

# Zomato Blinkit Acquisition: A New Era of Quick Commerce Delivery

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**Abstract.** On June 24, 2022, Zomato, a leading Indian food delivery platform, announced the acquisition of Blinkit (formerly Grofers) for \$520 million in equity. This deal followed Zomato's earlier \$100 million investment in Blinkit in March 2022, giving it a 10% stake. Blinkit's major shareholders—SoftBank, Tiger Global, BCCL, and DAOL—received substantial allocations of Zomato shares under the agreement. Founded in 2013, Blinkit evolved from a grocery delivery startup to a quick commerce player, emphasising 10-minute deliveries. Despite Blinkit's sluggish financial performance, Zomato saw strategic value in acquiring the company, leveraging its existing hyperlocal delivery network to strengthen its presence in the fast-growing quick commerce segment. The longstanding relationship between the founders—Deepinder Goyal (Zomato) and Albinder Dhindsa (Blinkit), both IIT-Delhi alumni—would potentially play a pivotal role in the merger. This case raises an important strategic question: Should companies acquire struggling firms for long-term competitive advantage, even at short-term financial risk? This case study is suitable for 2nd year undergraduate management students.

**Keywords:** acquisition, quick commerce delivery, India, supply chain, logistics.

## 1. Introduction

Deepinder Goyal and Pankaj Chaddah launched Zomato, an Indian restaurant aggregator and food delivery business, in 2008. The company increased its operations over time in 23 countries, including at home in India, which included the purchase of 14 businesses in its early years. Albinder Dhindsa and Saurabh Kumar founded Grofers (later renamed as Blinkit), in December 2013 as a platform for instant grocery delivery services.

Deepinder Goyal and Albinder Dhindsa had been friends in their student days at IIT-Delhi. Albinder Dhindsa led Zomato's global operations during its early years before venturing out to establish Blinkit. Zomato CEO Deepinder Goyal was an angel investor in Grofers. In June 2021, Zomato and Tiger Global invested in Grofers, which then achieved unicorn status at a valuation of \$1 billion. In September 2021, Zomato cut its e-grocery arm and gave more backing to Grofers. *This shortened version of the article is for promotional purposes on publicly accessible databases.*

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In December 2021, Grofers rebranded as Blinkit and shut down operations in areas where it could not deliver within 10 minutes.

In March 2022, Zomato stepped in to support Blinkit by extending a loan of \$150 million to help it overcome its cash difficulties. Finally, in June 2022, Zomato acquired Blinkit in an all-stock deal.

## **2. Background of Zomato and Blinkit**

### **Zomato**

The journey began when Deepinder Goyal and Pankaj Chaddah noticed large crowds gathering to view restaurant menus, which inspired them to launch a platform—initially named Foodiebay—that listed and recommended restaurants. The website offered digital versions of menu cards, which significantly saved time for users and quickly gained popularity. As internet traffic increased, the platform became widely accessible across India. In 2010, the company rebranded as Zomato. This was done to avoid a potential trademark conflict with a European company, thus marking the official transformation of the brand.

It expanded in 2011 into major Indian cities, including Delhi NCR, Mumbai, Bangalore, Chennai, Pune, and Hyderabad. It went international in 2012, starting with Sri Lanka, the UK, and the UAE. By 2015 it had a presence in 15 nations. The company soon became one of the major platforms for meal delivery worldwide. It also purchased Seattle-based restaurant discovery business Urbanspoon in 2015, which helped the company expand into the USA and Australia.

After its growth and acquisitions Zomato increased its food delivery services across India in 2015. This was done by collaborating with Delhivery, concentrating initially on restaurants lacking delivery options. Later that year, Zomato purchased NexTable, a US start-up offering online reservation services for dining establishments. In 2017, Zomato introduced a cloud kitchen structure to aid partner restaurants in their expansion. To offer culinary supplies and food ingredients to restaurants from their warehouses, they bought WOTU (We Organize the Unorganised - India's first Business to Business Marketplace) in 2018 and rebranded it as Hyperpure.

Due to COVID-19 in 2020, the company observed a decline in online food orders and an increase in grocery orders. Zomato then began offering online grocery deliveries under the name Zomato Market in more than 80 Indian cities.

Zomato made waves in July 2021 when it went public on the Indian stock market with an initial public offering (IPO) valued at more than \$8 billion. It was one of India's most eagerly awaited IT IPOs at the time.

First-mover advantage was backed by a solid business strategy, and a cohesive team of employees which inspired everyone to succeed via a positive work environment. By monitoring the competition closely and having strong