

India food delivery giant Zomato kicks off \$1.3bn IPO

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Zomato, one of India's hottest tech start-ups, dominates the country's booming app-based food-delivery space alongside rival Swiggy.

Food delivery giant Zomato on Wednesday launched its much-anticipated IPO to raise 93.75 billion rupees (\$1.3 billion), India's

biggest this year and the first of a series of public listings by tech unicorns.

Zomato—which counts subsidiaries of Uber and Jack Ma's Ant Group among its existing shareholders—is one of the country's hottest tech start-ups and dominates India's booming app-based food-delivery space alongside rival Swiggy.

Fresh shares priced at between 72 and 76 rupees were issued as part of the initial public offering, which closes on Friday.

Ahead of the IPO, Zomato raised over 41.96 billion rupees (\$560 million) from 186 marquee institutional investors, including global investment funds like Blackrock, Fidelity, JPMorgan and Morgan Stanley.

As of 2.00pm local time (0830 GMT), 10 percent of shares reserved for [retail investors](#) were subscribed more than two times so far.

But there was lacklustre interest in the early hours of bidding for the remaining shares allocated to institutional and high-value investors.

In total, [institutional investors](#) have nearly 75 percent of the IPO reserved for them.

There are high expectations about the growth of the food delivery market in the country of 1.3 billion people and Zomato and Swiggy's delivery riders are ubiquitous in Indian cities.

But there are also concerns that companies like Zomato and Swiggy—which are yet to be profitable due to high start-up and marketing costs—could be overvalued.

Zomato, which operates in 525 Indian cities with more than 32 million Indians visiting the platform every month, lost 8.16 billion rupees in the financial year ending March 2021.

"Zomato has been incurring substantial losses and may continue to incur losses in (the) near future too, given the business is at nascent stage," Mumbai-based investment services firm Motilal Oswal said in a note to clients ahead of the IPO.

Around 30 Indian companies have announced IPO plans this year, including digital payments firm Paytm, backed by Japan's SoftBank as well as by Ma.

Zomato's offering, along with Paytm's, is expected to propel India's IPO market to its best year on record.

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