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A Comparative Study On Financial Analysis Of Swiggy And Zomato

Ms. P. MAHESHWARI ¹

Assistant Professor, Department of Commerce With Professional Accounting

Dr. N. G. P Arts and Science College, Coimbatore, Tamil Nadu, India

DANVANTH N ²

Department of commerce with Professional Accounting

Dr. N. G. P Arts and Science college, Coimbatore, Tamil Nadu, India.

ABSTRACT

This comparative financial analysis will provide the comparison of performance of the two Indian food ordering behemoths—Swiggy and Zomato—between 2020-2024. In research, comparison is done on the liquidity, profitability, efficiency, and solvency basis using key financial ratios. It is secondary data-based and mainly gathered from annual reports and CMIE. The study has shown how much Zomato has progressed to turn profitable and efficient, while Swiggy is too well lit up in liquidity but yet to turn profitable. Such an analysis gives important inputs to stakeholders as well as to investors who are ready to know the market position, the strength and weaknesses of finances of both the companies.

Keywords: Liquidity, Profitability, Solvency, Efficiency, Financial Ratios, Swiggy, Zomato, Food Delivery Sector.

INTRODUCTION

Comparative Financial Statement Analysis involves comparing financial metrics across similar businesses over a given time period. It allows stakeholders to evaluate revenue trends, profitability, operational performance, and risk exposure. In the context of the food delivery industry, Swiggy and Zomato are two dominant competitors. A comparative evaluation offers insights into their growth strategies and financial health.

STATEMENT OF THE PROBLEM

Despite their widespread popularity, both Swiggy and Zomato face challenges such as inconsistent profitability and operational inefficiencies. Swiggy has strong liquidity but continues to post losses. Zomato has shown growth in efficiency but struggles with working capital volatility. This study attempts to answer:

1. How do Swiggy and Zomato compare in terms of revenue and PAT?
2. How do their liquidity, profitability, efficiency, and solvency ratios differ?

OBJECTIVES OF THE STUDY

- To compare the Revenue and PAT of Swiggy and Zomato.
- To evaluate their liquidity, profitability, solvency, and efficiency.

RESEARCH METHODOLOGY

- **Design:** Descriptive and analytical
- **Data Source:** Secondary (Annual Reports, CMIE)
- **Time Period:** 2020–2024
- **Tools Used:** Ratio Analysis, Trend Analysis

ANALYSIS AND INTERPRETATION

1.LiquidityRatios

Quick ratios and current ratios of both companies remained above the thumb rule benchmarks (1:1 and 2:1 respectively) in most years. Swiggy peaked in liquidity in 2022 but showed a decline thereafter. Zomato's liquidity was high in 2021–22 but dropped by 2024.

2.AssetTurnoverRatio

Zomato improved from 0.77 in 2020 to 2.23 in 2024, while Swiggy fluctuated and ended at 0.58. Zomato appears to use its assets more efficiently.

3.Debt-to-EquityRatio

Swiggy maintained a near-zero debt-to-equity ratio after 2021, showing low financial risk. Zomato followed a similar trend, becoming debt-free by 2022.

4.ProfitabilityRatios

PAT as a percentage of capital employed remained negative for Swiggy but turned positive for Zomato in 2023. Zomato also achieved better profitability when assessed against GFA and NFA.

5.WorkingCapitalCycle

Swiggy maintained a stable trend, while Zomato showed high volatility, suggesting fluctuating short-term financial health.

6.CashProfitMargin

Swiggy remained in the negative, though improving. Zomato turned positive from 2023 onward, indicating better financial management.

FINDINGS

- Zomato shows stronger performance in profitability and efficiency.
- Swiggy excels in liquidity management but needs better cost control.
- Both companies have low debt, suggesting low financial risk.
- Zomato's working capital management is inconsistent.

SUGGESTIONS

- **Swiggy** should focus on improving operational efficiency and reducing costs.
- **Zomato** must stabilize its liquidity and working capital.
- Both should maintain low debt levels while seeking ways to scale efficiently.

CONCLUSION

Zomato emerges as the more financially robust entity by 2024, particularly in asset utilization and profitability. Swiggy, though sound in liquidity, must address recurring losses and asset inefficiency. The study highlights areas for improvement and strategic focus for both companies to achieve long-term sustainability and growth.

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