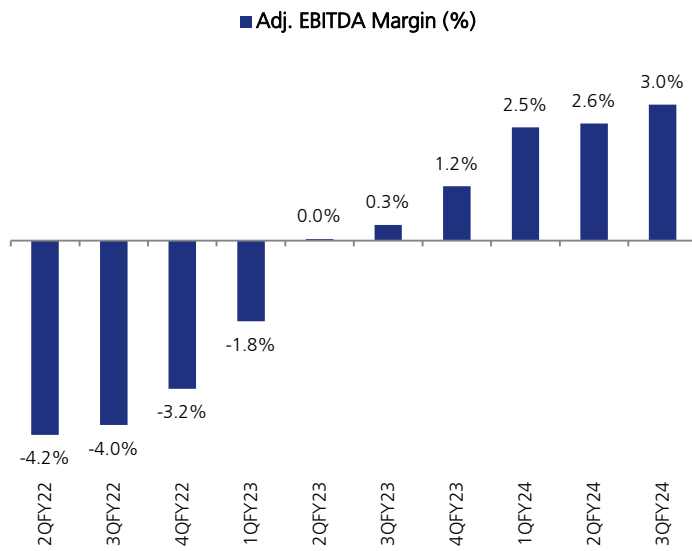
Source: Company, JM Financial.

Exhibit 15. Food Delivery: Fixed cost as a % of GOV



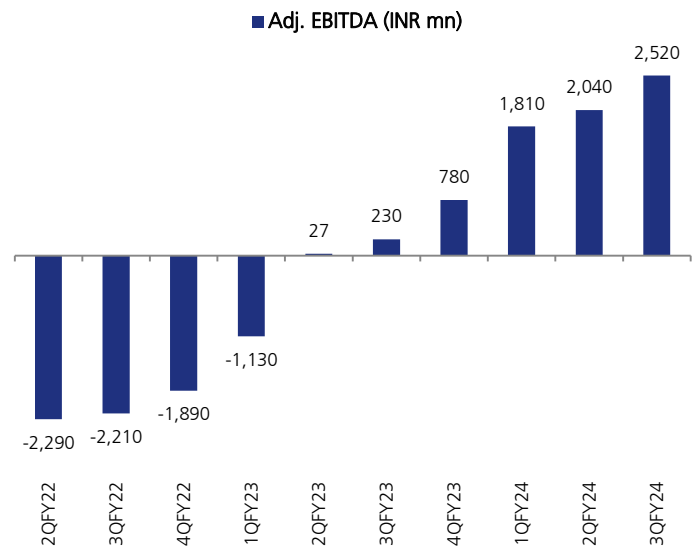
Source: Company, JM Financial. Fixed costs = Food delivery operating expenses minus food delivery related variable expenses.

Exhibit 16. Food Delivery: Adjusted EBITDA margin



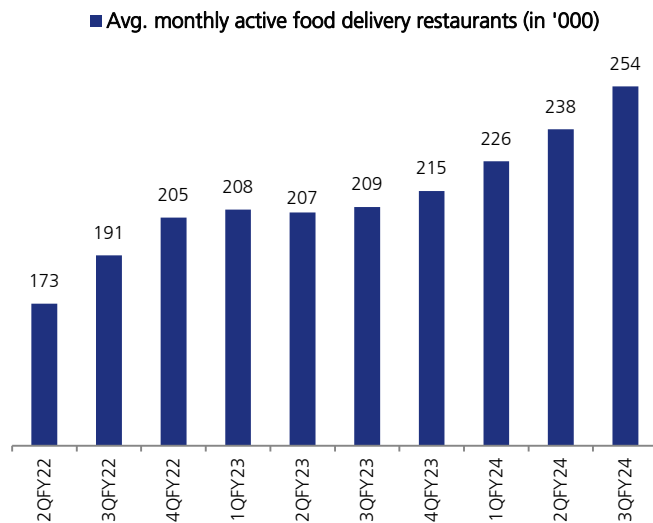
Source: Company, JM Financial

Exhibit 17. Food Delivery: Adjusted EBITDA



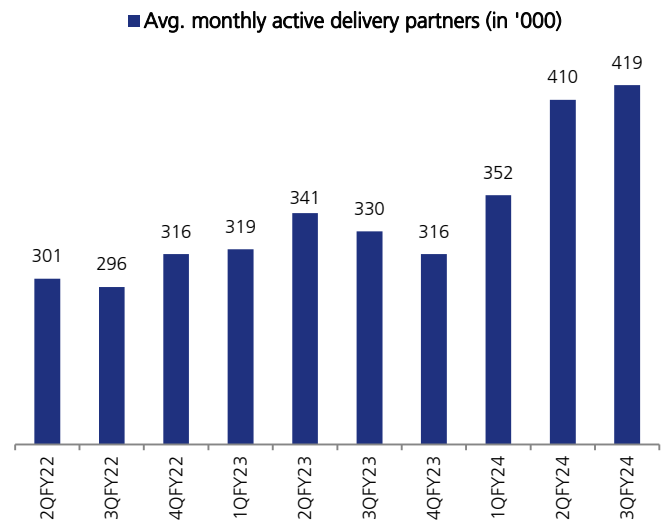
Source: Company, JM Financial

Exhibit 18. Food Delivery: Avg. monthly active delivery restaurants



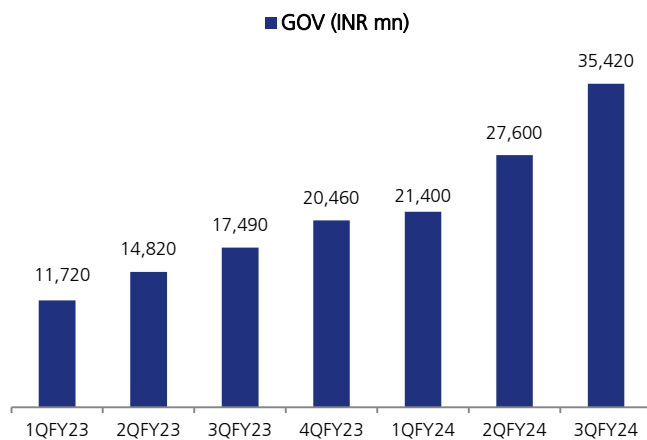
Source: Company, JM Financial

Exhibit 19. Food Delivery: Avg. monthly active delivery partners



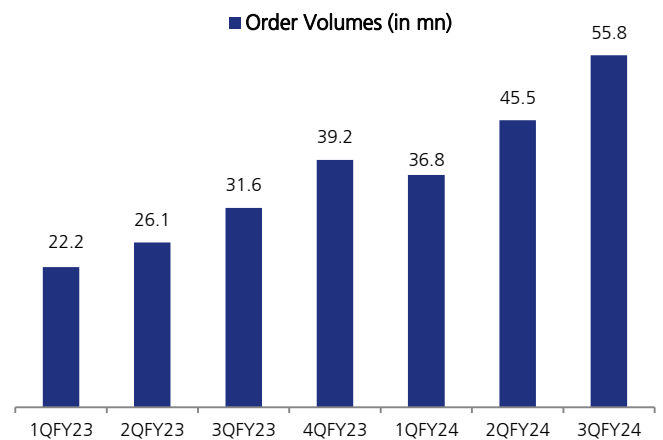
Source: Company, JM Financial

Exhibit 20. Blinkit: GOV trend (INR mn)



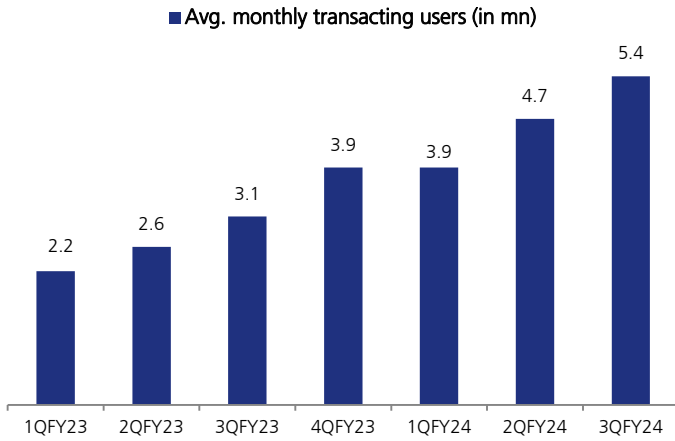
Source: Company, JM Financial

Exhibit 21. Blinkit: Order volumes trend



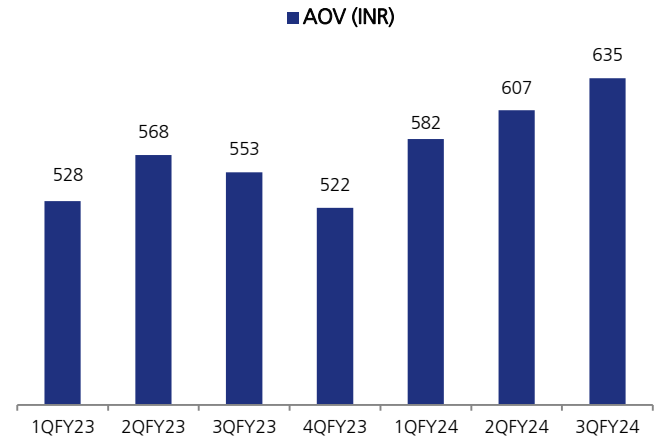
Source: Company, JM Financial

Exhibit 22. Blinkit: Avg. monthly transacting user trend



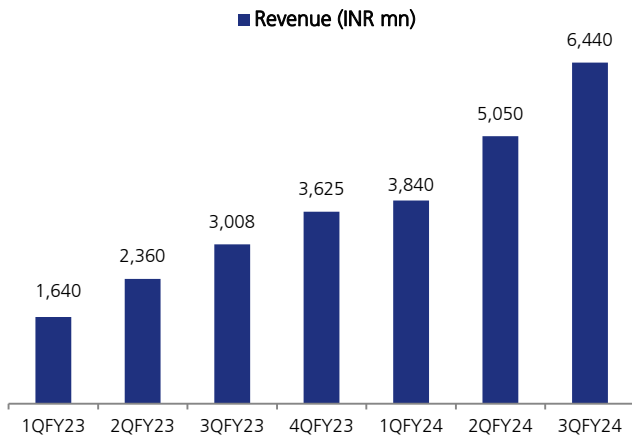
Source: Company, JM Financial

Exhibit 23. Blinkit: Avg. order value (AOV, INR)



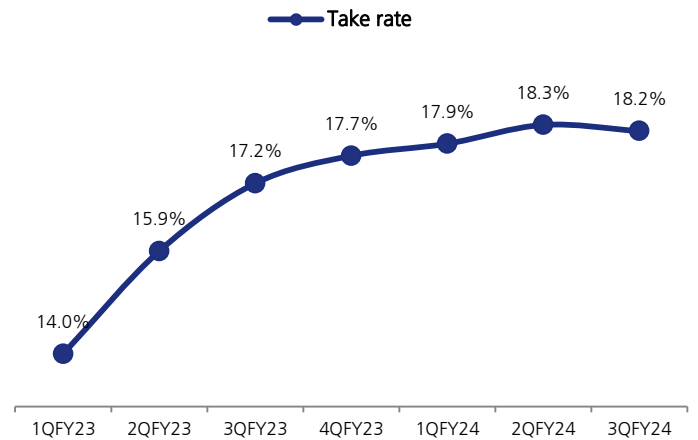
Source: Company, JM Financial

Exhibit 24. Blinkit: Revenue trend (INR mn)



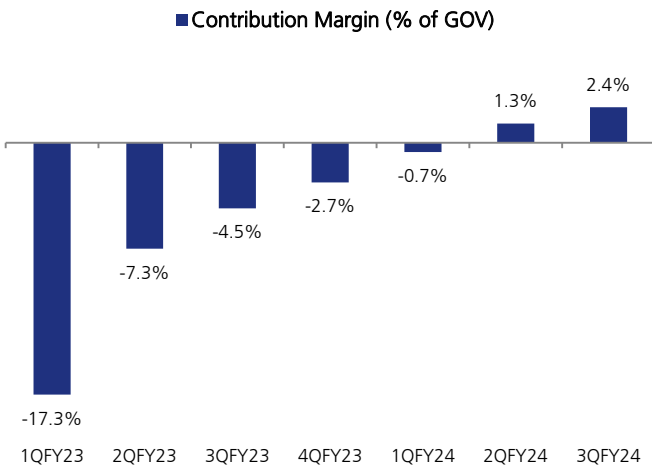
Source: Company, JM Financial

Exhibit 25. Blinkit take rate trend



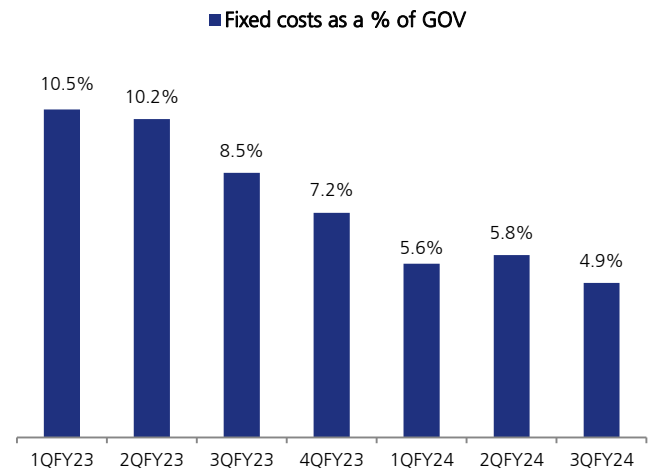
Source: Company, JM Financial

Exhibit 26. Blinkit: Contribution Margin as % of GOV



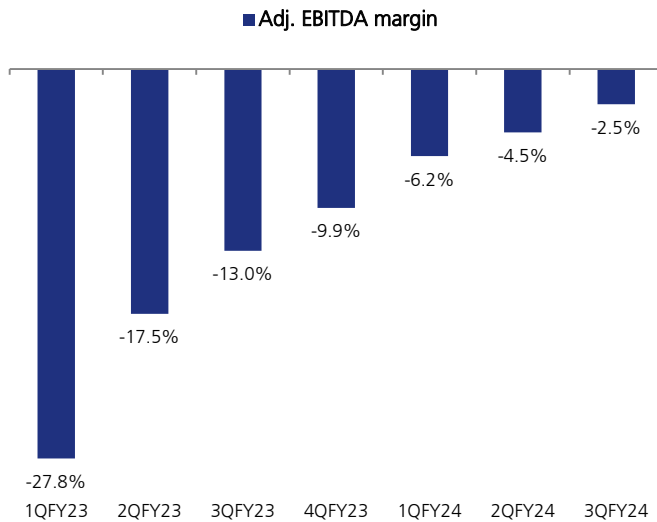
Source: Company, JM Financial

Exhibit 27. Blinkit: Fixed cost as a % of GOV



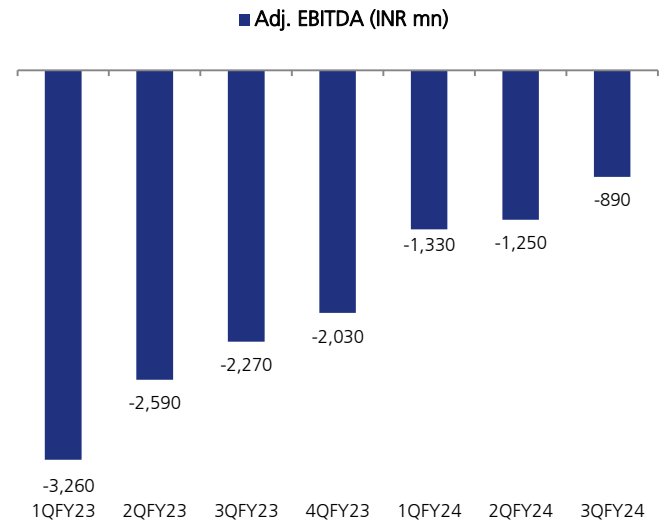
Source: Company, JM Financial

Exhibit 28. Blinkit: Adjusted EBITDA margin



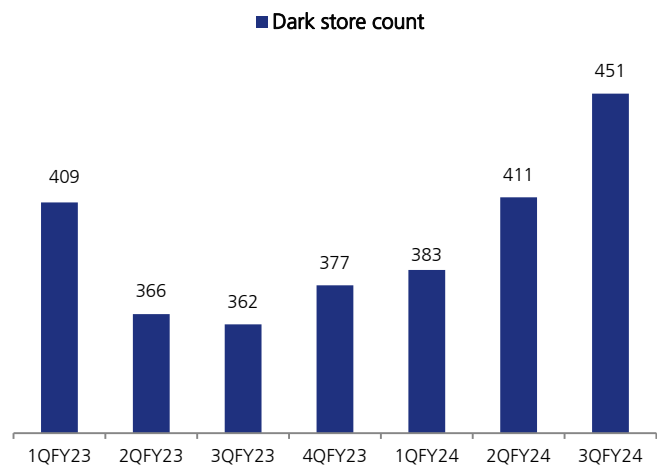
Source: Company, JM Financial

Exhibit 29. Blinkit: Adjusted EBITDA



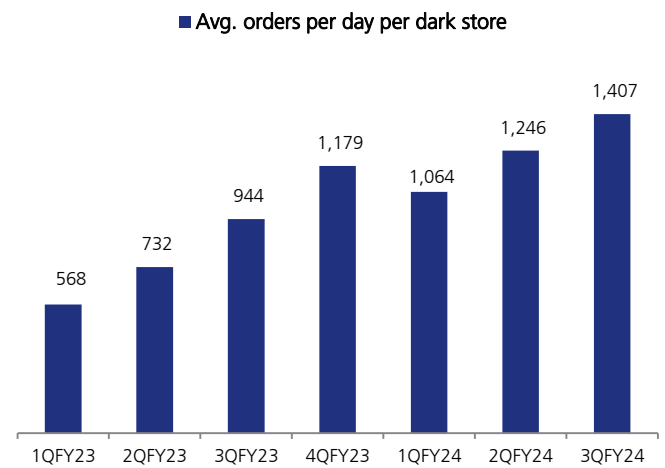
Source: Company, JM Financial

Exhibit 30. Blinkit: No. of dark stores



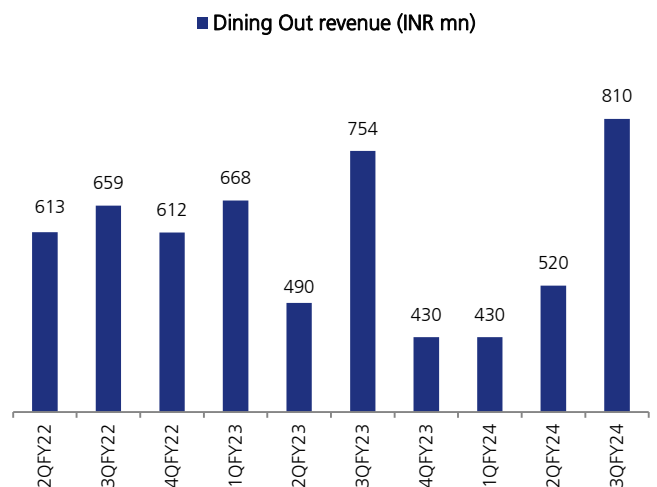
Source: Company, JM Financial

Exhibit 31. Blinkit: Orders per day per store



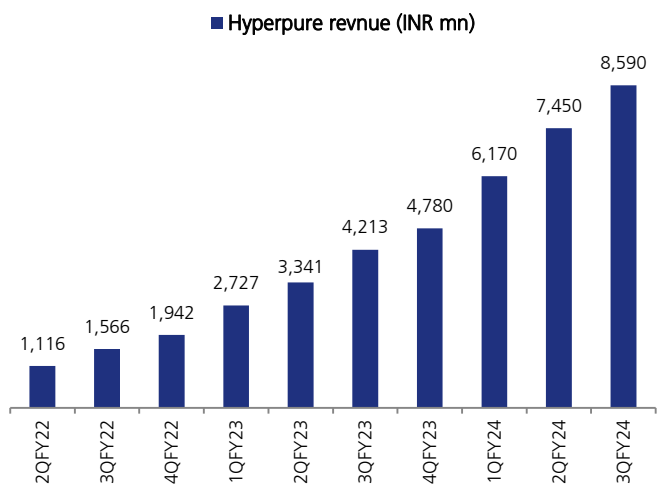
Source: Company, JM Financial

Exhibit 32. Dining out: Revenue trend



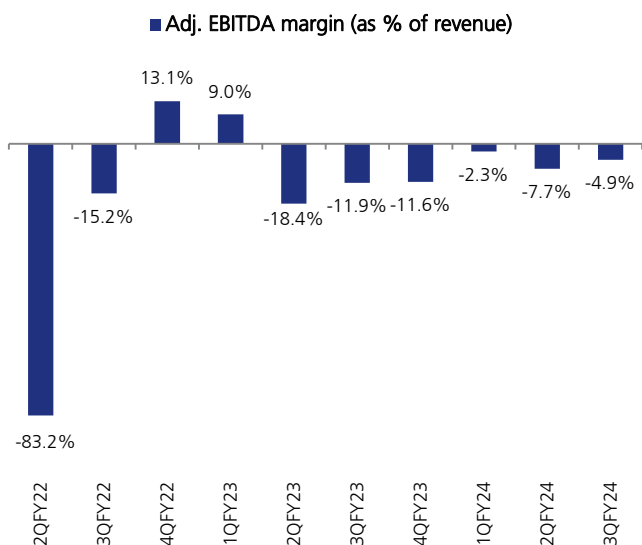
Source: Company, JM Financial

Exhibit 33. Hyperpure: Revenue trend



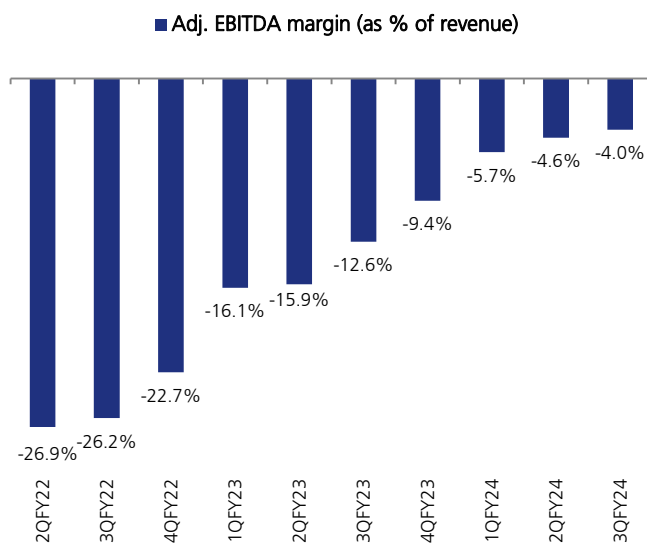
Source: Company, JM Financial

Exhibit 34. Dining Out: Adj. EBITDA margin



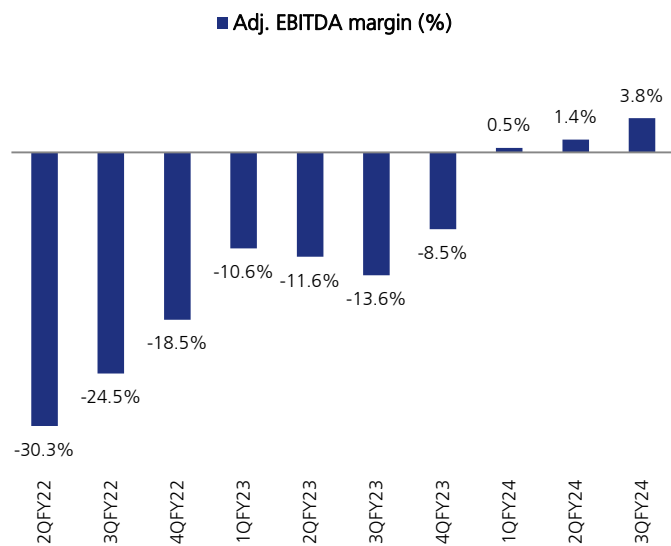
Source: Company, JM Financial

Exhibit 35. Hyperpure: Adj. EBITDA margin



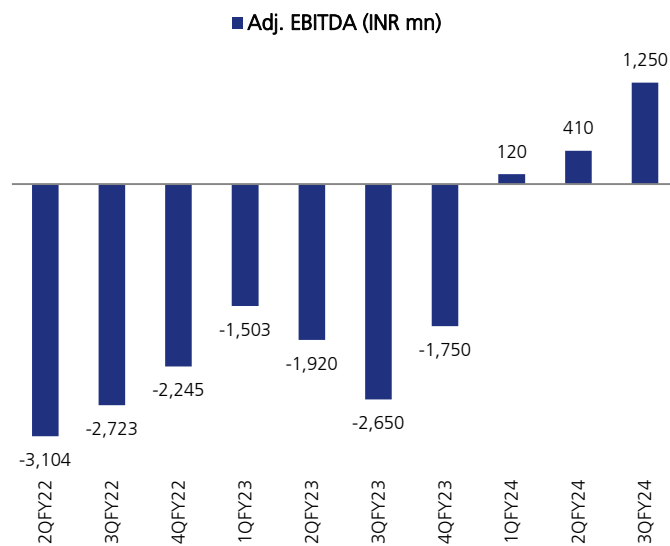
Source: Company, JM Financial

Exhibit 36. Group: Adjusted EBITDA margin trend



Source: Company, JM Financial

Exhibit 37. Group: Adjusted EBITDA



Source: Company, JM Financial.

Exhibit 38. Key operating metrics and financial assumptions

Mar YE (INR bn)	FY22A	FY23A	FY24E	FY25E	FY26E	FY27E	FY28E
Food Delivery							
Orders (million)	535	647	755	895	1,039	1,188	1,362
AOV (INR)	398	407	422	437	452	468	485
GOV (INR bn)	213	263	319	391	470	556	660
Revenue (INR bn)	34	45	63	81	97	115	137
Take rate (%)	16.0%	17.2%	19.7%	20.7%	20.7%	20.7%	20.7%
Contribution Profit (INR per order)	6.6	18.5	29.0	33.3	34.8	36.2	37.7
% of AOV	1.7%	4.5%	6.9%	7.6%	7.7%	7.7%	7.8%
Adj. EBITDA (INR bn)	-7.7	-0.1	8.9	15.5	20.6	26.1	31.5
% of GOV	-3.6%	0.0%	2.8%	4.0%	4.4%	4.7%	4.8%
Blinkit							
Orders (million)		97	204	312	392	482	573
AOV (INR)		545	613	644	663	683	704
GOV (INR bn)		46	125	201	260	329	403
Revenue (INR bn)		8	23	40	53	69	86
Take rate (%)		17.5%	18.4%	19.9%	20.4%	20.9%	21.4%
Contribution Profit (INR per order)		(25.1)	12.3	34.4	41.5	45.1	49.0
% of AOV		-4.6%	2.0%	5.3%	6.3%	6.6%	7.0%
Adj. EBITDA (INR bn)		-5.6	-3.9	2.3	5.8	9.1	13.4
% of GOV		-12.2%	-3.2%	1.2%	2.2%	2.8%	3.3%
Hyperpure							
Revenue (INR bn)	5.4	15.1	31.6	47.4	56.9	67.2	77.3
Adj. EBITDA (INR bn)	-1.4	-2.0	-1.4	-1.3	-1.0	-0.5	0.2
Adj. EBITDA margin (%)	-26.0%	-12.9%	-4.5%	-2.7%	-1.7%	-0.7%	0.2%
Dining Out and Others							
Revenue (INR bn)	2.4	2.3	2.6	3.9	4.9	5.8	6.9
Adj. EBITDA (INR bn)	-0.7	-0.2	-0.1	0.0	0.2	0.4	0.7
Adj. EBITDA margin (%)	-29.1%	-7.3%	-4.9%	0.7%	3.9%	7.1%	9.5%
Group							
Revenue (INR bn)	41.9	70.8	119.9	172.2	212.2	256.9	307.1
Adj. EBITDA (INR bn)	-9.7	-7.8	3.4	16.6	25.7	35.2	45.7
Adj. EBITDA margin (%)	-23.2%	-11.1%	2.8%	9.6%	12.1%	13.7%	14.9%
EBITDA (INR bn)	-18.5	-12.1	0.7	14.8	24.8	34.7	45.7
EBITDA margin (%)	-44.1%	-17.1%	0.6%	8.6%	11.7%	13.5%	14.9%

Maintain BUY; TP unchanged at INR 200

Exhibit 39. What has changed in our forecasts and assumptions?

Numbers are in INR mn	Old			New			Change		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Food delivery GOV	3,21,411	3,94,495	4,69,996	3,18,865	3,90,976	4,70,177	-0.8%	-0.9%	0.0%
Quick Commerce GOV	1,26,021	1,99,983	2,58,148	1,25,160	2,00,691	2,60,153	-0.7%	0.4%	0.8%
Consolidated revenue	1,20,367	1,72,512	2,12,894	1,19,902	1,72,194	2,12,181	-0.4%	-0.2%	-0.3%
Revenue growth rate (YoY)	70.0%	43.3%	23.4%	69.4%	43.6%	23.2%	-66bp	29bp	-19bp
EBITDA margin	0.4%	8.4%	11.1%	0.6%	8.6%	11.7%	17bp	19bp	55bp
EBIT margin	-4.1%	5.2%	8.6%	-3.7%	5.3%	9.0%	40bp	9bp	45bp
PAT	2,400	12,747	20,888	3,527	12,899	21,630	46.9%	1.2%	3.6%
EPS (INR)	0.28	1.46	2.40	0.41	1.46	2.45	46.0%	-0.1%	2.3%

Source: Company, JM Financial

Exhibit 40. We use SOTP based valuation for Zomato, FV remains unchanged at INR 200

Business	Valuation Metric	Target Multiple (x)	Metric	Mar'26 Estimate (INR bn)	Valuation (INR bn)	Per Share (INR)	Rationale for multiple
Food Delivery	EV/ EBITDA	50	EBITDA	21	1,032	117	Deserves premium valuations to listed QSRs due to negligible capex and negative working capital cycle business model. In addition, Zomato is a diversified play on the entire food services industry whereas QSR's are a play on just one or two cuisines. We also expect the company to grow 1.2-1.5x of the underlying organised industry growth over a sustainable period of time.
Blinkit	EV/ GMV	2	GMV	260	520	59	Blinkit due to its marketplace model needs lower capex (barring dark stores and warehouses) and operates on negative working capital cycle compared to other retailers. The business is also well-diversified as the GOV mix has a decent proportion of non-grocery. We see a long growth runway for the business as retail purchases will continue to move from unorganised to organised channels. Currently the business is loss making but see significant re-rating potential once it breaks-even.
Hyperpure	EV/ Sales	1	Sales	57	57	6	Low margin trading business, will at best make mid-single digits EBITDA margin.
Dining-out	EV/ Sales	3	Sales	5	15	2	Could be a very high-margin classifieds business at scale, but currently going through a transition and incurring losses. Therefore deserves a discount to some of the premium classifieds players like Info Edge, Indiamart, etc. that operate at 10-15x sales multiples.
Cash		1	Net Cash	143	143	16	Book value (Mar'25)
Target Market Cap (INR mn)					1,767	200	

Source: Company, JM Financial

Key Risks

- **Key upside risks** to our price target are: (1) Sharp rise in transacting users driven by growing share of working age digitally native millennial/GenZ population; (2) Better-than-expected AOV growth; (3) Synergy benefits from rapid expansion of Hyperpure and dining-out businesses and (4) Significant value accretion from organic/inorganic expansion in adjacent verticals.
- **Key downside risks** are: (1) Slower-than-expected tech penetration in India; (2) Sharp increase in competitive intensity; (3) Continued stakeholder conflicts such as allegations of unfair trade practices from food services industry bodies such as NRAI, amongst others (4) Technology failures and data breaches (5) Regulatory risks: Uncertainty around the likely implications for tech-platforms such as Zomato if the new labour laws are implemented in India. (6) Organic/inorganic investments fail to deliver.

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Sales	41,924	70,794	1,19,902	1,72,194	2,12,181	
Sales Growth	110.3%	68.9%	69.4%	43.6%	23.2%	
Other Operating Income	0	0	0	0	0	
Total Revenue	41,924	70,794	1,19,902	1,72,194	2,12,181	
Cost of Goods Sold/Op. Exp	0	0	0	0	0	
Personnel Cost	16,331	14,650	15,969	16,767	17,773	
Other Expenses	44,101	96,585	1,03,204	1,40,624	1,69,630	
EBITDA	-18,508	-40,441	730	14,803	24,778	
EBITDA Margin	-44.1%	-57.1%	0.6%	8.6%	11.7%	
EBITDA Growth	0.0%	0.0%	0.0%	1,927.8%	67.4%	
Depn. & Amort.	1,503	4,369	5,150	5,660	5,666	
EBIT	-20,011	-44,810	-4,420	9,143	19,112	
Other Income	4,829	6,328	7,487	8,102	9,805	
Finance Cost	0	0	0	0	0	
PBT before Excep. & Forex	-15,182	-38,482	3,067	17,245	28,916	
Excep. & Forex Inc./Loss(-)	0	0	0	0	0	
PBT	-15,182	-38,482	3,067	17,245	28,916	
Taxes	20	-436	-460	4,346	7,287	
Extraordinary Inc./Loss(-)	-2,974	-1	0	0	0	
Assoc. Profit/Min. Int.(-)	-138	-6	0	0	0	
Reported Net Profit	-12,090	-38,045	3,527	12,899	21,630	
Adjusted Net Profit	-15,064	-38,046	3,527	12,899	21,630	
Net Margin	-35.9%	-53.7%	2.9%	7.5%	10.2%	
Diluted Share Cap. (mn)	7,237.7	8,232.7	8,705.8	8,819.8	8,819.8	
Diluted EPS (INR)	-2.1	-4.6	0.4	1.5	2.5	
Diluted EPS Growth	0.0%	0.0%	0.0%	261.0%	67.7%	
Total Dividend + Tax	0	0	0	0	0	
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Profit before Tax	-12,205	-10,146	3,067	17,245	28,916	
Depn. & Amort.	1,503	4,369	5,150	5,660	5,666	
Net Interest Exp. / Inc. (-)	-3,849	-4,840	-7,487	-8,102	-9,805	
Inc (-) / Dec in WCcap.	2,483	-1,759	-3,798	-2,128	-591	
Others	5,330	4,244	4,554	4,099	3,689	
Taxes Paid	-192	-308	-345	-5,134	-7,927	
Operating Cash Flow	-6,930	-8,440	1,141	11,639	19,949	
Capex	-572	-1,014	-1,813	-1,819	-1,506	
Free Cash Flow	-7,502	-9,454	-672	9,820	18,442	
Inc (-) / Dec in Investments	-53,668	8,794	0	0	0	
Others	-25,138	-3,207	8,200	8,914	10,671	
Investing Cash Flow	-79,378	4,573	6,388	7,095	9,165	
Inc / Dec (-) in Capital	90,000	38	36	0	0	
Dividend + Tax thereon	0	0	0	0	0	
Inc / Dec (-) in Loans	-216	-884	206	655	101	
Others	-2,286	-428	-713	-812	-867	
Financing Cash Flow	87,498	-1,274	-472	-157	-765	
Inc / Dec (-) in Cash	1,190	-5,141	7,057	18,576	28,349	
Opening Cash Balance	2,733	7,322	2,181	9,238	27,815	
Closing Cash Balance	3,923	2,181	9,238	27,815	56,163	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Shareholders' Fund	1,65,055	1,94,598	2,02,679	2,19,712	2,45,031	
Share Capital	7,643	8,364	8,364	8,400	8,400	
Reserves & Surplus	1,57,412	1,86,234	1,94,315	2,11,312	2,36,631	
Preference Share Capital	0	0	0	0	0	
Minority Interest	-66	-66	-66	-66	-66	
Total Loans	0	404	404	404	404	
Def. Tax Liab. / Assets (-)	-670	-1,161	-1,966	-2,755	-3,395	
Total - Equity & Liab.	1,64,319	1,93,775	2,01,051	2,17,295	2,41,974	
Net Fixed Assets	13,407	59,231	57,594	55,623	53,520	
Gross Fixed Assets	1,393	3,628	5,441	7,260	8,766	
Intangible Assets	12,892	57,071	54,521	51,721	49,201	
Less: Depn. & Amort.	884	1,543	2,443	3,433	4,522	
Capital WIP	6	75	75	75	75	
Investments	1,21,703	1,15,956	1,15,956	1,15,956	1,15,956	
Current Assets	37,490	39,639	50,795	74,636	1,04,415	
Inventories	397	827	1,692	2,053	2,417	
Sundry Debtors	1,599	4,569	5,878	9,125	9,362	
Cash & Bank Balances	3,923	2,181	9,238	27,815	56,163	
Loans & Advances	0	0	0	0	0	
Other Current Assets	31,571	32,062	33,987	35,643	36,474	
Current Liab. & Prov.	8,281	21,051	23,258	28,919	31,917	
Current Liabilities	4,994	14,003	16,550	19,975	21,320	
Provisions & Others	3,287	7,048	6,708	8,944	10,597	
Net Current Assets	29,209	18,588	27,537	45,717	72,498	
Total - Assets	1,64,319	1,93,775	2,01,087	2,17,295	2,41,974	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
Net Margin	-35.9%	-53.7%	2.9%	7.5%	10.2%	
Asset Turnover (x)	0.3	0.4	0.6	0.8	0.9	
Leverage Factor (x)	1.0	1.0	1.0	1.0	1.0	
RoE	-12.2%	-21.2%	1.8%	6.1%	9.3%	

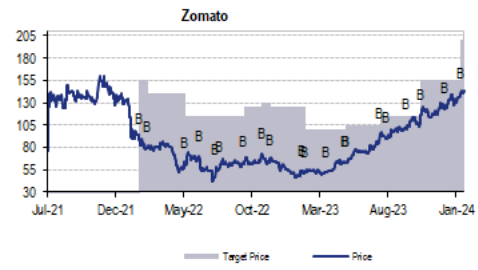
Key Ratios						
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E	
BV/Share (INR)	22.8	23.6	23.3	24.9	27.8	
ROIC	-75.3%	-76.3%	-6.6%	8.9%	19.1%	
ROE	-12.2%	-21.2%	1.8%	6.1%	9.3%	
Net Debt/Equity (x)	-0.8	-0.6	-0.6	-0.7	-0.7	
P/E (x)	-69.2	-31.2	355.5	98.5	58.7	
P/B (x)	6.3	6.1	6.2	5.8	5.2	
EV/EBITDA (x)	-61.8	-28.5	1,568.9	76.1	44.3	
EV/Sales (x)	27.3	16.3	9.6	6.5	5.2	
Debtor days	14	24	18	19	16	
Inventory days	3	4	5	4	4	
Creditor days	26	22	28	28	26	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
11-Feb-22	Buy	155	
2-Mar-22	Buy	140	-9.7
25-May-22	Buy	115	-17.7
26-Jun-22	Buy	115	0.0
2-Aug-22	Buy	115	-0.4
11-Aug-22	Buy	115	0.6
4-Oct-22	Buy	125	8.6
12-Nov-22	Buy	130	3.7
30-Nov-22	Buy	126	-3.2
10-Feb-23	Buy	126	0.0
16-Feb-23	Buy	100	-20.3
6-Apr-23	Buy	100	-0.5
17-May-23	Buy	100	0.0
21-May-23	Buy	105	5.6
4-Aug-23	Buy	115	8.8
17-Aug-23	Buy	115	0.0
3-Oct-23	Buy	115	0.1
4-Nov-23	Buy	155	35.1
28-Dec-23	Buy	155	0.0
1-Feb-24	Buy	200	29.2

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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