

A STUDY ON RATIO BASED FINANCIAL PERFORMANCE ANALYSIS OF ZOMATO

Submitted in partial fulfillment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

By

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DEPARTMENT OF BUSINESS ADMINISTRATION

SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

Accredited with Grade "A++" by NAAC | 12B Status by UGC | Approved by AICTE

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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **ANAN INFANT CABRIOZIL.L 42410073** who carried out the project entitled “**A Study on Ratio Based Financial Performance Analysis of Zomato**” under my supervision from September 2023 to November 2023.

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DECLARATION

I **ANAN INFANT CABRIOZIL.L(42410073)** hereby declare that the Project Report entitled **“A Study on Ratio Based Financial Performance Analysis of Zomato”** done by me under the guidance of **Dr.SHETTY DEEPA THANGAM GEETA** is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

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ANAN INFANT CABRIOZIL.L

TABLE OF CONTENTS

CHAPTER NO.	TITLE	PAGE NO.
	ABSTRACT	i
	LIST OF TABLES	ii
	LIST OF CHARTS	iii
1	INTRODUCTION	1
	1.1 .Introduction	1
	1.2 .Company Profile	2
	1.3 .Objectives of the Study	4
	1.4 .Need for the study	5
	1.5 .Scope & Significance of the study	5
2	REVIEW OF LITERATURE	6
3	RESEARCH METHODOLOGY	21
	3.1 Methodology	21
	3.2 Sources of Data	21
	3.3 Financial Analysis	22
4	DATA ANALYSIS AND INTERPRETATION	24
	4.1 Current Ratio	24
	4.2 Quick Ratio	26
	4.3 Asset Turnover Ratio	28
	4.4 Earnings Per Share	30
	4.5 Net Working Capital Ratio	32
	4.6 Cash Ratio	34
	4.7 Debt Equity Ratio	36
	4.8 Capital Equity Ratio	38

5	FINDINGS,SUGGESTIONS AND CONCLUSION	40
	5.1.Findings of the Study	40
	5.2.Suggestions& Recommendations	40
	5.3. Limitations of the study	41
	5.4.Conclusion	41
	REFERENCES	42

ABSTRACT

This study provides an analysis of financial statements for use in valuing equity. An analysis of growth is added to, combined with, and extended from the standard profitability analysis. The viewpoint is one of predicting returns on equity investments. As a result, financial statement analysis is first presented as a pro forma analysis of the future, with forecasted ratios seen as the foundation of payoff forecasts. As a result, it is believed that analysing the financial statements of the present entails identifying current ratios as indicators of future ratios that will affect equity payoffs. Hierarchical financial statement analysis identifies ratios lower in the ordering as providing more precise information about those higher up.

Ratio analysis reveals whether the company has been improving steadily or worse over the past few years. Additionally, this allows for effective comparison of all the firms' various aspects.

LIST OF TABLES

TABLE NO.	PARTICULARS	PAGE NO.
1	Current Ratio	24
2	Quick Ratio	26
3	Asset Turnover Ratio	28
4	Earnings Per Share	30
5	Net Working Capital Ratio	32
6	Cash Ratio	34
7	Debt Equity Ratio	36
8	Capital Equity Ratio	38

LIST OF CHARTS

CHARTS NO.	PARTICULARS	PAGE NO.
1	Current Ratio	25
2	Quick Ratio	27
3	Asset Turnover Ratio	29
4	Earnings Per Share	31
5	Net Working Capital Ratio	33
6	Cash Ratio	35
7	Debt Equity Ratio	37
8	Capital Equity Ratio	39

CHAPTER 1

INTRODUCTION

1.1. INTRODUCTION:

The main purpose of financial statement preparation is decision-making. They considerably contribute to making the framework for social control decisions. The money statements' data isn't a goal in and of itself as a result of no important inferences is made up of them. However, by analyzing and decoding money accounts, decision-makers will greatly get pleasure from the knowledge provided.

Through money statements, a corporation reports money data to users and summarises the firm's money activities within the budget. high management is in control of the unionized and organized drafting of the budget. money coming up with isn't complete while not money statement.

Forecasting calculates future money necessities supported historical information. A potent technique for money analysis is magnitude relation analysis. Once assessing the money scenario and performance {of money of monetary of economic} information and once creating qualitative judgments regarding the firm's financial performance, a magnitude relation is utilized as a benchmark.

Through this method, a helpful relationship between 2 or a lot of accounting figures is developed for comparison. each practitioners and researchers often use money ratios for modeling. the corporate involves a good vary of interested parties, together with the homeowners, management, staff, clients, suppliers, rivals, regulative agencies, and lecturers, all of whom have totally different views on the way to use budget analysis in assessments.

After the money accounts are ready, it should be attention-grabbing to be told however

associate organisation is doing from numerous angles. this may be accomplished by exploitation numerous analytical ways, like magnitude relation analysis, funds flow analysis, income analysis, comparative statement analysis, etc. to analyse the budget.

Here, I used ratio-based money analysis. With the assistance of ratios, one will determine:

- The ability of the firm to fulfill its current obligations.
- The extent to that the firm has used its long financial condition by borrowing funds.
- The potency with that the companies is utilizing its assets in generating sales revenue.
- The overall in operation potency and performance of the companies.

1.2. COMPANY PROFILE

Zomato is an Indian multinational restaurant aggregator and food delivery company founded by Deepinder Goyal and Pankaj Chaddah in 2008. Zomato provides information, menus and user-reviews of restaurants as well as food delivery options from partner restaurants in select cities. As of 2019, the service is available in 24 countries and in more than 10,000 cities.



Type	: Public
Industry	: Online food ordering
Founded	: July 2008
Founder	: Deepinder Goyal (ceo) Pankaj Chaddah
Headquarters	: Gurgaon, Harayana, India
Area Served	: Worldwide
Services	: Food delivery, Table reservation
Number of Employees	: 5000+
Website	: www.zomato.com

HISTORY:

Zomato was founded as FoodieBay 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 as they were unsure if they would "just stick to food" and also to avoid a potential naming conflict with eBay.

Zomato raised roughly US\$16.7 million from Info Edge India between 2010 and 2013, giving Info Edge India a 57.9% stake in Zomato. It received an additional US\$37 million in November 2013 from Sequoia Capital and Info Edge India.

Zomato completed a second round of funding in November 2014 totaling US\$60 million at a US\$660 million post-money valuation. Sequoia Capital joined the funding round that was jointly led by Info Edge India and Vy Capital.

While another round of funding for US\$50 million was led by Info Edge India, Vy Capital, and Sequoia Capital in April 2015. Following that, Temasek, a Singapore government-owned investment firm, and Vy Capital led another US\$60 million funding round in September.

The idea of cloud kitchen was introduced by Zomato in February 2017 in a blog post for the business. With its cloud kitchenette, the company will assist the restaurants in growing without having to pay any fixed costs. Zomato asserted in September 2017 that it had "turned profitable in the 24 countries it currently operates in. Zomato also disclosed that the "zero commission model" would be implemented for partner restaurants. Zomato's losses decreased by 34% to Rs. 389 Cr for the fiscal year 2016- 17 from Rs. 590.1 Cr crore the year before, 2015-16.

1.3. OBJECTIVES OF THE STUDY

1.3.1 PRIMARY OBJECTIVE:

- To examine the financial performance of the Zomato for the period of 2018 to 2022.

1.3.2. SECONDARY OBJECTIVES:

- To critically analyze the financial performance of the Zomato, with the help of ratios.
- To understand how the company finances its working capital.
- To analyze the financial performance of the company with reference to working capital.
- To help the management in its planning and forecasting activities.

1.4. NEED FOR STUDY

One of the crucial components of financial decision-making is ratio analysis. It is significant because management needs to understand that a heavy reliance on current assets should shield the business from issues with stock-outs. The firm's liquidity position will also be determined by its current assets.

Ratio analysis aims to maintain a satisfactory level of working capital by managing the firm's current assets and current liabilities. The company is likely to become insolvent and may even be forced into bankruptcy if it is unable to maintain a satisfactory level of working capital.

1.5. SCOPE & SIGNIFICANCE OF THE STUDY

A study of the Ratio Analysis involves an examination of long term as well as short term sources that a company taps in order to meet its requirements of finance. The scope of the study is confined to the sources that “Zomato” tapped over the years under study i.e. 2018-2021.

The scope of the study is limited to collecting financial data published in the annual reports of the company every year. The analysis is done to suggest the possible solutions. The study is carried out for 5 years (2018-2022).

CHAPTER 2

REVIEW OF LITERATURE

2.1. INTRODUCTION

The researcher has made an effort to learn about and comprehend the principles of financial performance analysis in this chapter. The researcher has studied a variety of books, research journals, and websites in this endeavour to comprehend the fundamental ideas behind financial ratio analysis and to analyse research studies conducted by prior researchers about Financial Performance Analysis in Relation to Ratio Analysis. The Bibliography goes into much depth about the comprehensive list. The purpose of this literature review is to identify the crucial elements of financial performance analysis.

Sarabani Duta (2016), Ratio Analysis is one of the technique of financial analysis where ratios are used as a yardstick for evaluating the financial condition and performance of a firm. Analysis and interpretation of various accounting ratios gives a better understanding of financial and performance of firm.

Magdalene peter (2018), Financial Management is the specific area of finance dealing with the financial decision corporations make, and the tools and analysis used to make the decisions. The discipline as a whole may be divided between long-term and short-term decisions and techniques.

Mohamad Vaseem (2019), “A Project Report on Ratio Analysis with reference to Genting Lanco Power Ltd “from this study I observed that the company’s overall position is at a good position. Particularly the current year’s position is well due to raise in the profit level from the last year position.

Roisin O’Sullivan (2020), as consumers become more conscious of socio-economic, environmental, and welfare implications of their food choices, the authenticity of foods is increasingly important. For dairy products, legal cases challenging “grass-fed” and country of origin claims further highlight the need to scientifically underpin product claims.

P P Danieli(2022), Insects attract the interest of the agri-food sector because of their advantages as feed for livestock. The reason for this lies in the role of insects as alternative protein source to soybean and fish meal, common but expensive materials, and in their ability to proliferate on waste substrates, thus allowing a sustainable livestock management.

Bharathi (2020), The present study is focused on assessing the performance of Dabur India Company through the profitability ratio, identifying the variations in various profitability components, and understanding the CSR activities initiated by Dabur India Ltd.

V Anbazhagan(2022), The study reveals that the financial performance is better. However, the shareholders fund against the outsider’s fund should be increased. The company should take suitable measures to increase its profitability position. Adequate steps have to be taken to improve its cash position and to reduce the operating expenses.

Ambade Shubham(2021), this is a unique opportunity to discuss the concept of text book with an organization. This is provided a break through to apply theoretical knowledge in practical corporate word. And this experience will be helpful for future performing

Tanmay Chirania(2022), The ratio analysis is the most powerful tool of financial analysis. Several ratios calculated from the accounting data can be grouped into various classes according to financial activity or function to be evaluated.

Bhadrappa Haralayya(2022), this project reports the basic information regarding the industry like industry major players, industry competitiveness and their products. The second chapter consist data regarding company profile, like vision, mission, quality policy and its products.

Abhishek Sinha (2018), “A Comparative Financial Performance Analysis Of Tata Steel & Jindal Steel And Power By Means Of Ratios” - Maulana Abul Kalam Azad University Of Technology.

Robert O. Edmister (2017), In order to anticipate the failure of small businesses, this study develops and empirically examines a number of financial ratio analysis techniques. Numerous ratio factors are discovered that actually indicate the failure of Small Businesses, even though not all approaches and ratios are failure predictors.

S. Subalakshm (2016), The purpose of this study is to examine the State Bank of India's financial ratio analysis. The primary goal of a commercial bank is to maximise profit. In order to achieve this, banks focus on their analysis of the financial performance of their portfolios and try to structure them to maximize return.

Khataybeh et al, analyzed the impact of yields or rate of return on portfolio composition and came to the conclusion that the availability of funds has a greater impact on the composition of these portfolios.

Erdogan et al. (2015), the effect of the other financial parameters on the net profit margin will be examined.

Baser (2017), showed that Asset-Liability Management (ALM) was a thorough and flexible framework for assessing, observing, and controlling a bank's market risk. The study made an effort to assess how banks were modifying their views on risk identification, risk management, and asset quality maintenance in order to sustain profitability using ALM methodologies.

Myšková and Hájek (2017), Due to their use as an input for intricate mathematical models, financial ratios are the most widely used technique in financial analysis. Financial ratios serve as the foundation for predictive models like the Altman and Ohlson models.

Nwanyanwu, (2017), Ratios are seen as a yardstick or an index for contrasting two or more things. Ratios are used as an analytical tool that offers clarity using the prepared financial statements. Ratio analysis, according to Beranger and Ireland, is the most useful method for deciphering a company's financial data.

Investopedia Stock Analysis (2018), the ratio of a company's or a specific business segment's net profit to revenues is known as the net profit margin. Understanding the organization's net profit margin will help you determine what proportion of revenue is converted to net profit.

Nwanyanwu, (2017), Profitability ratios gauge an organization's capacity for long- and short-term gains in relation to either sales or investments.

McLeany & Atrill (2005), financial ratios are used to give a fast overview of a company's financial health based on their capacity to draw attention to both strong and weak performance areas. In order to obtain a comprehensive image of the financial performance of the organisation, it is crucial to study the financial ratios, as was described in the previous portion of this article.

Tuti Maisharoh (2020), the best way to assess financial performance using data on liquidity, solvency, activity, and profitability is through financial ratios. These four financial ratios can generate results that can be interpreted in one of two ways: positively or negatively.

Kasmir (2017), financial ratio analysis compares the figures in financial statements by dividing one figure by another.

Subramanyam et al. (2018), says that financial ratio analysis is a method for assessing a company's performance and situation. Therefore, the past, present, and future development of the firm will be known based on the examination of financial ratios.

Syamsuddin (2019), Financial performance is the outcome of several continuous management decisions. Financial ratio analysis, which links various financial data, is used to calculate financial performance, and the findings are then compared to industry benchmarks.

Bhadrappa Haralayya (2020), financial analysis analysis and interpretation are crucial tools for evaluating a company's success. It exposes the company's assets and liabilities. It is clear from the research that the organization's overall condition is doing a fantastic job

Gema Muhammad Prawirodipoero (2018), the purpose of this study is to develop a theoretical framework for comprehending the significance of financial ratio analysis and its impact on the financial performance of MSMEs in Indonesia.

Faisal (2020), the success of the company organisation is examined, and the influence of capital structure, profitability, and financial performance is quantified. The capital

structure of a company organisation describes the split between internal and external funding.

Patel (2018), the article evaluates the long-term profitability situation with respect to a few Indian banks before and after merger. Several factors are taken into consideration while evaluating the financial performance. According to the study, mergers have a detrimental effect on net profit margin, return on equity, return on assets, yield on advance, and yield on investment.

Lin Guo (2019), financial ratio analysis, which examines a company's financial accounts, is essential for spotting both bad and good business patterns over time. This article aims to offer a thorough evaluation of J Sainsbury plc's financial performance and contrast it with those of Tesco and Morrisons.

Hung The (2020), This study looks at how capital structure affects the financial performance of pharmaceutical companies that are going public on the Vietnamese stock exchange. Self-financing, financial leverage, long-term assets, and debt to assets ratios are used as the study's four independent variables, with ROE serving as the dependent variable in the regression model. Additional factors that we utilise as controls are company size, fixed asset rate, and growth.

CHAPTER 3

RESEARCH METHODOLOGY

3.1. METHODOLOGY:

Research methodology is mainly needed for the purpose of framing the research process and the designs and tools that are to be used for the project purpose. This qualitative research paper is based on secondary data which is obtained from the research papers published in various journals, newspapers, articles, annual reports of the company, and articles related to this study. Here the research methodology is framed for the purpose of finding the financial performance of the Zomato for the period of 2018 to 2022.

3.2. SOURCES OF DATA:

The process of preparing and gathering data is referred to as data collection. The study is based on secondary data:

SECONDARY DATA:

The term "secondary data" describes information that has been obtained by a third party besides the user. Statements, data gathered by government agencies, organizational records, and data primarily obtained for different study goals are some of the frequent sources of secondary data for social science. The researcher performing the research, on the other hand, collects primary data.

The data are gathered from Websites and online journals and Published Annual reports of Zomato.

3.3. FINANCIAL ANALYSIS:

The traditional financial statements, which include the balance sheet and the profit and loss account, have the fundamental shortcoming of not providing all information pertaining to the financial activities of the company. To the extent that the balance sheet reflects the financial situation as of a specific date in terms of the structure of assets, liabilities, owner's equity, etc., and the profit and loss account depicts the results of operations over a specific time period in terms of the revenue realised and the costs incurred throughout the year, they do, however, offer some incredibly useful information. As a result, the financial condition and operations statement offers a condensed snapshot of the firm's finances and operations. Thus analysis of financial statement is thus an important aid to financial analysis.

A common tool for financial analysis is ratio analysis. It is described as the methodical application of ratios to the interpretation of financial accounts in order to identify a firm's strengths and weaknesses, past performance, and present financial situation. The relationship between two objects or variables that is numerical or quantitative is referred to as a ratio. The relationship can be expressed as :

- Percentages
- Fractions
- Proportion of numbers

These alternative methods of expressing items, which are related to each other, are for purposes of financial analysis refer to as Ratio analysis.

RATIO ANALYSIS:

Ratio analysis is credited with being invented by Alexander Wall. After careful consideration, he produced a thorough system of ratio analysis in 1990. He emphasised that by establishing quantitative links between the information provided in the financial

accounts, the process of interpretation might be simplified. Key figures in the financial accounts and their significant linkages are the focus of financial analysis. The link between the various financial statement components is analysed in order to better understand the status and performance of the company.

CLASSIFICATION OF RATIOS:

The ratios can be classified in four types.

LIQUIDITY RATIO

Liquidity ratios measure the firm's ability to meet current obligations.

- a. Current Ratio
- b. Quick Ratio
- c. Cash Ratio
- d. Interval Ratio
- e. Net Working Capital Ratio

LEVERAGE RATIO

Leverage ratios show the proportions of debt and equity in financing the firm's assets.

- a) Debt Equity Ratio
- b) Capital Equity Ratio
- c) Proprietary Ratio

ACTIVITY RATIOS

Activity ratios reflect the firm's efficiency in utilizing its assets.

Inventory Ratio

- a. Fixed Assets Turnover Ratio
- b. Total Assets Turnover Ratio
- c. Current Assets Turnover Ratio
- d. Collecting Period of Debtor Ratio
- e. Working Capital Turnover Ratio

CHAPTER 4

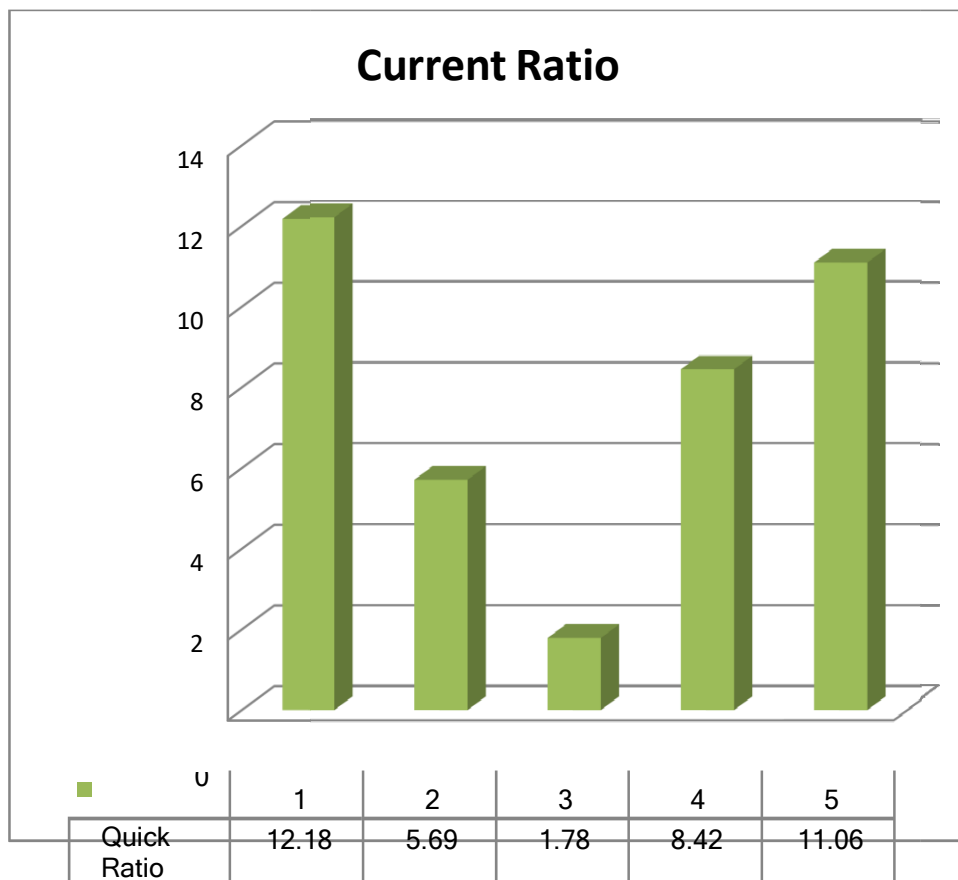
DATA ANALYSIS AND INTERPRETATION

4.1 Current Ratio:

It is the ratio of the current assets & current liabilities; this ratio is used to know the company's ability to meet its current obligations. The standard norm for the current ratio is 2:1.

Current ratio = current Assets / Current liabilities

CURRENT RATIO			
Year	Current Assets	Current Liabilities	Current Ratio
2018	1038.9	85.28	12.18
2019	3104.41	546.03	5.69
2020	1182.06	662.57	1.78
2021	3975.95	472.37	8.42
2022	7336.8	663.1	11.06



INTERPRETATION

From the above table and chart it is observed that Zomato's Current ratio showing a good sign. The company noted a current ratio of 12.18 in the year 2018, 5.69 in the year 2019, 1.78 in the year 2020, 8.42 in the year 2021 and 11.06 in the year 2022.

INFERENCE

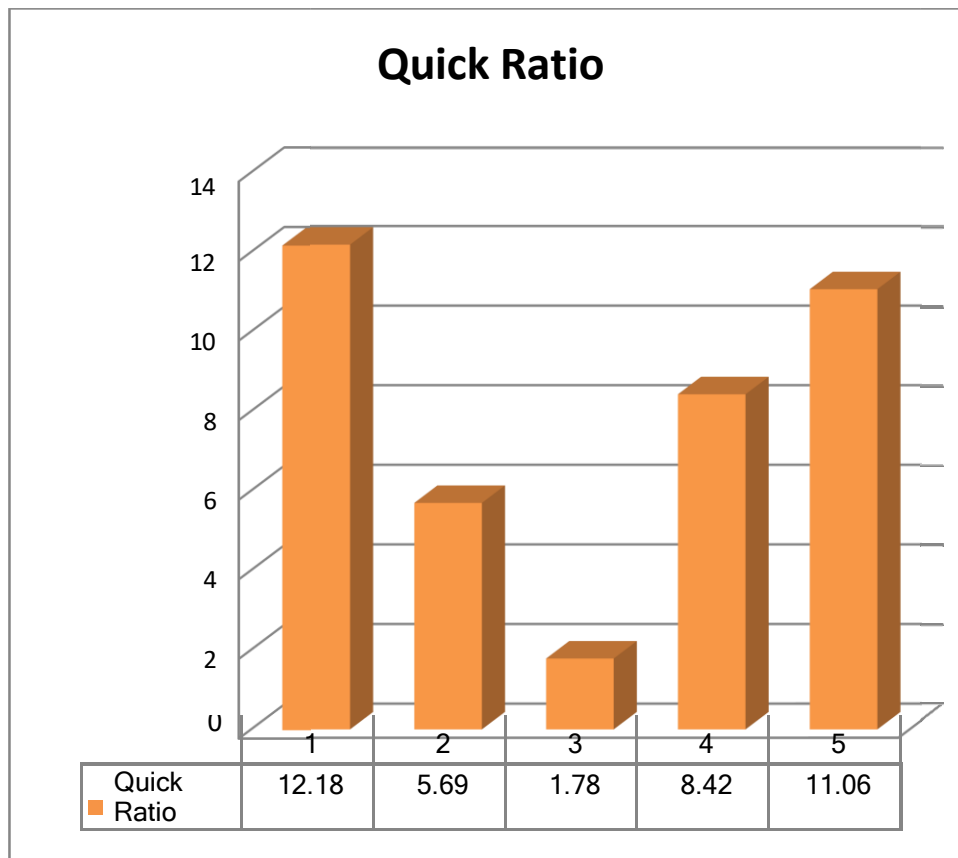
From the above chart it is observed that current ratio of zomato is high in the year 2018 with 12.18.

4.2 Quick Ratio:

Quick ratio is relation between quick assets and current liabilities. The term quick assets, which can be converted into cash with a short notice. This category also includes cash bank balances short – term investments and receivables.

Quick ratio = $\frac{\text{current asset} - \text{stock} - \text{prepaid expenses}}{\text{current liabilities} - \text{bank od}}$

QUICK RATIO			
Year	Quick Asset	Current Liabilities	Quick Ratio
2018	1038.9	85.28	12.18
2019	3104.41	546.03	5.69
2020	1182.06	662.57	1.78
2021	3975.95	472.37	8.42
2022	7336.8	663.1	11.06



Interpretation

From the above table and chart it is interpreted that Zomato 's Quick ratio noted at 12.18 in the year 2018, 5.69 in the year 2019, 1.78 in the year 2020, 8.42 in the year 2021 and 11.06 in the year 2022.

Inference

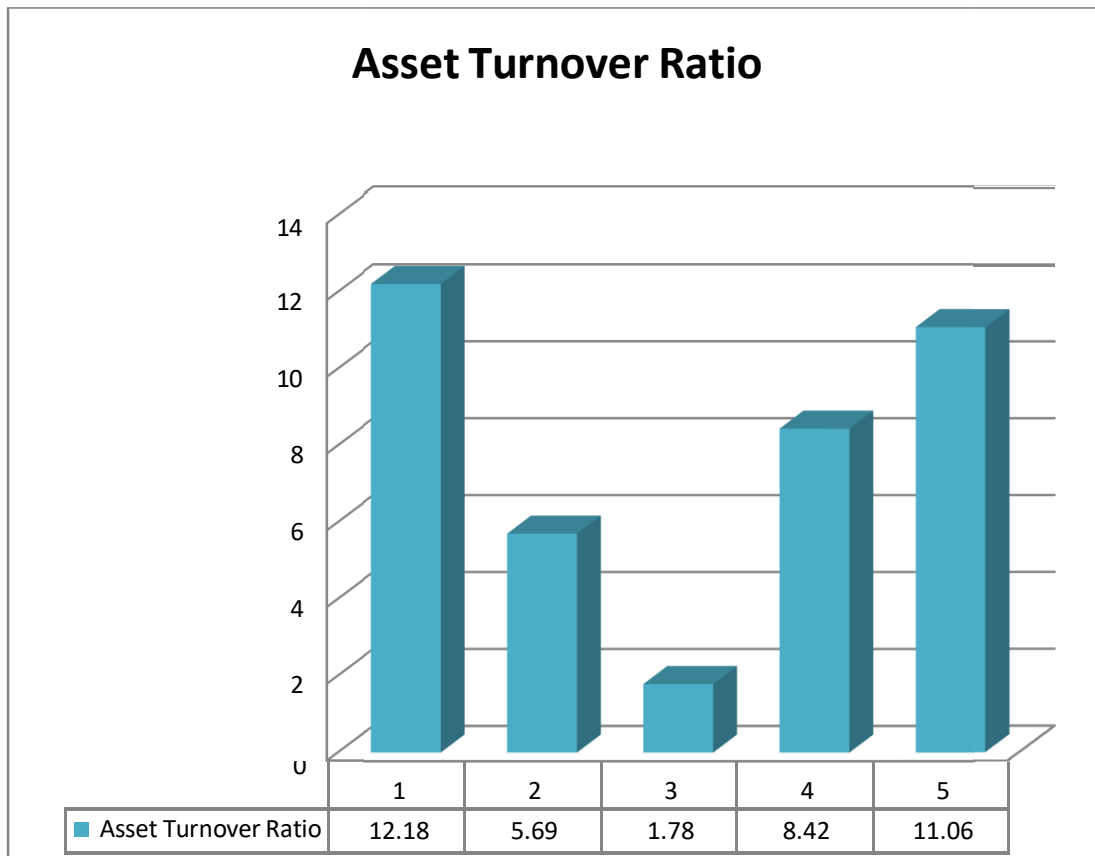
From the above chart it is observed that Quick ratio of Zomato is high in the year 2018 (with a quick ratio of 12.18)

4.3 Asset Turnover Ratio:

A company's sales or revenues are compared to the value of its assets using the asset turnover ratio. The asset turnover ratio can be used to gauge how effectively a business uses its assets to produce income. A company is more effective at generating revenue from its assets the higher the asset turnover ratio. A company is not effectively using its assets to generate sales if it has a low asset turnover ratio, on the other hand.

$$\text{Assets turnover} = \text{Sales} / \text{Average total sales}$$

ASSETS TURNOVER RATIO	
Year	Asset Turnover Ratio
2018	24.52
2019	30.39
2020	78.26
2021	19.59
2022	0.28



Interpretation

From the above table and chart it is interpreted that Zomato's Assets Turnover Ratio noted at 24.52 in the year 2018, 30.39 in the year 2019, 78.26 in the year 2020, 19.59 in the year 2021 and 0.28 in the year 2022.

Inference

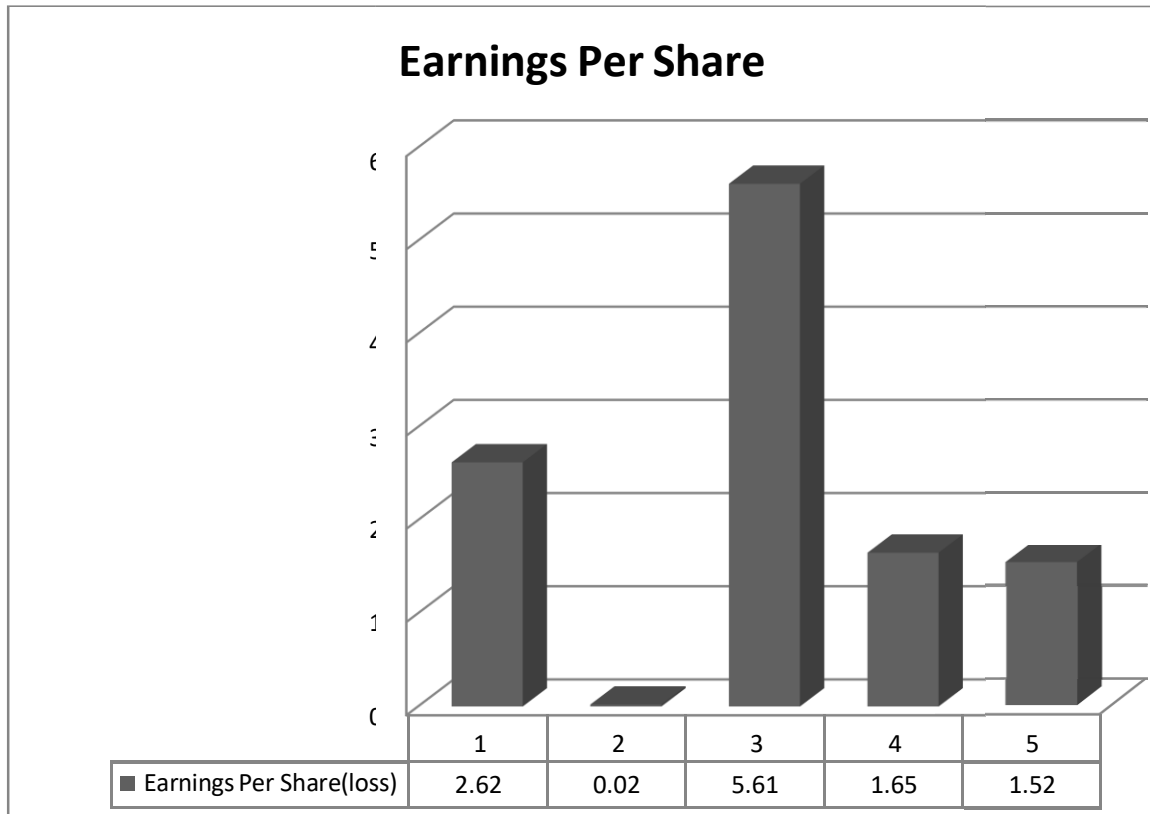
From the above chart it is observed that Asset turnover ratio of Zomato is high in the year 2020 (with a assts turnover ratio of 78.26)

4.4 Earnings Per Share:

An EPS is a number that represents the profit made by a public company for each unique share of stock. It is the statistic that professionals and potential investors cite and rely on the most. There is no overarching formula for calculating an organization's earnings per share. The better it is, the greater the EPS number.

$$\text{EPS} = \frac{\text{Net Income} - \text{Preferred Dividends}}{\text{Common Shares Outstanding}}$$

EARNINGS PER SHARE	
Year	Earnings Per Share
2018	-2.62
2019	-0.02
2020	-5.61
2021	-1.65
2022	-1.52



Interpretation

From the above table and chart it is interpreted that Zomato's Assets Turnover Ratio noted at -2.62 in the year 2018, -0.02 in the year 2019, -5.61 in the year 2020, -1.65 in the year 2021 and -1.52 in the year 2022.

Inference

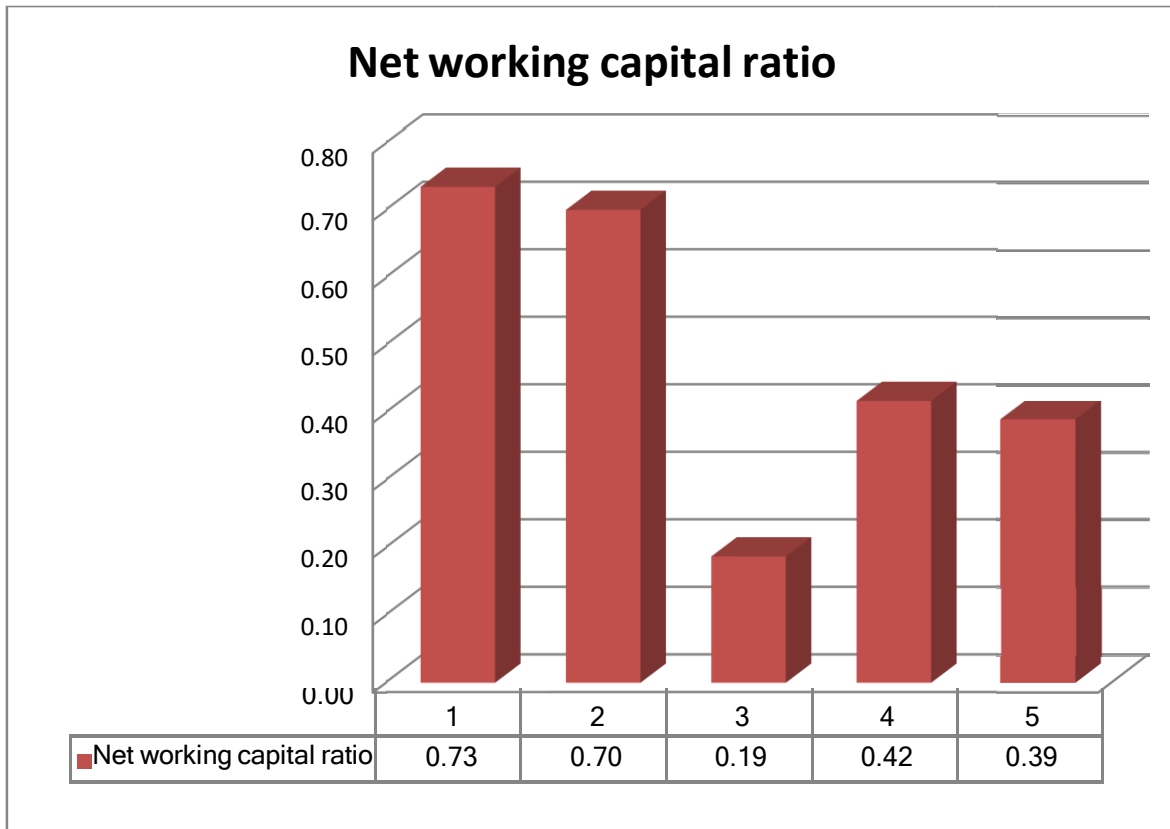
From the above chart it is observed that EPS of Zomato is high in the year 2019 (with a assts turnover ratio of -0.02)

4.5 Net Working Capital Ratio (NWC):

The capacity of a company to cover its current liabilities with its current assets is measured by its net working capital ratio. This ratio gives business owners a sense of their company's liquidity and enables them to assess the overall health of their company's finances.

$$\text{NWC} = (\text{Current assets} - \text{Current liabilities}) \div \text{Total assets}$$

Net Working Capital Ratio(NWC)				
year	current assets	current liabilities	total assets	Net working capital ratio
2018	11105.74	1191.99	13497.12	0.73
2019	29948.54	6731.4	33153.82	0.70
2020	12633.57	7208.33	29003.82	0.19
2021	41505	5177	87035	0.42
2022	74450	7115	173284	0.39



Interpretation

From the above table and graphic, it can be inferred that Zomato's Net Working Capital Ratio was 0.73 in 2018, 0.70 in 2019, 0.19 in 2020, 0.42 in 2021, and 0.39 in 2022.

Inference

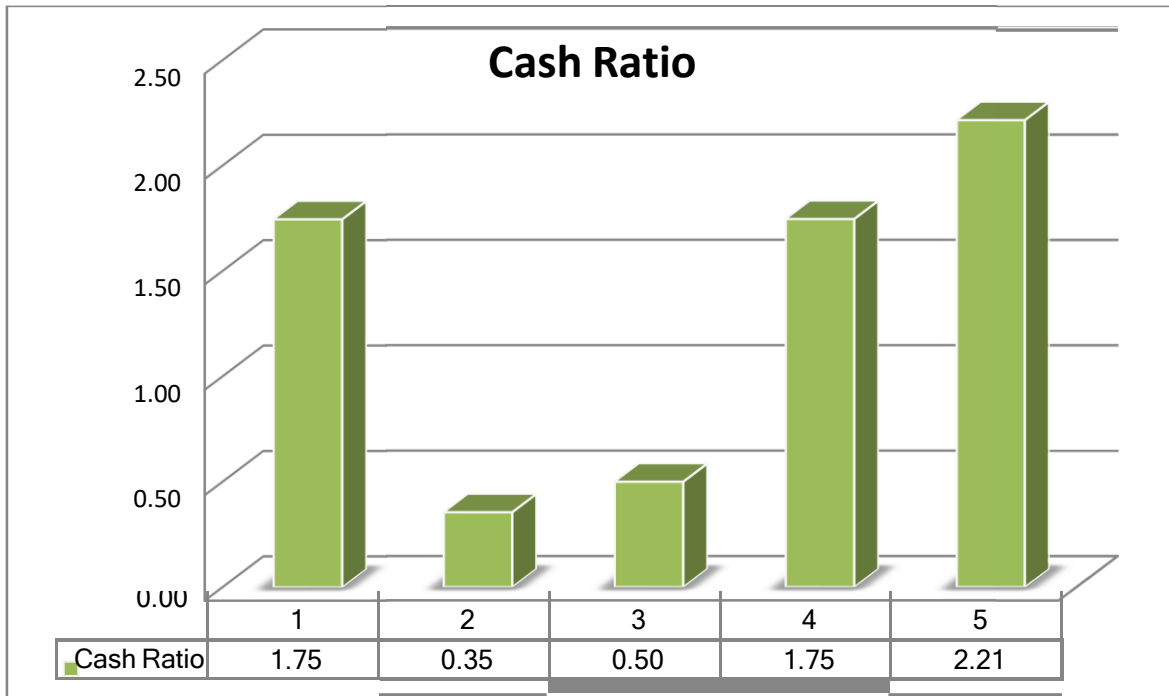
From the above chart it is observed that Net Working Capital Ratio of Zomato is high in the year 2018 (with NWC ratio of 0.73).

4.6 Cash Ratio:

A measure of a company's liquidity is the cash ratio. It particularly determines the proportion of current liabilities to total cash and cash equivalents held by a corporation. The indicator assesses a company's capacity to pay off its short-term debt using cash or resources that can be converted into cash quickly, including readily tradable securities. When determining how much money,

$$\text{Cash Ratio} = \text{Cash} + \text{Cash equivalents} / \text{Current Liabilities}$$

Current Ratio			
Year	Cash	Current Liabilities	Cash Ratio
2018	2080.73	1191.99	1.75
2019	2386.94	6731.4	0.35
2020	3598.84	7208.33	0.50
2021	9036	5177	1.75
2022	15755	7115	2.21



Interpretation

Zomato's Cash Ratio was 1.75 in the year 2018, 0.35 in the year 2019, 0.50 in the year 2020, 1.75 in the year 2021, and 2.21 in the year 2022, according to the above table and graph.

Inference

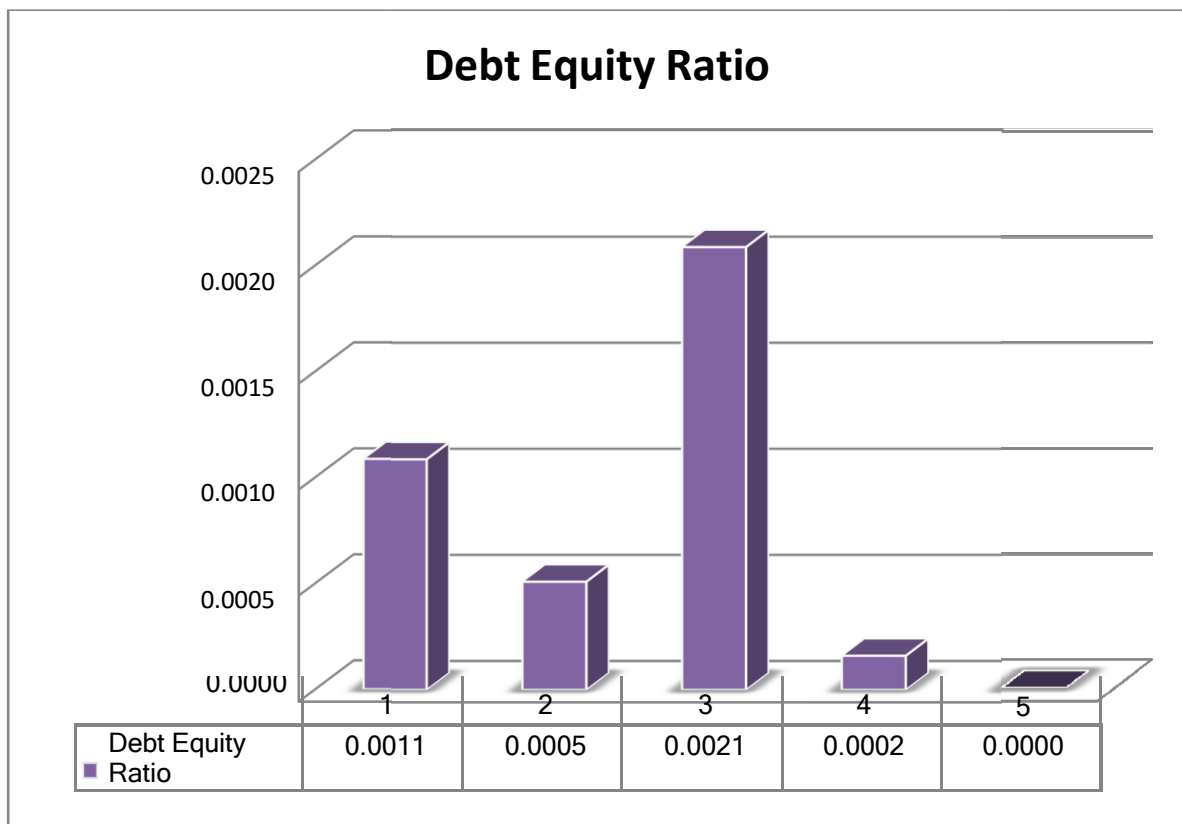
The following chart shows that Zomato's Net Working Capital Ratio will be at a high level in 2022. (with Cash ratio of 2.21).

4.7 Debt Equity Ratio:

The debt-equity ratio is a measure of the relative contribution of the creditors and shareholders or owners in the capital employed in business. Simply stated, ratio of the total long term debt and equity capital in the business is called the debt-equity ratio.

$$\text{Debt Equity Ratio} = \text{Total Debt} / \text{Total Shareholder's Equity}$$

Debt Equity Ratio			
Year	Total Debt	Total Shareholder's Equity	Debt Equity Ratio
2018	13.25	12194.48	0.0011
2019	13.14	25776.23	0.0005
2020	14.68	7032.81	0.0021
2021	13	80930	0.0002
2022	0	164989	0.0000



Interpretation

From the above table and graphic, it can be inferred that Zomato's Debt Equity Ratio was 0.0011 in the year 2018, 0.0005 in 2019, 0.0021 in 2020, 0.0002 in 2021, and 0.00 in 2022.

Inference

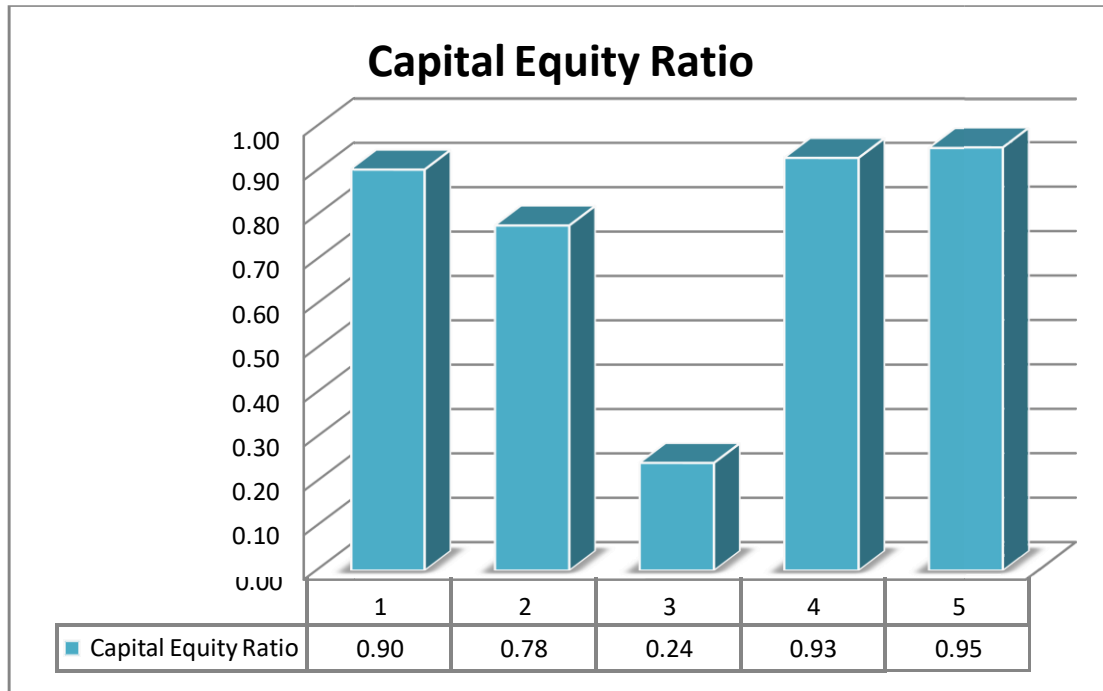
From the above chart it is observed that Debt Equity Ratio of Zomato is high in the year 2020 (with Debt Equity ratio of 0.0021).

4.8 Capital Equity Ratio:

A financial metric called the equity ratio calculates how much leverage a company is using. How well a company manages its debts and funds its asset requirements is determined by investments in assets and the amount of equity.

$$\text{Capital Equity Ratio} = \text{Total Equity} / \text{Total Assets}$$

Capital Equity Ratio			
Year	Total Assets	Total Shareholder's Equity	Capital Equity Ratio
2018	13497.12	12194.48	0.90
2019	33153.01	25776.23	0.78
2020	29003.82	7032.81	0.24
2021	87035	80930	0.93
2022	173284	164989	0.95



Interpretation

From the above table and chart it is interpreted that Zomato's Capital Equity Ratio noted at 0.90 in the year 2018, 0.78 in the year 2019, 0.24 in the year 2020, 0.93 in the year 2021 and 0.95 in the year 2022.

Inference

From the above chart it is observed that Capital Equity Ratio of Zomato is high in the year 2022 (with a Capital Equity Ratio of 0.95)

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1. FINDINGS

- Zomato's Current Ratio is satisfactory between the years 2018 since it shows decreasing trend but after that it is in inclining position in the 2022.
- Total Assets turnover ratio of Zomato is not satisfactory because it is always below one, except in the year 2020 having a value of 1.78.
- The Earnings Per Share for the past 5 years, even there is loss in the 2019 with a loss of 0.02 per share.
- Zomato's Quick ratio is high in the year 2018 with a ratio of 12.18.
- The Net working capital ratio, which was 0.73 in 2018, is considered high.
- The Cash Ratio of starts increasing in upcoming years , in the year 2022 it was 2.21.
- The Debt Equity Ratio is started decreasing from 2020 and debt equity ratio of zomato in the 2022 was 0.00.
- The Capital Equity Ratio of Zomato is increased in upcoming years , which is stated to be 0.95 in the year 2022.

5.2 SUGGESTIONS & RECOMMENDATIONS

- Because the company's current ratio falls short of the target level, it must focus on raising it by boosting current assets
- The company's debt ratio has coming down for the upcoming year.
- increasing sales, the company must keep a good capital-employee turnover ratio.
- The company needs to increase the working capital turnover ratio for efficiency

5.3. LIMITATIONS OF STUDY

- Ratios become reliable only when they are based on correct data.
- Ratios are only means of financial analysis and not an end in itself.
- No fixed standard can be laid down for ideal ratios.
- A change in price level can affect the validity of ratios calculated for different time periods.
- Ratios are useful in judging the efficiency of the business only when they are compared with past results of the business.
- Ratios are based only on the information which has been recorded in the financial statements. Financial statements themselves are subject to several limitations.
- The nature of different sectors is not the only thing that varies, as organisations in the same industry have vastly different sizes and accounting practises, for example. It makes ratio comparison challenging and inaccurate.

5.4. CONCLUSION

The linked data is compared using ratios. A single figure has no value when viewed in isolation, but when it is expressed in terms of a related figure, it produces considerable interferences.

Ratios are relative numbers that show how different variables relate to one another. They are compared in order to be used as financial analysis tools because single ratios, like absolute values, are not very useful.

When analyzing a company's financial performance over time, ratio analysis is extremely important. The profit margin or turnover ratios of a company are impacted by decisions affecting product prices, per-unit costs, volume, or efficiency.

Financial ratios primarily focus on the discovery of significant accounting data relationships that provide decision-makers with information about a company's financial performance.

The process of analysing financial statements involves assessing the relationships between their component elements in order to have a better knowledge of the situation and performance of the company.

Given its numerous drawbacks, ratio analysis should only be used as a tool for analysis and not as a goal in and of itself.

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PROFIT & LOSS STATEMENT (2018 - 2022)

Standalone Profit & Loss account	----- in Rs. Cr. -----				
	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18
	12 mths	12 mths	12 mths	12 mths	12 mths
INCOME					
Revenue From Operations [Gross]	3,611.00	1,635.86	2,130.01	1,142.86	371.03
Revenue From Operations [Net]	3,611.00	1,635.86	2,130.01	1,142.86	371.03
Other Operating Revenues	0.00	78.04	206.34	16.29	0.00
Total Operating Revenues	3,611.00	1,713.89	2,336.35	1,159.14	371.03
Other Income	497.50	131.92	149.41	191.33	17.43
Total Revenue	4,108.50	1,845.82	2,485.76	1,350.47	388.46
EXPENSES					
Employee Benefit Expenses	1,479.00	578.43	621.01	408.90	194.91
Finance Costs	5.50	7.93	11.13	58.48	24.13
Depreciation And Amortisation Expenses	133.40	128.87	73.60	10.01	12.51
Other Expenses	3,759.40	1,469.81	3,922.03	2,631.63	228.70
Total Expenses	5,377.30	2,185.04	4,627.76	3,109.01	460.25
	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18
	12 mths	12 mths	12 mths	12 mths	12 mths
Profit/Loss Before Exceptional, ExtraOrdinary Items And Tax	-1,268.80	-339.22	-2,142.00	-1,758.54	-71.79
Exceptional Items	171.00	-546.79	-309.18	1,188.02	-6.70
Profit/Loss Before Tax	-1,097.80	-886.01	-2,451.18	-570.53	-78.49
Tax Expenses-Continued Operations					
Current Tax	0.20	0.00	0.00	0.00	0.00
Total Tax Expenses	0.20	0.00	0.00	0.00	0.00
Profit/Loss After Tax And Before ExtraOrdinary Items	-1,098.00	-886.01	-2,451.18	-570.53	-78.49
Profit/Loss From Continuing Operations	-1,098.00	-886.01	-2,451.18	-570.53	-78.49
Profit/Loss For The Period	-1,098.00	-886.01	-2,451.18	-570.53	-78.49
	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18
	12 mths	12 mths	12 mths	12 mths	12 mths
OTHER ADDITIONAL INFORMATION					
EARNINGS PER SHARE					
Basic EPS (Rs.)	-1.52	-1.65	-5.61	-0.02	0.00
Diluted EPS (Rs.)	-1.52	-1.65	-5.61	-0.02	0.00
VALUE OF IMPORTED AND INDIGENIOUS RAW MATERIALS					
STORES, SPARES AND LOOSE TOOLS					
DIVIDEND AND DIVIDEND PERCENTAGE					

BALANCE SHEET (2018-2022)

Standalone Balance Sheet	----- in Rs. Cr. -----				
	Mar 22	Mar 21	Mar 20	Mar 19	Mar 18
	12 mths	12 mths	12 mths	12 mths	12 mths
EQUITIES AND LIABILITIES					
SHAREHOLDER'S FUNDS					
Equity Share Capital	764.30	0.03	0.03	0.03	0.03
Total Share Capital	764.30	0.03	0.03	0.03	0.03
Reserves and Surplus	16,002.90	7,754.50	601.41	2,792.09	1,172.31
Total Reserves and Surplus	16,002.90	7,754.50	601.41	2,792.09	1,172.31
Employees Stock Options	0.00	0.00	0.00	172.40	72.43
Total Shareholders Funds	16,767.20	7,754.53	601.44	2,964.52	1,244.77
Hybrid/Debt/Other Securities	0.00	454.93	252.40	243.72	174.38
NON-CURRENT LIABILITIES					
Other Long Term Liabilities	18.40	46.69	1,456.06	48.96	2.53
Long Term Provisions	52.00	19.73	12.87	10.94	5.71
Total Non-Current Liabilities	70.40	66.41	1,468.93	59.90	8.24
CURRENT LIABILITIES					
Trade Payables	393.70	274.07	256.80	315.63	52.05
Other Current Liabilities	252.90	193.45	400.83	228.11	31.50
Short Term Provisions	16.50	4.85	4.95	2.29	1.73
Total Current Liabilities	663.10	472.37	662.57	546.03	85.28
Total Capital And Liabilities	17,500.70	8,748.24	2,985.35	3,814.16	1,512.66

ASSETS					
NON-CURRENT ASSETS					
Tangible Assets	58.30	57.54	93.39	34.32	3.72
Intangible Assets	1,289.20	1,392.97	1,486.12	0.13	0.48
Capital Work-In-Progress	0.00	0.00	0.00	0.32	0.75
Intangible Assets Under Development	0.00	0.13	0.77	0.42	0.54
Fixed Assets	1,347.50	1,450.64	1,580.28	35.19	5.48
Non-Current Investments	3,535.60	311.74	200.31	664.24	417.59
Other Non-Current Assets	5,280.80	3,009.91	22.70	10.33	50.69
Total Non-Current Assets	10,163.90	4,772.29	1,803.29	709.76	473.77
CURRENT ASSETS					
Current Investments	1,600.80	2,194.11	323.92	2,134.25	819.66
Trade Receivables	166.90	123.71	132.72	62.66	19.05
Cash And Cash Equivalents	1,464.70	765.18	279.38	152.51	146.65
Short Term Loans And Advances	375.00	40.00	31.02	4.16	0.02
Other Current Assets	3,729.40	852.95	415.03	750.83	53.52
Total Current Assets	7,336.80	3,975.95	1,182.06	3,104.41	1,038.90
Total Assets	17,500.70	8,748.24	2,985.35	3,814.16	1,512.66