



IPO Report- Zomato Limited IPO

IPO REPORT

ZOMATO LIMITED IPO



Sector : E-Commerce (Restaurant)

Recommendation : Subscribe

- One of the leading online Food Service platforms in terms of the value of food.
 - B2C offerings include food delivery and dining-out services while under the B2B segment, it generates revenue from Hyperpure and Zomato Pro, customer loyalty program.
 - Strengths: 1) Among the leading Food Service Delivery platforms. 2) Recognized consumer brand equity across India. 3) Strong network of restaurants and delivery partners. 4) Widespread and efficient on-demand hyperlocal delivery network.
 - **Risk: 1) Presence of Strong Competitors. 2) Losses in Previous Financial Years**
 - Objects of the Issue: 1) Funding organic and inorganic growth initiatives.
 - IPO comprises an OFS amounting to Rs. 375 cr and Fresh Issue amounting to Rs 9000 cr. The issue will open on July 14, 2021, and closes on July 16, 2021. The issue is priced at ₹72 to ₹76 per equity share. The minimum order quantity is 195 shares.
 - The revenues of the company have grown significantly from Rs 487 cr in FY18 to Rs 2118 cr in FY21 at a CAGR of 44% while the company has been loss-making over the same period. Currently, the company is having cash reserves of around Rs. 4,500 Cr. With this additional issue, this cash amount will go up to Rs. 13,500 Cr. proving a strong balance sheet.
 - Zomato is the first internet-based unicorn in India that is coming into the capital market. Online food Ordering is still under-penetrated in India compared to the other countries. With increasing millennials, it is expected that the company's revenues will grow further. The company can further expand to Tier-II, Tier-III, and Tier-IV Cities.
- Thus, We assign a "SUBSCRIBE" rating to the IPO for listing gains and long-term.**

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