



Pick of the week

Zomato (ZOMATO)

Recommendation: **BUY**

Date: 5th December 2022

Current Price: ₹69

Time Period: 12 Months

Potential Upside: 44.93%

Target Price: ₹100

Why Invest

- 🔪 Zomato has gained market share in food delivery business. During H1CY22, Zomato's GMV stood at ~US\$180 cr, higher than Swiggy.
- 🔪 Zomato has a higher geographical reach than Swiggy. Zomato is present in 1,000+ cities and Swiggy in 562 cities as on H1CY22.
- 🔪 We are expecting strong Revenue CAGR (compound annual growth rate) of ~57% over FY22-24.
- 🔪 We expect gradual reduction in EBITDA losses due to overall improvement in Unit economics (due to higher take rates).
- 🔪 Improvement in contribution margin brings confidence in Blinkit model.
- 🔪 SoTP (Sum-of-the-parts)-based target price of Rs100/share.