FINANCIAL PERFORMANCE ANALYSIS OF ZOMATO LTD

Project Report

Submitted by

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Under the guidance of

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In partial Fulfilment of the requirements for the award of the degree of

Bachelor of Commerce

ST. TERESA'S COLLEGE (AUTONOMOUS) ESTD 1925

ST. TERESA'S COLLEGE (AUTONOMOUS), ERNAKULAM

COLLEGE WITH POTENTIAL FOR EXCELLENCE

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DEPT. OF COMMERCE ST. TERESA'S COLLEGE ERNAKULAM

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THE FEAR OF THE LORD IS THE BEGINNING OF WISDOM

ST. TERESA'S COLLEGE (AUTONOMOUS) ESTD 1925

CERTIFICATE

This is to certify that the project report titled **"FINANCIAL PERFORMANCE ANALYSIS OF ZOMATO LTD"** submitted by **Ashwini Sumodh, Daya B R,Emi Rose T J** towards partial fulfilment of the requirements for the award of the degree of **Bachelor of Commerce** is a record of bonafide work carried out by them during the academic year 2022 – 2025.

DEPT. OF COMMERCE ERNAKULAM ST. TERESA'S COLLEGE

Supervising Guide	**Head of the Department**
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Dept. of Commerce	**Dept. of Commerce**

Place: Ernakulam

Date: 28.03.2025

30/4/25

Signature of the External Examiner

DECLARATION

We,**ASHWINI SUMODH, DAYA B R** and **EMI ROSE T J**do hereby declare that this dissertation entitled, **'FINANCIAL PERFORMANCE ANALYSIS OF ZOMATO LTD'**, has been prepared by us under the guidance of **Dr. JENCY TREESA**, Assistant Professor, Department of Commerce (Regular), St. Teresa's College, Ernakulam.

We also declare that this dissertation has not been submitted by us fully or partly for the award of any Degree, Diploma, Title or Recognition before.

ASHWINI SUMODH

DAYA B R

EMI ROSE T J

Place: Ernakulam

Date: 28.03.2025

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We wish to acknowledge all those persons who helped us in completing our project on the topic, '**FINANCIAL PERFORMANCE ANALYSIS OF ZOMATO LTD'**

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CHAPTER -1

INTRODUCTION

1.1 INTRODUCTION

In recent years, several shifts in consumer behaviour, multiple technical improvements, and a greater demand for convenience have caused the food delivery industry to grow a lot. Among many prominent competitors, Zomato has risen to be a leading company in India and several international markets. Zomato, established in 2008, evolved from just a restaurant-finding platform to a thorough online service for food delivery as well as restaurant reservations, in addition to the inclusion of cloud kitchens in its services.

Focusing on its revenue generation, profitability, as well as cost structure in addition to growth prospects, this project will analyze Zomato's financial performance. This study aims to evaluate the company's financial health, competitive positioning, and overall business sustainability via a thorough examination of Zomato's financial statements, including income statements, balance sheets, and cash flow statements. In addition, the analysis will thoroughly consider market trends, regulatory issues, and the impactful effects of the COVID-19 pandemic on financial results.

Many stakeholders need to understand Zomato's financial trajectory. Investors, industry analysts, and policymakers all need to consider its key role in the food delivery ecosystem. This project will provide understandings into how Zomato navigates the market as it strives to be profitable in an increasingly competitive environment.

1.2 BACKGROUND

Zomato, founded in 2008 by Deepinder Goyal and Pankaj Chaddah, initially started as a restaurant discovery platform, providing users with information on restaurants, menus, and reviews. Over the years, it became one of the biggest companies in India's food-tech sector by growing its offerings over time to include cloud kitchens, online meal delivery, and subscription-based business models. Zomato's success was driven by the increasing digital economy and internet penetration in India, allowing consumers to easily access food delivery services.

Zomato's July 2021 IPO was a landmark moment, highlighting India's growing interest in the food-tech space. As a leading food delivery platform, Zomato has navigated challenges like sustaining profitability, fierce competition from Swiggy, and regulatory obstacles in various markets.

To understand Zomato's future in the competitive food delivery sector, a thorough examination of its financial performance is crucial. This analysis will dive into revenue growth, cost management, profitability, and overall financial health, addressing the concerns raised by investors and stakeholders.

1.3 STATEMENT OF PROBLEM

The rapid growth in the food delivery industry has bought significant changes in the financial performance of various online delivery platforms including Zomato. The financial health and sustainability of Zomato remain uncertain due to factors such as fluctuating revenue streams, high operating costs, and competitive pressure , despite its prominent market position and continuous expansion. This study aims to assess Zomato's financial performance over recent years and to identify the key factors influencing its profitability.

1.4 RESEARCH OBJECTIVES

1. To analyze the profitability trends of Zomato Ltd. By examining key metrics such as Net Profit Margin, PBIT/Share, and Return on Equity over the selected periods

2. To evaluate the company's operational efficiency through ratios like Asset Turnover Ratio, Return on Assets, and Return on Capital Employed, identifying factors contributing to performance changes.

3. To assess the liquidity and financial stability of Zomato Ltd. By analyzing indicators such as the Current Ratio and Cash Flow Statements, providing insights into the company's ability to meet short-term obligations and sustain long-term growth.

1.5 SIGNIFICANCE OF STUDY

1. **Understanding Business Sustainability**

Analyzing Zomato's financial performance provides insights into its long-term sustainability. Helps identify whether Zomato is on a solid financial footing to continue its operations and expand in the highly competitive food delivery market.

2. **Strategic Decision Making**

For investors, shareholders, and management, assessing Zomato's financial performance is critical for making informed strategic decisions.

3. **Assessing Impact of Business Models and Innovations**

Zomato has implemented various business models and innovations (e.g., subscription services like Zomato Pro or Zomato Gold). A financial analysis helps determine how effective these models have been in driving revenue and profitability, allowing the company to understand which aspects of its business strategy are working and which are not.

4. **Operational Efficiency**

Analyzing financial metrics such as profit margins, operating costs, and cash flow can shed light on operational efficiency.

5. **Economic and Social Impacts**

Analyzing zomato's financial performance helps understand the company's role in contributing to these sectors and broader economic impacts.

1.6 LIMITATIONS OF DATA

***Incomplete or Inconsistent Data:** Publicly available data might not cover all aspects of Zomato's financials, especially for certain periods or specific segments of their business.

***Historical Data Constraints:** Only have access to financial statements for a limited period, which could hinder the ability to conduct long-term trend analysis.

*** External Influences:** The financial performance of Zomato could be influenced by external factors such as government regulations, competition, economic downturns, or changes in consumer behaviour, which may not be fully accounted.

1.7 RESEARCH METHODOLOGY

1. **Research Design:** The study which is descriptive and analytical in nature is being made by analysing the data procured from secondary sources . Further the data will be presented in pictorial and tabular form and finally the evaluations and findings will be noted.

2. **Collection of data:**

Sources of data collected will be secondary data

• Secondary data is mustered from various articles, books, research works,etc. available in online and paperback forms.

***Sample selection:** The study focuses on Zomato's financial data as a single case study.

***Tools used for analysis:** To evaluate the data financial ratios and trends are used along with the graphical representations which include charts, graphs, tables etc.

1.8 SCOPE OF STUDY

• Periodical Scope:

The periodic scope of this study will be the analysis of company's financial performance over the past three years i.e., 2022-2024.

• Geographical Scope:

The geographical scope of this study focuses on Zomato's financial performance within India.

• Operational Scope :

The operational scope of this study focuses on Zomato's core business operations.

1.9 CHAPTER SCHEME

I.Introduction: A brief introduction about the topic under study with its significance, scope, problem statement, objectives, methodology adopted and limitations.

II. Review of Literature: This chapter deals with the theories and concepts involved in the study.

III. Theoretical framework: In this chapter, the literature and secondary data related to the topic under study is analysed**.**

IV. Data Analysis and Interpretation: The Data collected from the primary sources, for the study, is analysed and interpreted to arrive at the various conclusions.

V. Summary, Findings, Recommendations and Conclusion: The conclusion of the study involves a summary of the findings arrived at from the data analysed and the further recommendations.

CHAPTER 2

REVIEW OF LITERATURE

2.1 INTRODUCTION

A review of literature is an overview of past published papers. Before beginning any research project field's knowledge and the scope of the project. Reading through this material will help us understand what data and facts need to be gathered and how to analyze them. The planned study won't be perfected until it is properly understood in relation to earlier research in the same field. Thus, with the help of literature review, one can further investigate and research the unknown answers to the topic and gain sufficient knowledge.

This chapter provide a summary of the studies that have been conducted based on Topic: Financial performance analysis of various companies.

1. **Dr Ahmed Arif Almazari (2012)**

The financial performance of the Jordanian Arab Bank during the period 2000-2009 has been examined using the DuPont framework of financial analysis, which decomposes return on equity (ROE) into three components: net profit margin, total asset turnover, and equity multiplier. Arab Bank is among the biggest financial institutions in the Middle East, and it experienced difficulties in the global financial crisis. The research revealed that Arab Bank's financial performance was quite stable with little volatility in ROE. Net profit margin and total asset turnover were stable between 2001 and 2009, whereas the equity multiplier provided steady indicators between 2001-2005 but decreased between 2006-2009, reflecting lower financial leverage. The DuPont model, created in the early 1900s, remains relevant for assessing profitability by examining net profit margin, total asset turnover, and equity multiplier. The study highlights that high net profit margins indicate effective cost control, while asset utilization measures the efficiency of using assets to generate revenue. The equity multiplier assesses financial leverage, showing the bank's reliance on debt to finance its assets. Arab Bank's balance sheet indicates expansion in cash, securities, and deposits during the years, while customer loans went down. Income grew steadily with the support of interest and non-interest income, while expenses grew with overhead expenses and income tax. ROE averaged 11.47%, from a high of 29.12% in 2000 to a low of 6.58% in 2009. Net profit margin averaged 19.82% and peaked at 25.74% in 2008. Total asset turnover averaged 0.057 times, while the equity multiplier averaged 11.04 times. The bank's financial leverage decreased after 2005 as it used decreasing amounts of debt. The research concluded that the performance of Arab Bank was stable even in the face of the global financial crisis, fuelled by its adherence to values and past principles. Arab Bank's stable growth under adverse conditions demonstrates its resilience and robust financial situation. The DuPont model was found to be useful in evaluating financial performance and generating insights into the profitability and efficiency of the bank.

2. Mahesh R. & Daddikar Prasad (2012)

The article "Post Merger and Acquisition Financial Performance Analysis: A Case Study of Select Indian Airline Companies" is concerned with the effect of mergers and acquisitions (M&A) in the Indian airline sector, especially during the 2007-08 sector consolidation. It tries to evaluate the financial performance of these firms post-M&A on the basis of profitability, leverage, liquidity, and capital market standards. Employing paired sample t-tests and statistical analysis, the research assesses if M&As resulted in substantial financial enhancements. The research chooses three Indian airlines for comparison, analysing financial ratios two years prior to and following the mergers. Financial measures like gross profit margin, return on equity, and interest coverage are assessed to measure shifts in profitability, leverage, and liquidity. Evidence indicates that mergers did not lead to notable financial enhancements. Post-merger profitability performance was poor, with measures such as gross profit margin and return on assets deteriorating. Leverage measures such as debt-to-equity rose, indicating increased borrowing and financial risk. Liquidity requirements also deteriorated, as the capacity to service short-term obligations decreased post-merger. Capital market performance, such as earnings per share and market value, did not reflect significant improvements. Instead, equity shareholders suffered losses, reflecting a lack of investor confidence in these airline firms. The research concludes that M&As in the Indian airline industry did not lead to anticipated financial efficiencies, as evidenced by marginal improvements in various financial parameters. The study points out some of the limitations, including the sample size being small and a two-year analysis period. In spite of employing strong statistical techniques, the study indicates that mergers did not meet their desired financial returns in the Indian airline sector.

3. Babar Mushtaq (2014)

The research paper "An Empirical Study of Financial Performance of Life Insurance Corporation (LIC) of India" examines the performance of LIC from 2001-02 to 2010-11 in terms of three major indicators: annual premium collected, policy numbers, and sum assured. It evaluates LIC's business performance and operational efficiency in India's insurance sector. The analysis is based on statistical measures like trend analysis, ANOVA, and the F-test to compare LIC's financial growth. LIC has continued to be a strong leader in the insurance sector with a market share of approximately 70% despite growing competition from private insurers. The research observes that LIC's annual premium collection had a general upward trend, although it fluctuated in the first half of the period. LIC had attained ₹23,586 crore of annual premiums in 2010-11, with a compound annual growth rate (CAGR) of 9.32%.In the quantum of policies, LIC recorded massive growth from 19.6 million policies during 2000-01 to 31.4 million in 2010-11, an increase of 160% over the entire period of the study. The sum assured too registered a constant increase from ₹1.24 lakh crore during 2000-01 to ₹4.43 lakh crore in 2010-11, a growth of 355% at a CAGR of 12.22%.The research concludes that LIC has done well in terms of increasing its customer base and financial penetration, though it faced competition from private insurers. LIC's performance was uneven because of market competition and the entry of private players following the liberalization of the insurance industry. The study highlights that LIC must innovate and evolve to retain its leadership in the growing competitive insurance market.

4. Salaga Jakub, Bartosova Viera, and Kicova Eva (2015)

The research paper titled "Economic Value Added as a Measurement Tool of Financial Performance" by Salaga Jakub, BartosovaViera, and Kicova Eva, focuses on using the Economic Value Added (EVA) indicator to measure economic profit and assess business performance. The paper highlights that traditional financial indicators like ROA, ROE, and ROS have limitations, such as ignoring capital costs and risk. EVA addresses these shortcomings by linking economic performance with the risk involved in achieving it, offering a more accurate measure of value creation for shareholders.

The authors explore the challenges of implementing EVA in Slovak companies, including differences in accounting practices, underdeveloped capital markets, and limited data availability. The paper presents two primary methods for calculating EVA:

one based on Return on Equity (ROE) and its cost, and another using Net Operating Profit after Taxes (NOPAT) and Weighted Average Cost of Capital (WACC). The study emphasizes the complexity of accurately quantifying EVA due to variations in tax rates, capital structures, and data accessibility in Slovakia.

The paper concludes that despite its complexities, EVA offers a comprehensive measure of financial performance, aligning with value-based management principles. As globalization progresses, EVA could become a standardized tool for assessing corporate performance across diverse economies.

5. S Alam (2016)

The thesis "Financial Analysis of Retail Business Organization: A Case of Wal-Mart Stores, Inc." presents a comprehensive financial analysis of Walmart, the largest retail corporation in the world. The research by Samsul Alam seeks to evaluate Walmart's financial performance, market forces, and offer an investment valuation to investors and analysts. Walmart's financials from the historical and forecast basis are addressed in this thesis, utilizing data from annual reports, financial websites, and academic sources. The retail industry is presented as a major industry across the world, accounting for a lot of employment and economic activity, especially in the USA. The corporate setup of Walmart, including its Walmart US, Walmart International, and Sam's Club segments that all contribute to its enormous global footprint, is described. The business strategy of the firm, founded on low price leadership, with the use of economies of scale to sustain its competitiveness, is highlighted. Financial analysis indicates that the growth of Walmart has decelerated in the last few years, with both revenue and profit growth rates dropping as a result of heightened competition and market saturation. In spite of these pressures, the organization is financially sound, with regular profitability and superior cash flow. The analysis forecasts Walmart's free cash flow and terminal value and estimates its value at $735 billion by the year 2026, a good investment option for long-term investors. Walmart is under intense competition from the likes of Costco and Amazon, especially in the grocery and e-commerce sectors. Nevertheless, its financial ratios, such as return on assets (ROA) and return on equity (ROE), are still healthy relative to industry benchmarks. The report also identifies Walmart's capability to utilize technology and supply chain efficiencies to ensure profitability. The SWOT analysis of Walmart's strengths in market leadership and international presence but weaknesses in compensation for employees and legal issues. Expansion opportunities in emerging economies and competitive threats from more powerful rivals such as Amazon are also considered. The thesis ends by making suggestions for Walmart to emphasize e-commerce expansion, innovation, and enhancing labour practices to maintain its competitive advantage. In conclusion, the study places Walmart as a resilient but aging retail giant, with future profitability anticipated but with difficulty sustaining its historical growth pattern.

6. K.P. Venugopala Rao(2017)

The report presents a financial performance analysis of IDBI Bank on the basis of its own performance, in comparison to industry average performance, over the six years 2011-12 to 2015-16. The analysis is presented across various financial parameters like shareholders' funds, debt ratio, CASA ratio, profitability ratios, and activity ratios. IDBI Bank's shareholders' funds increased at a Compound Annual Growth Rate (CAGR) of 5.91%, but at a slower pace than industry average. The bank's capital adequacy ratio decreased because of higher bad loans and provisioning in the year 2016. The debt ratio also stayed constant at 0.93, signifying heavy borrowing dependence, although similar to industry average. The CASA ratio, which indicates the percentage of low-cost deposits, was always below that of top peers such as SBI and Bank of Baroda, implying scope for improvement. Profitability ratios like Return on Net Worth (RONW) and Return on Assets (ROA) were declining, with IDBI Bank performing significantly worse than industry norms. The net profit margin of the bank also took a steep dip, reflecting the need for improvements in operations. The operating profit to working funds ratio of IDBI Bank also dropped, which indicated declining efficiency. The asset turnover ratio of the bank, however, remained stable, consistent with industry standards. Overall, the analysis reveals that IDBI Bank must work to enhance its CASA ratio, emphasize profitability, and maximize asset utilization in order to build up its financials.

7. K. Hema Divya, DR. J. Pardha Saradhi (2017)

The case study presents a financial performance analysis of Bharti Airtel, focusing on the pre- and post-acquisition periods surrounding its acquisition of Zain Group, a Kuwait-based telecommunications company. The study evaluates profitability, liquidity, leverage, and growth ratios to understand the impact of the acquisition on Bharti Airtel's financial standing.

Bharti Airtel's profitability ratios show a decline in the post-acquisition period. The net profit margin decreased from an average of 24.09% pre-acquisition to 14.90% post-acquisition. Similarly, the return on assets also dropped from 204.6 to 169.34, indicating lower efficiency in generating profit from its assets post-acquisition. However, the return on equity improved post-acquisition, increasing from 4.09 to 11.33, suggesting better returns for shareholders. Liquidity ratios remained relatively stable, with the current ratio showing a slight decrease from 0.73 to 0.65. The acid-test ratio improved from 0.45 pre-acquisition to 0.90 post acquisition, indicating improved liquidity. However, the super quick ratio showed little change, maintaining the same performance pre- and post-acquisition. Leverage ratios revealed a significant reduction in debt-equity ratio from 16.43:1 pre-acquisition to 1.42:1 post-acquisition, showing a decrease in debt reliance. However, the interest coverage ratio, which measures the company's ability to meet interest expenses, dropped from 65.88 pre-acquisition to 6.86 post-acquisition, indicating a weaker ability to cover interest expenses post-acquisition. In terms of growth, earnings per share (EPS) improved post-acquisition, rising from 30.02 to 35.93, showing stronger earnings. Dividend per share (DPS) also increased from 1.15 pre-acquisition to 2.25 post-acquisition, indicating higher dividends for shareholders. The study concludes that while Bharti Airtel's overall performance post-acquisition showed improvements in equity returns and earnings, profitability ratios and liquidity ratios showed mixed results. The company reduced its debt load but struggled with interest coverage. Ultimately, post-acquisition performance was not significantly better than pre-acquisition performance across all metrics.

8. Mr. P.Rajendran, Dr.B.Sudha (2019)

The report presents a comprehensive financial analysis of HDFC Bank for five years of its finance, i.e., from 2014-15 to 2018-19, on liquidity, solvency, and financial performance ratios. The research analyzes the financial condition of the bank with the help of ratios like the current ratio, cash position ratio, fixed assets ratio, debt-equity ratio, and proprietary ratio. The current ratio, which assesses the bank's capacity to settle its short-term obligations, revealed a broadly consistent trend with figures ranging from 4.64 to 7.97, reflecting high liquidity and healthy repayment capacity of debts during the period of study. Likewise, the cash position ratio, which examines the liquidity of the bank in terms of cash and cash equivalents, also reflected good financial solidity, although it varied, reaching a high of 2.68 in 2017-18.The fixed assets ratio, which calculates the percentage of long-term funds utilized in fixed assets, varied between 6.22

and 7.39, indicating that some portion of working capital was funded through long-term funds. This is indicative of heavy dependence on fixed asset investment over the study period. Debt-equity ratio, a measure of financial leverage, was still below the general norm of 2:1, which suggested that creditors were secure, and the bank had more dependence on equity than on debt to raise funds for operations. The proprietary ratio, an indicator of bank solvency, was substantially above the general norm of 0.5 during the entire study period, which ensured healthy long-term solvency. In total, HDFC Bank’s financial performance was considered strong and healthy during the period, with sound liquidity and solvency ratios. The research concludes that HDFC Bank has had a stable financial position and successfully managed its assets and liabilities.

9. Deepali Sudhakar Dongre (2019)

The report "To Study the Concept of Financial Analysis of Asian Paints” is a project work submitted to the University of Mumbai, dealing with the financial analysis of Asian Paints. Written by Deepali Sudhakar Dongre under the supervision of Prof. Sadique Shaikh, it provides a comprehensive analysis of the financial performance of the company. The paper starts with a definition of financial analysis as the process of assessing a company's financial health through an examination of its income statement, balance sheet, and cash flow. Asian Paints, established in 1942, is said to be India's biggest paint firm and Asia's third-largest. It has operations in 22 countries with 27 manufacturing plants and offers a wide variety of decorative and industrial paints. The study draws upon different methods of financial analysis, including ratio analysis, vertical analysis, and trend analysis to analyze the financial position of Asian Paints. Some of the major goals are to analyze the company's balance sheet, profit and loss account, cash flow statement, and the performance of the company's share over the last four years. The study also analyzes the capital structure, solvency, liquidity, and profitability of Asian Paints and offers insights for future growth and investment plans. Data analysis shows a steady rise in the working capital of the company, reflecting growth and robust financial health. Liquidity ratios like current ratio and quick ratio are also analyzed, indicating that the company has sufficient liquidity levels despite marginal fluctuations. Profitability ratios like operating margin and net profit margin have oscillated over the years due mostly to external influences like inflation. The report highlights that Asian Paints has been decreasing its debt-to-equity ratio consistently, reflecting a sound financial position with minimal dependence on debt. Efficiency ratios like the inventory turnover ratio reflect the company's capability to manage its assets effectively. In summary, the research proves Asian Paints is financially healthy, has a competitive market standing and future potential, but the organization should take specific areas like operational efficiency and liquidity into perspective so that it remains competitive.

10. MR. Kosh Rohin Kumar (2021)

The research entitled "Financial Analysis and Performance of Coal India Limited (CIL)" aims to analyze the financial well-being of Coal India Limited for the year 2019-2020. CIL is the world's largest producer of coal and is a critical part of India's energy economy, providing nearly 82% of India's coal production. The report analyzes several financial ratios and examines CIL's profitability, liquidity, and efficiency in order to analyze the financial performance of the company. Important financial indicators like the current ratio and quick ratio reflect sound liquidity, with the current ratio of 2020 standing at 7.69, demonstrating the ability of the company to cover short-term debts. The quick ratio was also high at 7.6, also corroborating the evidence of sound liquidity. The net profit ratio was remarkably high at 107.30%, which is indicative of significant profitability, with the support of considerable revenue from operations and other sources of income. Return on assets (ROA) in 2020 was 55.36%, reflecting effective use of assets to produce profit. Return on equity (ROE) was 73.81%, reflecting that CIL was able to generate considerable returns for its equity stakeholders. Fixed asset turnover ratio, measuring effectiveness of using assets, was 23.30, reflecting that the company was able to effectively utilize its fixed assets to produce sales. The analysis also indicates that CIL has operated efficiently in its assets and liabilities, maintaining high operational efficiency. Nevertheless, the report indicates that even though the financial performance of the company is good, there are some areas that need to be improved, such as enhanced working capital management and asset utilization optimization. The study concludes that the financial position of CIL is good, but it has scope for improving profitability and operational efficiency. The recommendations involve giving importance to cost containment, better resource allocation, and implementation of high technology to improve operations. The study further recommends that CIL must target sustaining its competitive edge in the international market and keep making investments to upgrade its infrastructure to ensure long-term growth.

11. Dr. W. Saranya (2021)

The paper offers financial statement analysis of Indigo and Air Asia Ltd based on their financial performance between 2015 to 2019. The research is centered on major financial indicators such as current ratio, quick ratio, net profit ratio, return on assets (ROA), operating profit ratio, debt-to-equity ratio, asset turnover ratio, and return on capital employed (ROCE).The current ratio of Indigo only increased year after year to 2.26 in 2019, as opposed to Air Asia, which had a lower current ratio, reflecting Indigo's superior capability of fulfilling short-term obligations. Equally, Indigo possessed a superior quick ratio, reflecting its superior capability to pay off current obligations. In the area of net profit, Air Asia outperformed Indigo in the majority of years, with both airlines experiencing reducing profits towards the end of the analysis period. Air Asia's net profit dipped into the negative for 2019, while that of Indigo fell to 0.54%.Return on assets (ROA) for Indigo was initially robust but declined sharply in 2019. ROA for Air Asia was lower overall, and it also experienced a fall by the last year of the research. For operating profit ratio, Air Asia performed better consistently, which reflected greater operating efficiency. Yet, both entities experienced falls in 2019.Indigo's debt-to-equity ratio dramatically improved, revealing a move toward equity financing, whereas Air Asia's ratio climbed, reflecting its increasing dependence on debt. Indigo's asset turnover ratio was much greater than that of Air Asia, and this implies that Indigo made more efficient use of its assets to earn revenues than Air Asia. Based on return on capital employed (ROCE), the trend in Air Asia was a rising one, whereas Indigo's ROCE reduced over the study duration. The findings conclude that Indigo has a stronger liquidity position, while Air Asia demonstrated better profitability. Recommendations for both companies include improving their respective weaknesses in profitability, liquidity, and asset utilization.

12. Chauhan Mehulkumar Jayantibhai (2023)

The research "A Study on Financial Performance Analysis of Tata Consultancy Services Limited" examines the financial well-being of Tata Consultancy Services (TCS) between 2017-18 to 2021-22. TCS is a leading IT firm in India with operations in 150 locations worldwide. The research employs financial ratios to analyse the liquidity, profitability, and return on assets of TCS, seeking to ascertain whether it is financially stable or not. TCS's current ratio, which is its capacity to satisfy short-term liabilities, fell in the five years from 4.56 in 2017-18 to 2.56 in 2021-22. The fall shows that there has been a rise in liabilities after the pandemic, but the ratio also indicates a sound liquidity position. The quick or liquidity ratio too followed the same pattern, dropping from 4.55 to 2.56 during the same period, showing the reduced capacity of the company to satisfy immediate liabilities. The report underscores TCS's return on assets (ROA), which had been enhanced from 1.19 in 2017-18 to 1.38 in 2021-22. This boost reflects TCS's increasing ability to utilize its assets to bring returns. The net sales of TCS grew consistently over these years, from ₹1,26,746 crores in 2017-18 to ₹1,95,772 crores in 2021-22, with impressive growth in revenues. Even as liquidity ratios declined, TCS had a strong financial performance, supported by increasing sales and better ROA. The total assets of the company increased from ₹1,06,296 crores in 2017-18 to ₹1,41,514 crores in 2021-22, while the total liabilities also rose, indicating higher financial leverage. In summary, the research confirms TCS's sound financial position, with robust liquidity, increasing assets, and profitability, in spite of issues such as rising liabilities after the pandemic. The study indicates that TCS is financially stable, able to service both short- and long-term commitments while ensuring profitability and growth.

13. Imaeka I. CharlesImoh C. Uford (2023)

The report gives a three-year overview of Amazon.in's financial and business performance from 2019 to 2021 compared with Walmart Inc. The research utilizes important financial ratios like profitability, liquidity, solvency, and efficiency in analyzing Amazon's performance in the period dominated by the COVID-19 pandemic. While the pandemic saw the global downturn, Amazon's profitability flew high, whereas Walmart struggled with its brick-and-mortar retail model. Amazon took advantage of online shopping volume growth, exhibiting outstanding resilience and flexibility within the e-commerce sector. Its net profit margins, for example, continuously surpassed Walmart's thanks to its multi-business model that has diversified into Amazon Web Services (AWS), which proved to be a prime profit driver, countering declines in other areas. Amazon's return on capital employed (ROCE) also increased consistently, reflecting its capability to capitalize on economies of scale and its immense market share. Its customer-focused strategy, strategic partnerships, and innovations, including drone delivery and cloud computing, also reinforced its competitive edge. Based on liquidity, Amazon had a stronger quick ratio than Walmart, indicative of its competency in handling short-term obligations with efficiency. Its lean operation practice and efficient management of working capital provided constant cash flow throughout the review period. Amazon had a lower debt-equity ratio than Walmart, denoting a sounder financial basis with fewer external financing requirements in the form of debt. The research also outlines a few internal strengths of Amazon, viz., its popular brand name, international presence, and innovative methods of conducting business. Yet again, it indicates weaknesses such as declining operating margins in its overseas segment and opposition to its treatment of employees. It is further threatened by greater competition, governmental pressures, and cyber security threats externally. Generally, the report states that Amazon's capacity to innovate, diversify into new geographies, and effectively manage resources placed it well for future growth and success. Nevertheless, it suggests that employee well-being and closely watching its global operations need to be taken care of to maintain its leadership in the market.

14. Nilutpal Narayan Konwar (2023)

The research paper "Financial Performance Analysis of Reliance Industries Ltd." Is a detailed financial analysis of Reliance Industries Limited (RIL) from 2017-18 to 2021-22. Nilutpal Narayan Konwar, in his study, adopts financial statements like the income statement and balance sheet in analyzing the financial strengths and weaknesses of the company. The analysis is based on ratio and trend analysis, and data are collected from RIL's annual reports and secondary sources. Major observations of the liquidity analysis indicate that though RIL has enhanced its liquidity ratios over recent years, it had a suboptimal current and quick ratio for most of the period, reflecting short-term payment issues. The solvency analysis indicates that RIL has decreased its debt-equity ratio over time, reflecting the use of funds owned instead of borrowed funds. Nevertheless, it was able to meet its interest charges on a consistent basis. Efficiency ratios such as the inventory turnover ratio have been decreasing, indicating inefficient inventory planning, although the company has been improving its conversion of debtors into cash. The profitability analysis demonstrates variations in gross profit and net profit ratios, with a high in the financial year 2020-21. While return on capital employed and return on net worth ratios decreased, RIL has been able to sustain profitability. The research also predicts a growing trend in sales and profits for the next five years, pointing towards growth and expansion prospects for the company. While there are optimistic projections, the paper finds room for improvement, such as improved liquidity management and a transition to debt financing to minimize the cost of capital. In summary, although RIL is in a good financial position, the company must strengthen areas of liquidity and efficiency. The research suggests that RIL improve its liquidity, revisit its capital structure by including more debt, and concentrate on enhancing profitability through cost cutting, sales expansion, and efficiency enhancement.

15. Jean Claude Uwihirwe And Sam Bazimya (2024)

The research entitled "Financial Performance Analysis and Evaluation of Apple Inc. between 1st October 2019 to 30th September 2022" analyses the financial performance of Apple based on different parameters with a comparison of its rival Samsung. Apple's GP margin rose from 38% in 2020 to 43% in 2022, ahead of Samsung, whose margin fell to 37% in 2022. Apple's high GP margin was due to its premium prices, growth in service revenue, customer loyalty, and cost discipline through vertical integration and discounts by suppliers. Apple's net profit margin (NP margin) expanded from 21% in 2020 to 25% in 2022, while Samsung's NP margin was at 18%. Apple's business model through online sales helped limit selling and distribution expenses, ensuring improved profitability compared to Samsung. Apple's solvency wise current ratio slipped to 0.88 in 2022, meaning the risk of satisfying short-term commitments was greater relative to Samsung's ratio of 2.79.Apple's debt-equity ratio rose from 2.34 in 2020 to 2.92 in 2022, whereas that of Samsung was much lower. Apple's greater leverage notwithstanding, its interest cover ratio of 40.75 was much better compared to Samsung's 2.28 in 2022 as it proved Apple's effective management of debt. Efficiency ratios such as inventory turnover benefited Apple because of its Just-in-Time inventory system, resulting in quicker inventory turnover than Samsung. Apple's receivable turnover was also better than Samsung's, demonstrating successful policies like instalments payment plans for customers. Apple's payable turnover indicated that it took longer to pay its suppliers than Samsung, and Apple was able to take advantage of good payment terms. Apple's earnings per share (EPS) rose 85.8% from 2020 to 2022, led by growth in service revenue, whereas Samsung's EPS grew equally at 85.7%.Apple's dividend per share (DPS) rose 12.3% during the period, indicative of good returns for shareholders, while Samsung DPS was unchanged. Overall, the research found that Apple performed better than Samsung on profitability, efficiency, and shareholder returns over the review period, although it incurred greater shortterm liquidity risks. The study suggested that Apple continue to innovate its product range and explore more price-friendly options in order to attract lower-income consumer segments.

CHAPTER 3

THEORETICAL FRAMEWORK

3.1 INTRODUCTION

An online food delivery system is a digital platform that allows customers to browse menus from various restaurants, select food items, and place orders directly through a website or mobile app, with the food then being delivered to their chosen location by a designated delivery person; essentially enabling people to order meals from the comfort of their homes without physically going to the restaurant. Users can search for restaurants based on location, cuisine, and reviews, browse menus, add items to a virtual cart, and choose payment options. Restaurants receive notification through system and the delivery drivers will pick up the food from the restaurants and deliver it to the customers.

Popular food delivery platforms are Zomato, Swiggy and Uber eats.

3.2 FOOD DELIVERY SYSTEM IN INDIA

India's food delivery sector has undergone significant transformation over the past decade, driven by digital platforms, urbanization, and smartphone adoption. The convenience of online food delivery has become an essential part of daily life, particularly in metropolitan areas. Key players like Zomato, Swiggy, and Uber Eats dominate the market, offering diverse cuisine options and features like live tracking and personalized recommendations.

The sector's growth is attributed to increasing demand for convenience, driven by busy lifestyles and younger generations. Features like discounts and loyalty programs have enhanced customer engagement. The COVID-19 pandemic accelerated adoption, with food delivery platforms playing a crucial role in maintaining essential food supply chains.

The Industry has influenced the restaurant sector, with local eateries partnering with delivery platforms to expand their market. Cloud kitchens have gained popularity, and the sector has created job opportunities in delivery, customer support, and logistics.

Despite challenges like reliable supply chains, food quality, and low-profit margins, India's food delivery industry has become a multi-billion-dollar market. The sector is expected to continue evolving with consumer demand, technological advancements, and changing market dynamics, driving further growth and diversification.

3.3 TYPES OF FOOD DELIVERY SYSTEMS

1. Platform-to-consumer delivery

Third-party apps like Zomato, Swiggy, and Uber Eats connect restaurants with customers while handling logistics

2. Restaurant-to-consumer delivery

Restaurants operate their own fleet for direct deliveries

Eg. Domino’s or McDonald’s

3. Ghost kitchen delivery

Involves cloud kitchens that prepare food exclusively for delivery without a dine-in option; and grocery and meal kit delivery.

Eg: Blinkit and Instacart provide ready-to-cook meal kits or grocery essentials.

3.4 INTRODUCTION AND HISTORY OF ZOMATO LTD

Zomato is an Indian multinational restaurant aggregator and food delivery company. It was founded by Deepinder Goyal and Pankaj Chaddah in 2008.[6] Zomato provides information, menus and user-reviews of restaurants as well as food delivery options from partner restaurants in more than 1,000 Indian cities and towns. Its main rival is Swiggy.

Early years (2008 – 2011)

Zomato was founded as Foodie-Bay in 2008 by Deepinder Goyal and Pankaj Chaddah who worked for Bain & Company. The website started as a restaurant-listing-and-recommendation portal. They renamed the company Zomato in 2010.

Expansion (2011 – 2015)

In 2011, it expanded across India to Delhi NCR, Mumbai, Bangalore, Chennai, Pune, Ahmedabad and Hyderabad. In 2012, it expanded operations internationally in several countries, including the United Arab Emirates, Sri Lanka, Qatar, the United Kingdom, the Philippines, and South Africa. In 2013, it expanded to New Zealand, Turkey, Brazil, and Indonesia, with websites and apps available in Turkish, Portuguese, Indonesian, and English languages. In April 2014, it was launched in Chile and Portugal, which was followed by launches in Canada, Lebanon, and Ireland in 2015.

In January 2015, Zomato acquired Seattle-based restaurant discovery portal Urban spoon, which led to the firm's entry into the United States and Australia. This U.S. expansion brought Zomato into direct competition with similar models such as Yelp and Foursquare.

Late 2010s

In 2015, Zomato started its food delivery service in India, initially partnering with companies such as Delhivery and Grab to fulfill deliveries from restaurants that did not have their own delivery service.

In April 2015, Zomato acquired the American online table reservation platform NexTable, which was subsequently renamed Zomato Book.

In January 2016, it launched Zomato Book's table reservation feature on its application in India.

In April 2015, it acquired cloud-based point of sale (PoS) company Maple Graph Solutions and in April 2016, launched its own version of PoS for restaurant owners called Zomato Base, comprising menu and inventory management, payment system, and analytics.

Later that year, Zomato acquired Sparse Labs (renamed Zomato Trace) and integrated the latter's real-time delivery location tracking technology on its food delivery platform.

3.4 THEORIES ON FINANCIAL PERFORMANCE ANALYSIS

1. **Ratio Analys**is: This involves evaluating various financial ratios derived from a company's financial statements to assess its performance, liquidity, profitability, and solvency.

2. **Trend Analysis**: This technique examines financial data over multiple periods to identify patterns or trends, helping to predict future performance.

3. **Common-Size Financial Statements:** By expressing financial statement items as percentages of a common base (e.g., total assets or sales), this method facilitates comparison across time periods or between companies of different sizes.

4. **Comparative Financial Statements:** This approach involves comparing financial statements from different periods to evaluate changes in financial performance and position.

5. **Fund Flow and Cash Flow Analysis:** These analyses focus on the sources and uses of funds and cash, respectively, providing insights into a company's liquidity and financial flexibility.

6. **DuPont Analysis:** This framework decomposes Return on Equity (ROE) into its constituent components—profit margin, asset turnover, and financial leverage—to provide a detailed understanding of what drives a company's ROE.

7. **Break-even Analysis:** This technique determines the level of sales needed to cover total costs, helping to assess the impact of different cost structures on profitability.

8. **Budgetary Control and Variance Analysis:** These methods involve comparing actual financial performance against budgeted figures to identify and analyze variances, aiding in performance evaluation and corrective actions.

3.5 FINANCIAL PERFORMANCE ANALYSIS MODELS

1. **DuPont Analysis** – Breaks down Return on Equity (ROE) into components (profitability, efficiency, and leverage) to analyze financial performance in detail.

2. **Common Size Financial Statements** – Converts financial statements into percentage terms to compare across periods and companies.

3. **Ratio Analysis** – Includes liquidity, profitability, solvency, and efficiency ratios for assessing financial health.

4. **Trend Analysis** – Examines financial data over multiple years to identify patterns and trends.

5. **Comparative Analysis** – Compares financials with competitors and industry benchmarks.

6. **Cash Flow Analysis** – Evaluates cash inflows and outflows to assess liquidity and operational efficiency

CHAPTER 4

COMPANY PROFILE

4.1 INTRODUCTION

Zomato is a prominent global platform for restaurant discovery and food delivery, offering a diverse range of services such as restaurant reviews, food ordering, delivery, and table bookings. Evolving from its origins as a restaurant discovery platform, Zomato has expanded its services to include food delivery and other offerings. With operations spanning multiple countries, including India, the UAE, the Philippines, and numerous other markets across Asia, Europe, and the Americas, Zomato has established itself as a leading player in the food-tech industry.

4.2 ABOUT ZOMATO

Company Name: Zomato Limited

Founded: 2008

Founders: Deepinder Goyal and Pankaj Chaddah

Headquarters: Gurugram, Haryana, India

Industry: Food Delivery, Restaurant Discovery, Online Food Ordering, and Catering

Stock Symbol: ZOMATO (listed on NSE & BSE, India)

Website: www.zomato.com

4.3 KEY SERVICES

1. **Restaurant Discovery**: Zomato allows users to search for restaurants, cafes, and other eateries based on location, cuisine, cost, and user ratings. The platform provides detailed information, including menus, photos, ratings, reviews, and more.

2. **Food Delivery**: Zomato's food delivery service connects customers with restaurants for delivery of their food orders. The platform facilitates seamless order tracking, payments, and delivery logistics.

3. **Online Ordering**: Users can directly place orders for pickup or delivery from their favourite restaurants via the Zomato app or website.

4. **Table Reservation**: Zomato offers a table reservation feature in selected markets, allowing customers to book a table at partner restaurants.

5. **Zomato Pro (formerly Zomato Gold):** A subscription service offering exclusive benefits such as discounts, special deals, and complimentary meals at participating restaurants.

6. **Zomato for Business**: A service for restaurant owners to manage their online presence, handles customer orders, and track analytics.

7. **Zomato Payments**: A digital wallet service to make payments directly through the Zomato app.

4.4 MISSION AND VISION

* Mission: To ensure that no matter where you are, you always have access to the best dining experiences and food delivery options with ease and convenience.

* Vision: To become the world's most trusted, user-friendly platform for food discovery and delivery, transforming how people explore, order, and consume food globally.

4.5 BUSINESS MODEL

Zomato operates a freemium model, where it generates revenue from both customers and restaurant partners:

*Customer Side: Zomato earns through food delivery commissions, premium subscriptions (Zomato Pro), and transaction fees on online orders.

*Restaurant Side: Zomato charges restaurants for services like listing fees, advertising, and promoting restaurant pages. The platform also facilitates restaurant order management and delivery for a fee.

4.6 MARKET PRESENCE

Zomato operates in over 10,000 cities across 24 countries. Its largest market is India, followed by international expansions in regions such as the UAE, Indonesia, Australia, the UK, and the Philippines. As of its recent financials, Zomato claims to serve millions of users and thousands of restaurant partners globally.

4.7 FINANCIALS & MILESTONES

Zomato went public with its Initial Public Offering (IPO) in July 2021 on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE), raising over INR 9,000 crore.

4.8 STRATEGIC ACQUISITIONS

1. Uber Eats India: In 2020, Zomato acquired Uber Eats' India operations, significantly expanding its food delivery market share in the country.

2. UrbanClap (now Urban Company): Zomato invested in the online home service platform to enhance its service offerings.

4.9 COMPETITORS

1. Swiggy: Zomato's primary competitor in the Indian market for food delivery and restaurant discovery.

2. Uber Eats : Was a key player in the global food delivery industry.

4.10 CHALLENGES AND FUTURE OUTLOOK

*Profitability: While Zomato has significantly grown its customer base and market share, achieving consistent profitability remains a challenge due to high delivery costs and heavy competition.

*Sustainability and Green Initiatives: Zomato has launched initiatives like eco-friendly packaging and carbon footprint reduction to align with sustainability trends.

*Technological Innovation: Zomato continues to invest in AI and machine learning to optimize food recommendations, delivery times, and customer experience.

CHAPTER 5

DATA ANALYSIS AND INTERPRETATION

5.1 INTRODUCTION

Zomato is a prominent online meal delivery and restaurant discovery platform in India that links a huge network of eateries with millions of customers. Even though it started as food delivery platform, now it offers numerous other services like table bookings, restaurant ratings, and a subscription-based eating program. In this chapter we dive into the analysis and interpretation of key aspects of zomato's financial performance.

To understand Zomato Ltd.'s financial performance, this section will use various profitability ratios like current ratio, quick ratio, asset turnover ratio etc. By comparing the data of subsequent 5 years, we will gain a comprehensive understanding of the company's financial position and the factors affecting its financial performance.

5.2 NET PROFIT/SHARE:

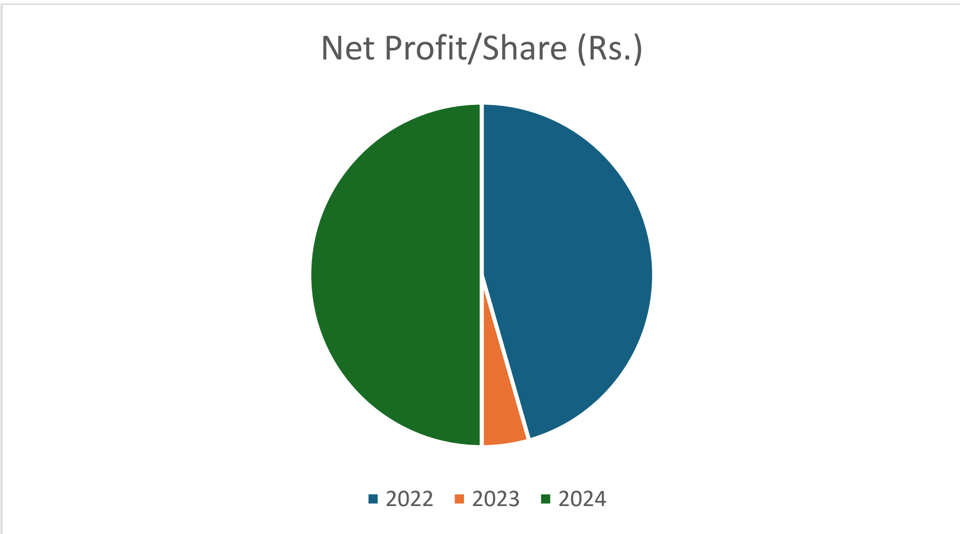
Table 5.1

Net Profit/Share

Year	Net Profit/Share (Rs.)
2022	-1.44
2023	0.14
2024	1.58

Fig 5.1

Net Profit/Share



INFERENCE:

The company witnessed a remarkable turnaround, from a loss of Rs. 1.44 per share in 2022 to a profit of Rs. 1.58 per share by 2024.During the three - year period, it suggests an enhanced financial results and growth. The constant upward trend shows the possibility of continued profitability and efficient management techniques.

5.3 REVENUE FROM OPERATION/SHARE

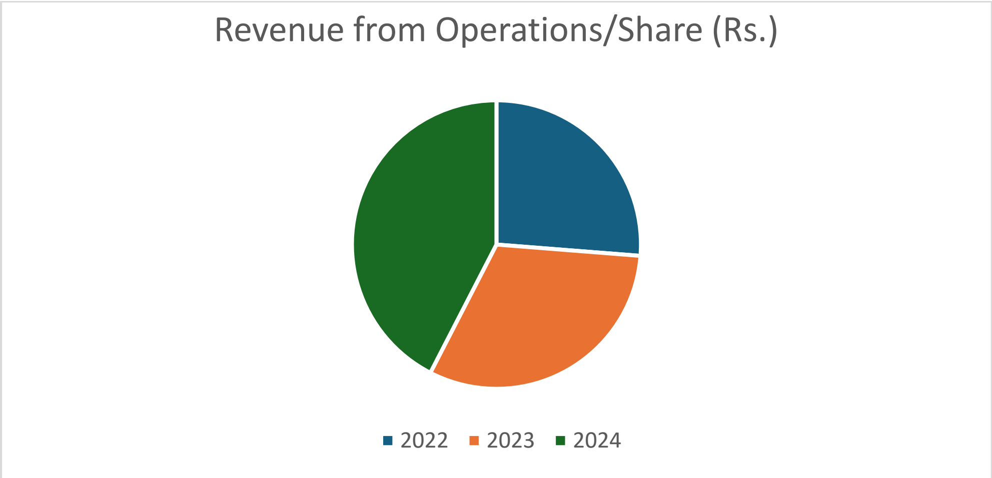
Table 5.2

Revenue from Operation/Share

Year	Revenue from Operations/Share (Rs.)
2022	4.72
2023	5.63
2024	7.63

Fig 5.2

Revenue from Operation/Share



INFERENCE:

During the selected the three-year span, the company's revenue per share has shown steady growth, showing an upward trend in operational performance. The increase from Rs. 4.72 in 2022 to Rs. 7.63 in 2024 demonstrates a huge expansion in revenue generation. This shows effective business strategies and increased market demand for the company's services or products.

5.4 PBIT/SHARE

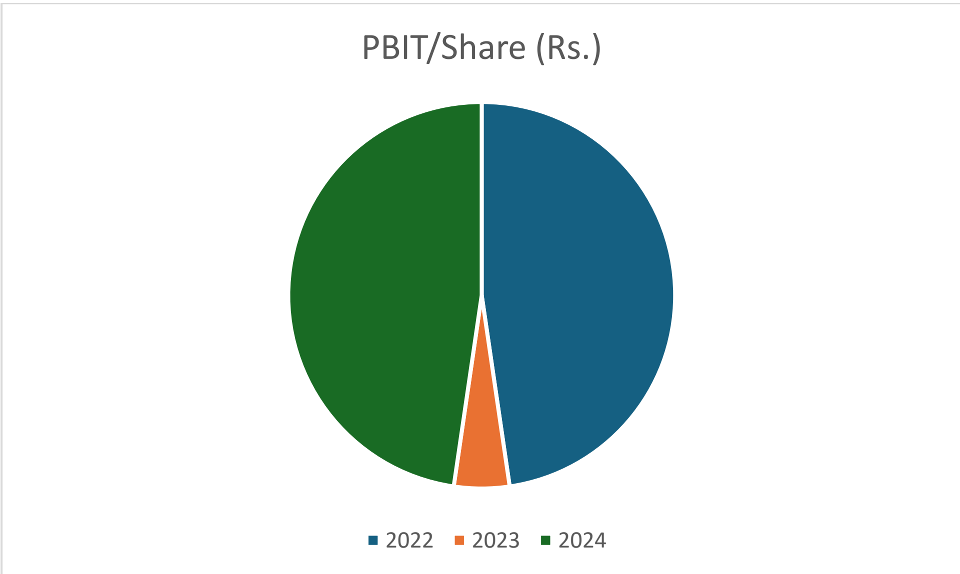
Table 5.3

PBIT/Share

Year	PBIT/Share (Rs.)
2022	-1.65
2023	0.16
2024	1.65

Fig 5.3

PBIT/Share



INFERENCE:

Moving from a loss in PBIT per share to a substantial profit, the company experienced a remarkable turnaround in profitability. This improvement indicates a clear growth and recovery in operational efficiency. The positive trend shows that the company has successfully implemented strategies to enhance its main operations.

5.5 NET PROFIT MARGIN

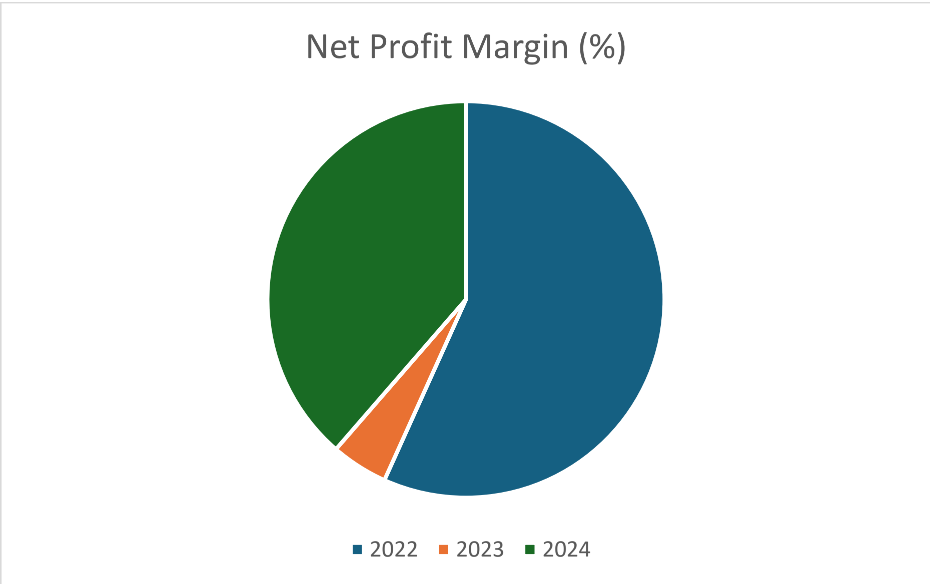
Table 5.4

Net Profit Margin

Year	Net Profit Margin (%)
2022	-30.4
2023	2.48
2024	20.7

Fig 5.4

Net Profit Margin



INFERENCE:

During the selected three years, the company experienced a huge turnaround in profitability, moving from a great loss in 2022 to a large profit margin by 2024. This shows an improvement in operational efficiency and cost management. The steady upward trend suggests effective strategies for continued profitability.

5.6 RETURN ON NET WORTH/EQUITY RATIO

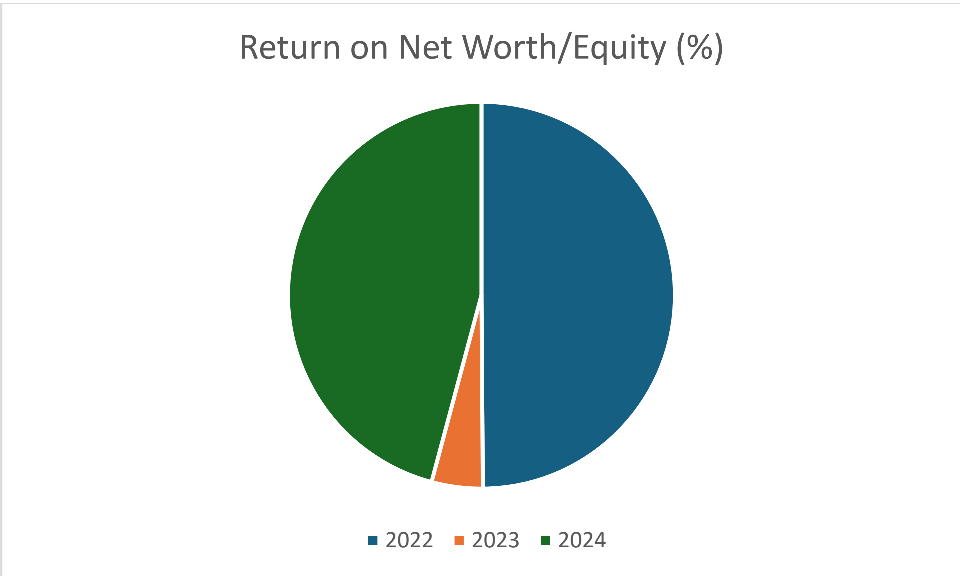
Table 5.5

Return on Net Worth/Equity Ratio

Year	Return on Net Worth/Equity (%)
2022	-6.54
2023	0.56
2024	6.01

Fig 5.5

Return on Net Worth/Equity Ratio



INFERENCE:

The company has improved its return on net worth/equity over the selected three years, moving from a loss to a better positive return. It indicates a good recovery and enhanced profitability for shareholders. The upward trend shows effective management and improved use of equity.

5.7 RETURN ON CAPITAL EMPLOYED RATIO

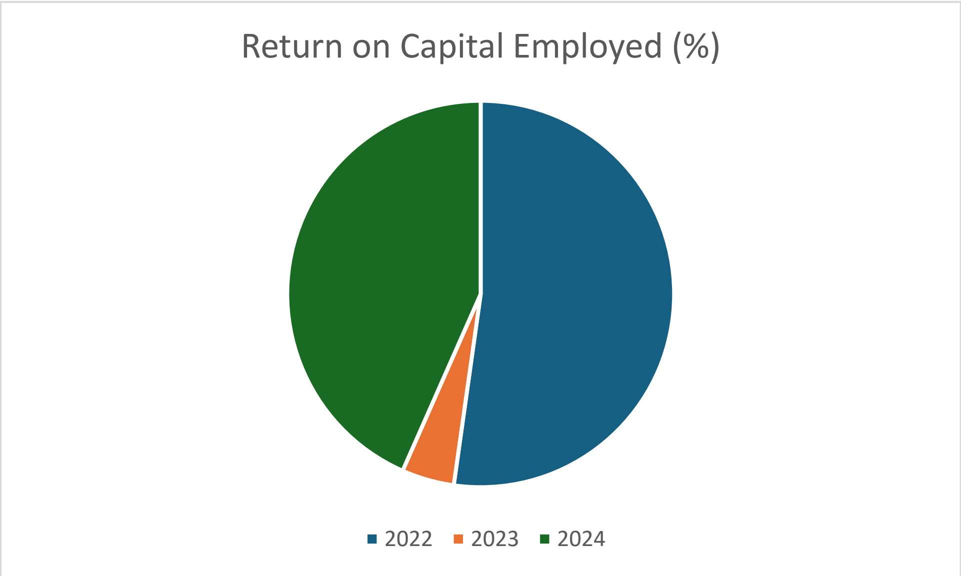
Table 5.6

Return on Capital Employed Ratio

Year	Return on Capital Employed (%)
2022	-7.5
2023	0.63
2024	6.23

Fig 5.6

Return on Capital Employed Ratio



INFERENCE:

The ROCE improved from -11.53% in 2022 to 18.06% in 2024, showing a strong recovery and improved efficiency in capital utilization. This turnaround depicts efficient management and improved operational performance. The constant upward trend shows better profitability and effective use of capital.

5.8 RETURN ON ASSETS RATIO

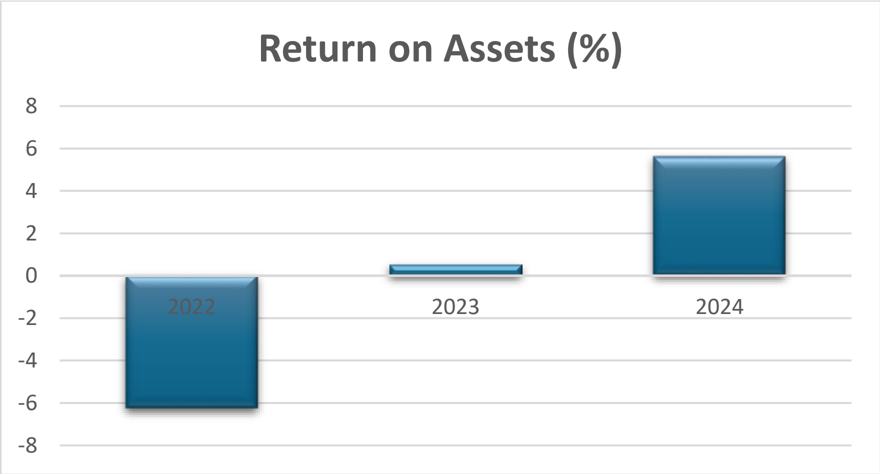
Table 5.7

Return on Assets Ratio

Year	Return on Assets (%)
2022	-6.27
2023	0.53
2024	5.63

Fig 5.7

Return on Assets Ratio



INFERENCE:

The company experienced a turnaround in ROA, moving from a loss of -6.27% in 2022 to a positive return of 5.63% in 2024. This improvement suggests an enhanced efficiency in the utilization of assets to generate profits. The steady upward trend shows effective management and improved operational performance.

5.9 ASSET TURNOVER RATIO

Table 5.8

Asset Turnover Ratio

Year	Asset Turnover Ratio
2022	0.28
2023	0.24
2024	0.29

Fig 5.8

Asset Turnover Ratio

INFERENCE:

The company's asset turnover ratio varied over the selected three years, starting at 0.28 in 2022, falling to 0.24 in 2023, and then rising to 0.29 in 2024. This indicates a slight improvement in the efficiency of the utilization of the asset in generating sales by 2024 as compared to 2022. The trend shows scope for further utilization of asset management to increase revenue.

5.10 CURRENT RATIO

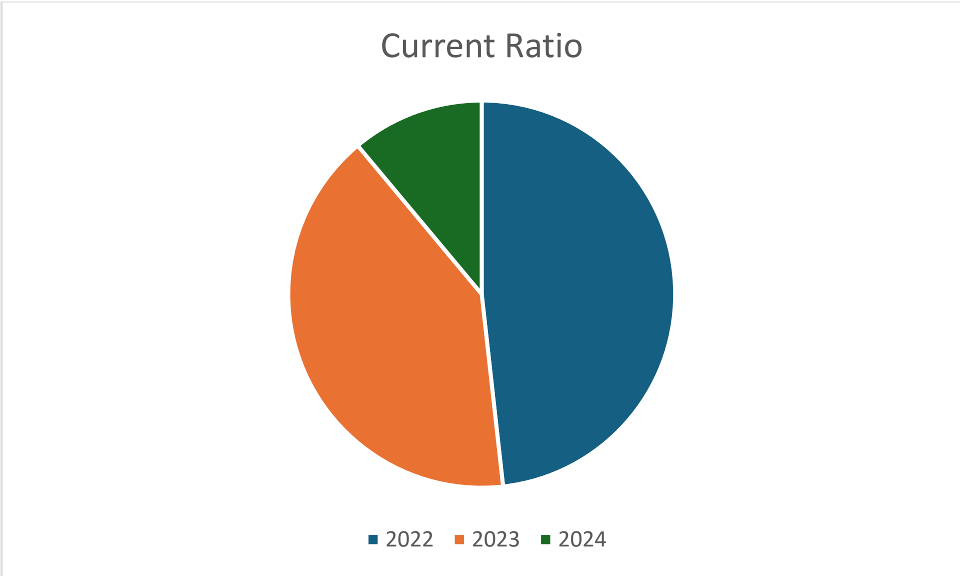
Table 5.9

Current Ratio

Year	Current Ratio
2022	11.06
2023	9.33
2024	2.54

Fig 5.9

Current Ratio



INFERENCE:

The company's current ratio decreased over the selected three years, falling from 11.06 in 2022 to 2.54 in 2024. This huge decline suggests a potential liquidity risk as the company's ability to cover short-term obligations with its current assets has weakened. The trend shows a need for careful monitoring and strategic adjustments to improve the company's financial health.

5.11 CASH FLOW STATEMENT

Fig 5.10

Cash Flow Statement

Cash Flows

Consolidated Figures in Rs. Crores / View Standalone

	Mar 2018	Mar 2019	Mar 2020	Mar 2021	Mar 2022	Mar 2023	Mar 2024
Cash from Operating Activity +			-2,144	-1,018	-693	-844	646
Cash from Investing Activity +			1,740	-5,245	-7,971	797	-348
Cash from Financing Activity +			359	6,402	8,750	-127	-207
Net Cash Flow			**-45**	**139**	**86**	**-174**	**91**

INFERENCE:

From the years March 2018 to March 2024 Zomato Ltd.'s cash flow statement shows significant fluctuations in its financing, investing, and operating activities. Cash from operating activities improved over time, as the operational efficiency increased, moving from a deficit like ₹-2,144 crore in March 2020 to ₹646 crore in March 2024. Outflows from investing operations is a regular occurrence; in March 2022, they surged at ₹-7,971 crore, showing major spending, likely for expansion or acquisitions. Variable inflows and outflows are seen in financing operations; in March 2022, there was a notable influx of ₹8,750 crore, most likely as a result of debt issue or fundraising. Although the net cash flow continues to remain volatile overall, it did show a positive trend in March 2024 at 91 crore, indicating a slow but steady stabilization of the finances.

5.12 STOCK PRICE AND MARKET CAPITALISATION OF ZOMATO

Fig 5.11

Stock Price and Market Capitalisation of Zomato Ltd

Zomato Ltd · ₹ 203 -2.33%

12 Mar 12:12 p.m.

zomato.com BSE: 543320 NSE: ZOMATO

Market Cap	₹ 1,96,113 Cr.	Current Price	₹ 203	High / Low	₹ 305 / 144
Stock P/E	296	Book Value	₹ 22.1	Dividend Yield	0.00 %
ROCE	1.14 %	ROE	1.12 %	Face Value	₹ 1.00

INFERENCE:

Zomato Ltd.'s financial indicators reveal a mixed performance. The company's high Price-to-Earnings (P/E) ratio of 296 suggests that the stock is highly valued compared to its earnings, indicating strong market expectations. The Return on Capital Employed (ROCE) of 1.14% and Return on Equity (ROE) of 1.12% are quite low, reflecting limited efficiency in generating profits from its capital and shareholders' equity. The book value per share stands at ₹22.1, significantly lower than its current price of ₹203, implying that the market values the company far above its net asset value. Additionally, a dividend yield of 0.00% shows that the company is not distributing profits to shareholders, possibly reinvesting to drive future growth.

CHAPTER 6

FINDINGS, SUGGESTIONS AND CONCLUSION

6.1 INTRODUCTION

Zomato Ltd., one of India's leading food delivery and restaurant discovery platforms, has witnessed remarkable growth in recent years, driven by evolving consumer preferences and digital transformation. This chapter presents the key findings, suggestions, and conclusions derived from the financial performance analysis of Zomato Ltd. The study aimed to assess the company's financial health and operational efficiency by examining various financial metrics and applying appropriate analytical models. The findings provide insights into Zomato's profitability, liquidity, solvency, and overall performance trends. Based on these findings, constructive suggestions have been proposed to strengthen the company's financial position. The chapter concludes with a summary of the analysis, highlighting critical observations and offering strategic recommendations for future growth and sustainability.

6.2 FINDINGS

1. Profitability Improvement: Zomato experienced a significant turnaround, moving from losses in 2022 to profitability in 2024 across metrics like Net Profit/Share, PBIT/Share, and Net Profit Margin, indicating effective cost management and operational efficiency.

2. Revenue Growth: Revenue per share steadily increased from ₹4.72 in 2022 to ₹7.63 in 2024, reflecting strong market demand and successful business strategies.

3. Return Ratios: Key ratios like Return on Net Worth (6.01% in 2024), ROCE (6.23%), and ROA (5.63%) improved, signaling better capital and asset utilization.

4. Asset Turnover: The asset turnover ratio showed minor fluctuations, indicating room for enhancing asset efficiency to further drive sales.

5. Liquidity Concerns: The current ratio dropped significantly from 11.06 in 2022 to 2.54 in 2024, raising potential liquidity risks.

6. Cash Flow Volatility: Cash flow from operations improved, but investing activities showed large outflows, possibly due to expansion. Overall, cash flow remained volatile but stabilized in 2024.

7. Market Performance: A high P/E ratio of 296 indicates strong market expectations, but low ROCE (1.14%) and ROE (1.12%) reflect inefficiency in generating returns. The book value per share is much lower than the market price, implying high market valuation.

6.3 SUGGESTIONS

1. Optimize Asset Utilization: Implement advanced data analytics to monitor asset performance and identify areas for improvement, ensuring more efficient use of resources.

2. Strengthen Liquidity Management: Develop a more balanced approach to working capital management by reducing reliance on short-term liabilities and improving cash flow from operations.

3. Cost Control and Margin Improvement: Continue optimizing operational costs by renegotiating supplier contracts and adopting lean practices to maintain profitability.

4. Diversify Revenue Streams: Explore new revenue channels, such as expanding into cloud kitchens, offering premium membership tiers, or leveraging partnerships with grocery and retail sectors.

5. Focus on Sustainable Growth: Invest in technology to streamline delivery operations, enhance user experience, and improve service efficiency, ensuring long-term growth.

6. Enhance Investor Relations: Provide clearer communication regarding future growth strategies and risk management practices to align market expectations with realistic outcomes.

7. Expand Market Reach: Increase market penetration by targeting smaller cities and international markets where online food delivery is gaining traction.

8. Improve Return on Capital: Optimize capital allocation strategies to ensure investments yield higher returns, possibly through targeted acquisitions or innovation-driven projects.

6.4 CONCLUSION

Zomato Ltd. has shown a remarkable financial turnaround between 2022 and 2024, transitioning from a period of losses to a phase of consistent profitability and revenue growth. The company's improved financial performance is reflected in the upward trends of key metrics such as Net Profit/Share, PBIT/Share, and Return on Equity, indicating better cost control and operational efficiency. Additionally, the increase in revenue per share highlights effective market strategies and growing consumer demand.

However, the declining current ratio raises concerns about liquidity, suggesting that the company needs to carefully manage its short-term liabilities to maintain financial stability. The relatively low asset turnover ratio indicates that there is further scope to optimize asset efficiency. Moreover, while market confidence remains high, as evidenced by the elevated P/E ratio, Zomato must focus on enhancing returns on capital to justify these valuations and ensure sustainable growth.

Overall, Zomato’s financial recovery is commendable, driven by strategic initiatives and operational improvements. Going forward, maintaining this momentum will require continued focus on cost efficiency, liquidity management, and innovation. By leveraging technology and expanding its market presence, Zomato can strengthen its competitive position and pave the way for long-term value creation for shareholders.

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