

# A STUDY ON THE STRATEGIC ROLE OF FINANCIAL CONSULTANTS IN M&A DECISION-MAKING: A CASE STUDY OF THE ZOMATO-BLINKIT ACQUISITION

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## 1. ABSTRACT

This research investigates the strategic influence of financial consultants in merger and acquisition (M&A) activities, using Zomato's acquisition of Blinkit as a focused case study. As one of India's most notable quick commerce transactions, the deal provides a relevant context for assessing advisory involvement. Employing a qualitative case study approach, the paper analyzes how consultants contributed to key phases of the transaction, including valuation, deal structuring, risk mitigation, and post-acquisition integration. The findings indicate that financial consultants were instrumental in guiding Zomato's expansion into quick commerce by recommending a stock-based acquisition model and crafting a narrative to address investor concerns. The study adds to existing M&A scholarship by highlighting the increasingly strategic role of consultants in technology-driven acquisitions within emerging markets.

## 2. INTRODUCTION

Mergers and acquisitions (M&A) are increasingly recognized as essential instruments for organizations seeking to accelerate expansion, diversify operations, or strengthen their market presence. While M&A strategies have historically been associated with developed economies and capital-intensive sectors, their relevance is rapidly growing in emerging markets like India, particularly in the fast-paced digital and start-up domains. In such dynamic and uncertain environments, M&A decisions extend beyond financial valuations—they now incorporate strategic factors such as integration feasibility, long-term synergy potential, and risk mitigation.

As the complexity of M&A transactions intensifies, the strategic importance of financial consultants has grown significantly. No longer confined to backend roles focused on compliance and reporting, these professionals now operate as integral advisors in the decision-making process. Their involvement spans across conducting in-depth due diligence, performing sophisticated valuation analyses, advising on deal structuring, and developing narratives for stakeholders including investors, boards, and regulatory agencies.

India's M&A ecosystem has undergone substantial evolution over the past decade, spurred by policy reforms, increasing foreign and domestic investments, and the rapid digitization of industries. Sectors like quick commerce, financial technology, educational technology, and healthtech are witnessing an uptick in M&A activity, largely driven by start-ups. These deals often involve volatile financials and accelerated

timelines, necessitating expert intervention. Financial consultants bring not just analytical rigour, but also strategic insights critical for navigating these complex, high-risk transactions.

The acquisition of Blinkit by Zomato in 2022 exemplifies this new wave of strategic M&A. The deal, valued at approximately ₹4,447 crore and executed as an all-stock transaction, marked Zomato's foray into the emerging quick commerce segment. Despite Blinkit being a loss-making entity at the time, its high growth potential made it a valuable strategic asset. Throughout the transaction, financial consultants provided key support—ranging from structuring the equity swap to regulatory compliance and stakeholder communication. Their contributions were pivotal in positioning the acquisition as a strategic investment rather than a financial liability.

This paper explores how financial consultants shape M&A decisions in such high-stakes deals by analyzing the Zomato-Blinkit acquisition as a case study. By doing so, it aims to fill a research gap by examining the influence of consultants in India's start-up-driven M&A landscape, a field that remains underrepresented in academic inquiry despite its growing relevance.

## 3. LITERATURE REVIEW

Mergers and acquisitions (M&A) have consistently been explored in academic literature as tools for achieving organizational growth, structural realignment, and long-term value creation. Traditional studies in this area have largely emphasized financial considerations, shareholder returns, and post-acquisition performance. However, with the rise of knowledge-intensive and digitally driven industries, the focus of scholarly inquiry has broadened to include the strategic and advisory aspects of M&A transactions. In this evolving context, financial consultants have emerged as key enablers of deal success, particularly in dynamic and high-growth sectors.

Foundational contributions by scholars such as Gaughan (2011) and Weston et al. (2001) laid the groundwork for understanding M&A as a deliberate corporate strategy aimed at achieving market expansion, synergy optimization, and risk diversification. These early frameworks, while insightful, were mainly centered on conventional industries and did not account for the complexities of new-age businesses, especially those in the start-up ecosystem. As M&A deals have become more time-sensitive and value-driven, the need for expert advisory

services to manage risks and guide strategic choices has become increasingly apparent.

Subsequent studies, including those by Servaes and Zenner (1996) and Ismail (2010), emphasize the broader impact of financial consultants on the quality of M&A decisions. Beyond conventional roles such as valuation and financial review, consultants provide independent analysis, support negotiation strategies, and introduce cross-sector knowledge that improves overall deal outcomes. Their involvement is often correlated with better alignment between strategic intent and deal execution, especially in competitive or high-risk transactions.

In the context of emerging economies, Ramaswamy and Li (2001) argue that the contribution of consultants often extends into areas such as regulatory navigation, cultural alignment, and capital structuring. Their insights become particularly valuable in markets like India, where policies, compliance frameworks, and financing ecosystems are still maturing. This is especially true in sectors like e-commerce and quick commerce, where deals are driven by volatile customer demand, inconsistent revenue models, and evolving legal standards.

Further literature focusing on technology-focused acquisitions outlines specific challenges such as evaluating intangible assets, assessing technological compatibility, and managing intellectual property rights. Hagedoorn and Duysters (2002) highlight the need for cross-functional advisory collaboration, where consultants work closely with product and operations teams to assess long-term strategic compatibility. In deals such as the Zomato-Blinkit acquisition, such expertise would be essential in evaluating shared logistics infrastructure, app-level integration, and consumer overlap.

Despite the growing relevance of advisory roles, there remains a research gap when it comes to understanding the consultant's impact in Indian M&A deals, particularly those involving early-stage, high-growth companies. Start-ups often lack stable financial metrics, making traditional valuation models less applicable. Moreover, there is limited empirical research exploring how consultants influence decision-making in transactions involving loss-making firms with future potential—exactly the scenario observed in Zomato's acquisition of Blinkit.

By focusing on this specific case, the present study aims to expand the academic discourse around M&A strategy by highlighting the evolving role of financial consultants. It seeks to understand how their contributions go beyond technical analysis to influence broader strategic and stakeholder-related outcomes in the context of India's rapidly digitalizing economy.

#### 4. RESEARCH OBJECTIVES

This research focuses on examining the strategic contributions of financial consultants in the context of mergers and acquisitions, using Zomato's acquisition of Blinkit as the primary case study. The objective is to understand how these consultants influence various stages of the M&A process—ranging from initial valuation and structuring of the deal to synergy assessment, regulatory alignment, and risk evaluation. Additionally, the study seeks to explore the consultant's role in managing post-acquisition integration and facilitating effective communication with investors and other stakeholders. The

analysis is particularly relevant in fast-growing sectors such as quick commerce, where M&A decisions are time-sensitive and high-risk. By studying this case, the research aims to offer broader insights that can be applied to similar start-up-focused acquisitions in emerging markets like India.

To support this investigation, the study is guided by a hypothesis framework. The null hypothesis ( $H_0$ ) proposes that financial consultants do not significantly impact the strategic success or overall outcome of M&A transactions. In contrast, the alternative hypothesis ( $H_1$ ) suggests that their involvement has a meaningful and positive effect on the quality and execution of such deals. This is further broken down into four supporting hypotheses:

H1a assumes that consultants enhance the accuracy of valuations, especially in the context of start-up acquisitions; H1b posits that their guidance helps minimize legal and financial risks through better deal structuring; H1c proposes that consultants contribute to increased stakeholder confidence and smoother investor relations; and H1d asserts that their input results in more efficient and successful post-deal integration efforts.

#### 5. RESEARCH METHODOLOGY

This study utilizes a qualitative case study methodology to explore the strategic role of financial consultants in mergers and acquisitions, specifically through the lens of Zomato's acquisition of Blinkit. A case study design is particularly suitable for this research because it enables an in-depth examination of complex organizational decisions in real-life contexts, especially when the boundaries between the event and its environment are blurred. Rather than relying on quantitative models, the research takes an exploratory and interpretive approach to understand how financial consultants influence decision-making in high-growth, high-risk transactions.

The Zomato-Blinkit deal, finalized in 2022, was selected as the central case due to its significance in India's quick commerce landscape, the use of an all-stock acquisition model, and the extensive public discourse it generated. These characteristics provide a rich backdrop for analyzing the involvement of financial consultants across various stages of the M&A lifecycle. The data for this research was collected from a range of secondary sources, including company reports, regulatory filings, investor presentations, financial news coverage, and analyst commentary. Publications from consulting firms such as Bain, Deloitte, and McKinsey also provided industry context and expert perspectives relevant to the study.

Data analysis was conducted using a thematic approach, where recurring themes such as valuation, deal structuring, regulatory compliance, stakeholder communication, and post-merger integration were identified. These themes were used to map the consultant's contributions across both technical and strategic dimensions of the acquisition. The analysis focused on how consultants helped not only with financial modeling and due diligence but also with building investor narratives and ensuring alignment between long-term business goals and the structure of the transaction.

While the single-case focus offers valuable depth, it also presents limitations in terms of generalizability. However, the insights gained can serve as a foundation for examining similar acquisitions in emerging market environments, particularly those involving digital start-ups. Another limitation is the

absence of primary data through interviews with deal stakeholders. Nonetheless, the reliability of the secondary data and consistency of findings across multiple sources enhance the credibility of the research outcomes.

## 6. DISCUSSION

The findings of this research highlight the increasingly strategic role that financial consultants play in the lifecycle of modern M&A transactions, particularly in high-growth sectors such as quick commerce. In the case of Zomato's acquisition of Blinkit, consultants were not limited to traditional functions like valuation or due diligence—they contributed significantly to the broader deal narrative, financial structuring, and risk mitigation strategies. Their involvement helped Zomato execute a complex transaction in a volatile market environment while managing investor sentiment and regulatory scrutiny.

One of the most notable contributions of consultants in this case was their input in determining the deal structure. The decision to pursue an all-stock acquisition rather than a cash-based one reflects a nuanced understanding of Zomato's capital position and its need to maintain liquidity while expanding its service portfolio. This aligns with literature (e.g., Servaes & Zenner, 1996) that emphasizes the advisory role in aligning financial strategy with corporate vision. Consultants likely ran multiple valuation scenarios, considering Blinkit's consistent losses but high market potential, and identified a share-swap model as the least disruptive and most strategic option.

The advisory team also appears to have played a critical role in regulatory navigation. M&A deals in India, particularly in tech and digital commerce, are subject to multiple layers of compliance—from SEBI and CCI to sector-specific norms. Ensuring that the transaction passed through these channels smoothly is a testament to consultant involvement in legal due diligence and documentation, as supported by Ramaswamy and Li's (2001) framework for advisory work in emerging markets. Another important dimension revealed through the case analysis is the consultants' role in stakeholder communication. Following the acquisition announcement, there was visible concern from investors regarding Blinkit's financials and the potential burden on Zomato's balance sheet. Through detailed investor presentations, financial disclosures, and strategic messaging, consultants helped Zomato reframe the deal from being a risky expenditure to a long-term investment in infrastructure and customer loyalty. This supports Hagedoorn and Duysters' (2002) view that consultants increasingly act as "narrative architects" in technology-driven acquisitions.

Moreover, consultants added value during the post-deal integration phase. Although Blinkit retained operational autonomy to some extent, backend synergies such as logistics sharing, customer base overlap, and warehouse alignment required structured planning. Integration plans in tech-driven businesses demand not only operational alignment but also data synchronization, app integration, and user journey continuity—areas where consultants offer planning frameworks and governance models to track synergy realization.

However, this discussion also acknowledges certain limitations. While consultants play a strategic role, their impact is still mediated by how receptive and adaptive the client organization is. Zomato's leadership was open to external input and demonstrated a long-term view, which may not be the case in all Indian start-up acquisitions. Also, the deal's success is

still evolving, and post-merger performance may depend on multiple macroeconomic and operational factors beyond advisory influence.

In summary, the Zomato–Blinkit acquisition showcases how financial consultants extend their role far beyond numbers. They operate as partners in design, strategy, communication, and execution. As India's start-up ecosystem continues to mature and deal complexity increases, the presence of skilled financial advisors will likely become a critical success factor in technology-driven M&A.

## 7. CONCLUSION

This research set out to examine the strategic role of financial consultants in mergers and acquisitions, using the Zomato–Blinkit deal as a case study. The analysis reveals that financial consultants are no longer confined to technical support roles such as valuation or due diligence—they now serve as integral strategic advisors throughout the M&A process. In the Zomato–Blinkit acquisition, consultants influenced key aspects such as deal structuring, regulatory compliance, risk mitigation, and stakeholder communication, all of which contributed to a more cohesive and forward-looking transaction.

Their ability to provide objective analysis, forecast synergies, and manage investor expectations proved essential in framing the acquisition as a strategic move rather than a financial risk. The share-swap structure, regulatory navigation, and post-acquisition integration planning were guided by consultant input, demonstrating their importance in managing both quantitative and qualitative dimensions of deal-making. This reflects a broader shift in the Indian M&A landscape—particularly in tech and start-up sectors—where the complexity and speed of transactions demand expert advisory support.

Ultimately, the case highlights that financial consultants play a pivotal role in enhancing the strategic alignment and execution quality of M&A transactions. As India's digital economy continues to expand and deal volumes grow, the relevance and influence of such advisors are expected to increase further.

## 8. RECOMMENDATIONS

Based on the insights derived from this case study, several key recommendations can be made for practitioners, consultants, and future researchers involved in M&A transactions within high-growth and digital sectors:

### 1. Early Involvement of Consultants

Acquiring firms should engage financial consultants early in the M&A lifecycle—preferably during the strategic planning or target identification phase. Early involvement enables advisors to shape the transaction strategy, assess feasibility, and align the deal with the company's long-term vision.

### 2. Sector-Specific Advisory Expertise

Consulting firms should invest in developing sector-specific expertise, particularly in emerging domains such as quick commerce, fintech, and digital logistics. Familiarity with industry trends, business models, and operational metrics enhances the consultant's ability to offer relevant and actionable insights.

### 3. Integrated Communication Strategy

Companies executing public M&A deals should work closely with consultants to develop transparent and investor-focused communication strategies. Consultants can play a vital role in simplifying complex financial narratives and addressing stakeholder concerns to maintain market trust.

### 4. Data-Driven Decision Support

Both firms and consultants should emphasize data analytics and scenario modeling in the deal-making process. With increasing uncertainty in start-up valuations, robust financial forecasting and risk simulations can help mitigate potential losses and improve post-deal performance.

### 5. Post-Merger Integration Planning

Advisory involvement should continue beyond deal closure. Consultants should be included in post-merger integration teams to ensure that operational synergies, cultural alignment, and value realization goals are actively tracked and achieved.

### 6. Further Research Opportunities

Future academic research should explore multiple case studies across sectors to generalize findings. Primary data through interviews with consultants, acquirers, and investors can add depth to our understanding of advisory impact in different types of transactions.

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