

WEALTH WEEKLY

Weekly Alerts You Can Use!

Weekly View: Nifty, Bank Nifty:

Indices	CMP	Support	Resistance	50 DMA	200 DMA	Range	Preferred Trade
NIFTY	19751	19334	20000	19607	18554	19441-19991	Buy between 19635-19655 zone. Targets at 19991/20200/20500. Stop at 19334.
BANK NIFTY	44288	43001	46001	44625	43160	43451-45651	Buy at CMP. Targets at 45651/46001/46751. Stop at 43001.

Medium Term Pick:

Stocks	CMP	Support	Resistance	50 DMA	200 DMA	Bias	Preferred Trade
ZOMATO	111	69	141	98	71	Positive	Incorporated in the year 2010, Zomato is an Indian multinational restaurant aggregator and food delivery company commanding a market share of Rs. 94,924.36 Crore. The India online food delivery market size reached US\$ 28.4 Billion in 2022. Looking forward, IMARC Group expects the market to reach US\$ 118.2 Billion by 2028, exhibiting a growth rate (CAGR) of 27.8% during 2023-2028. Look to accumulate at CMP, and on dips between 77-85 zone, targeting 141/163 and then aggressive targets at 189 with stop below 69. Holding Period: 12-15 months.

CMP	111
Target Price	141
52 Week H/L	113.25/44.35
P/E	179.87
EPS	0.62
ROE	0.67%
Book Value	23.03
Market Cap (INR)	95,509.35 crores

Daily Chart of ZOMATO :



BUY ZOMATO (CMP 111): Targets at 141.

Incorporated in the year 2010, Zomato is an Indian multinational restaurant aggregator and food delivery company founded by Pankaj Chaddah and Deepinder Goyal and was first launched under the name 'FoodieBay' in 2008. Zomato commands a market share of Rs. 94,924.36 Crore.

Initially launched as Foodiebay, it was later renamed Zomato in 2010. The company is headquartered in Gurugram, India, and has expanded its services to multiple countries around the world.

Zomato's technology platform connects customers, restaurant partners and delivery partners, serving their multiple needs. Customers usually use Zomato's platform to search and discover restaurants, read and write customer generated reviews and view and upload photos, order food delivery, book a table and make payments while dining-out at restaurants.

On the other hand, Zomato provides restaurant partners with industry-specific marketing tools which enable them to engage and acquire customers to grow their business while also providing a reliable and efficient last mile delivery service.

Zomato also operate a one-stop procurement solution, Hyperpure, which supplies high quality ingredients and kitchen products to restaurant partners.

Key highlights:

The India online food delivery market size reached US\$ 28.4 Billion in 2022. Looking forward, IMARC Group expects the market to reach US\$ 118.2 Billion by 2028, exhibiting a growth rate (CAGR) of 27.8% during 2023-2028.

- 1) Increasing access to high-speed internet facilities and the boosting sales of smartphones esp. improving tech-savvy penetration.
- 2) Rising consumption.
- 3) Rising income.
- 4) Growth in urbanization, growing working population and inflating income levels are driving online delivery adoption in India.
- 5) The rising trend of the on-the-go food items, speed and precision of delivery, are increasing the demand.
- 6) With the exit of Amazon, the food delivery market is now a settled duopoly with Zomato (55% market share) and Swiggy (45%).
- 7) The food delivery industries' market has a very high moat indicating Zomato's ability to maintain competitive advantages to protect its long-term profits and market share from new entrants given the significant capital requirement to displace the incumbents.

Q1FY24 Highlights:

- 1) Surprised investors after reporting a net profit for the first time. Posted a stellar operating performance as profit after tax (PAT) at Rs 2 crore in the June 2023 quarter. The company had reported a net loss of Rs 189 crore and 186 crore in the March 2023 quarter and June 2022 quarter, respectively.
- 2) Revenue from operations rose 71% to Rs 2,416 crore in the June quarter.
- 3) The positive takeaway was that sharp improvement in profitability was witnessed in all three businesses of Zomato viz. food delivery, quick commerce and hyperpure.

Technically, brace yourselves with the recent sequence of a higher high/low formation on the daily, weekly and monthly time frames. An impulse uptrend is seen forming on the daily time scale with positive SAR series.

Add to that a bullish divergence and a rising stochastic signal (on daily charts) with recent increase in volumes signaling a larger rebound. The 200 days Exponential Moving Average (EMA) of the stock on the daily chart is currently at 77-79 zone. The level of 77-79 zone will act as a strong support zone.

Look to accumulate at CMP, and on dips between 77-85 zone, targeting 141/163 and then aggressive targets at 189 with stop below 69. Holding Period: 12-15 months.

Mehta Equities

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