



# Swiggy × Dunzo: M&A Synergy Assessment & Strategic Recommendation

# Executive Summary: Strategic Imperative for Growth

- **Market Opportunity:** Quick commerce market expanding from \$7.1B (2025) to \$35B (2030) at 30–35% CAGR. Instamart's 26% share significantly trails Blinkit (46%) and Zepto (23%).
- **Distressed Asset Window:** Dunzo's financial distress (Reliance ₹1,645Cr write-off) creates a rare acquisition opportunity at attractive valuation.
- **Synergy Potential:** Projected ₹550–700Cr annual synergies across revenue growth, cost efficiencies, and operational optimization.
- **Rapid Payback:** Investment payback within 24 months, demonstrating capital efficiency.
- **Strong Financial Returns:** NPV of +\$87M at \$200M valuation with 43.5% ROI.
- **Scale Achievement:** Combined GMV reaches \$1.5B by 2028, establishing clear market leadership.
- **Recommendation:** Acquire Dunzo at ≤\$200M to capture market share, close competitive gaps, and unlock identified synergies.

# Deal Thesis: Unlocking Strategic Value



## Market Fit: Expanding Reach & Customer Base

- \$35B quick commerce market by 2030
- Instamart stagnant at 26% vs Blinkit 46%
- Hyperlocal perishables gap Swiggy must fill

## Capability Fit: Operational & Technological Edge

- Dunzo's 100+ dark stores
- 50k riders in Tier-1 pockets
- Strong perishables network

## Competitive Fit: Strengthening Market Position

- Rival consolidation (Zomato-Blinkit)
- Acquisition gives 6–8% market share uplift
- ONDC pressure increases need for proprietary infra

# Market Analysis: A Landscape of Rapid Growth and Evolution

## Market Size

Quick commerce: \$7.1B (2025) → \$35B (2030)

Last-mile delivery: \$15–20B (2025)

## Growth Drivers

500M urban population by 2030

900M smartphones

10–15-minute delivery demand

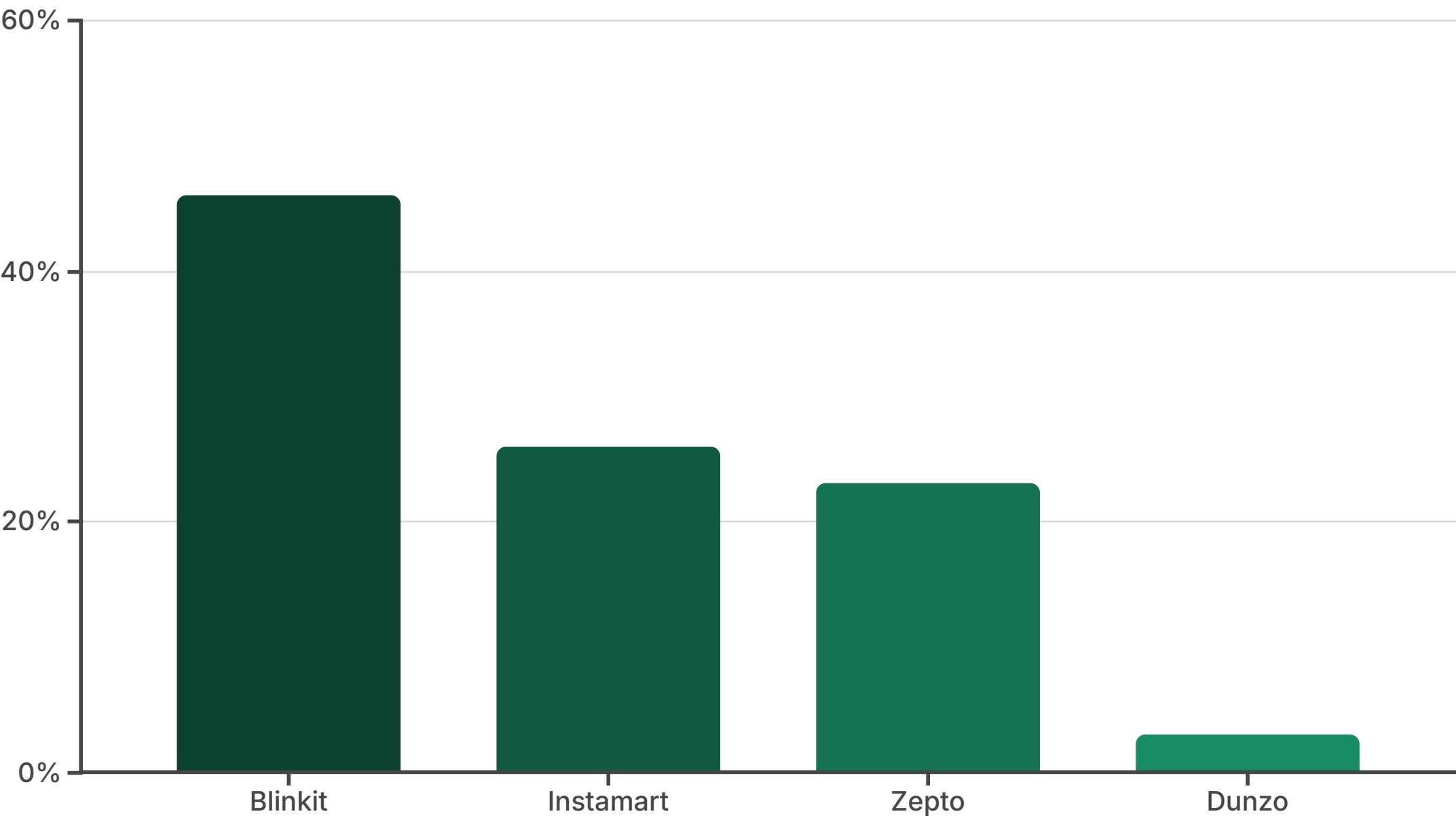
## Trends

1,000+ dark stores by end-2025

EV logistics adoption

ONDC <5% QC penetration

# Competitive Landscape: Market Share & Performance Metrics



Current market share distribution highlights leadership and growth trajectories among key players.

Competitor	Market Share	Key Metric	Status
Blinkit	46%	GOV doubled YoY to \$820M (Q1 FY26)	Aggressive expansion
Zepto	23%	150% YoY growth, ₹11,110Cr FY25 revenue	Rapid scaling
Instamart	26%	Strong food bundling, lagging perishables	Uneven portfolio
Dunzo	<4%	Distressed, heavy losses	Acquisition target

Market consolidation underway. Dunzo's distress creates acquisition window; Zepto and Blinkit's aggressive growth necessitates immediate strategic action.



# Company Deep Dive: Swiggy – Market Leader with QC Headwinds

## Strengths

- 50M+ users, food-first ecosystem
- Bundling drives +18% uplift
- Extensive 500+ city network

## Key Metrics

- GOV: \$8.2B (Q1 FY26)
- AOV: ₹350–400
- CAC: ₹150–200
- Rider utilization: 2.1 orders/hour

## Weaknesses

- QC contribution margin: –5% to +2% (unprofitable)
- Perishables lag vs Blinkit/Zepto
- Instamart stagnation despite scale
- High marketing spend, margin pressure

Market leadership in food delivery masks QC underperformance. Dunzo acquisition critical to close perishables gap and improve unit economics.



# Company Deep Dive: Dunzo – Distressed Asset with Core Strengths



## Strategic Assets:

### Strengths:

- Perishables expertise (fresh produce, dairy)
- Hyperlocal routing algorithms
- B2B kirana tie-ups (untapped channel)

### Weaknesses:

- Brand erosion post-distress
- 15–20% monthly churn
- Limited geographic scale
- Operational inefficiencies

## Financial Distress:

- Annual losses: \$200M+
- Reliance full ₹1,645Cr write-off (Aug 2025)
- Liquidity crisis, funding challenges

## Current Scale:

- GMV: \$180–220M
- 100+ dark stores
- 50k+ riders
- Limited presence: 5 core cities

Dunzo's core assets—perishables network, routing tech, and kirana relationships—are strategically valuable. Acquisition at ≤\$200M captures distressed asset at attractive valuation while preserving critical capabilities.



# Strategic Rationale for Acquisition: Four Pillars of Value Creation

1

## Market Rationale

- Perishables = 60% of QC orders
- Dunzo fills Swiggy's biggest gap
- Enables fresh produce, dairy, meat categories

2

## Density Rationale

- Tier-1 delivery density uplift: +20–25%
- Improved order frequency and AOV
- Reduced delivery cost per order

3

## B2B Rationale

- Kirana network synergy: ₹50–70Cr potential
- Untapped wholesale channel
- Dunzo's existing B2B relationships

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## Competitive Rationale

- Blinkit–Zepto dominance requires consolidation
- Acquisition strengthens market position
- Prevents further competitive erosion

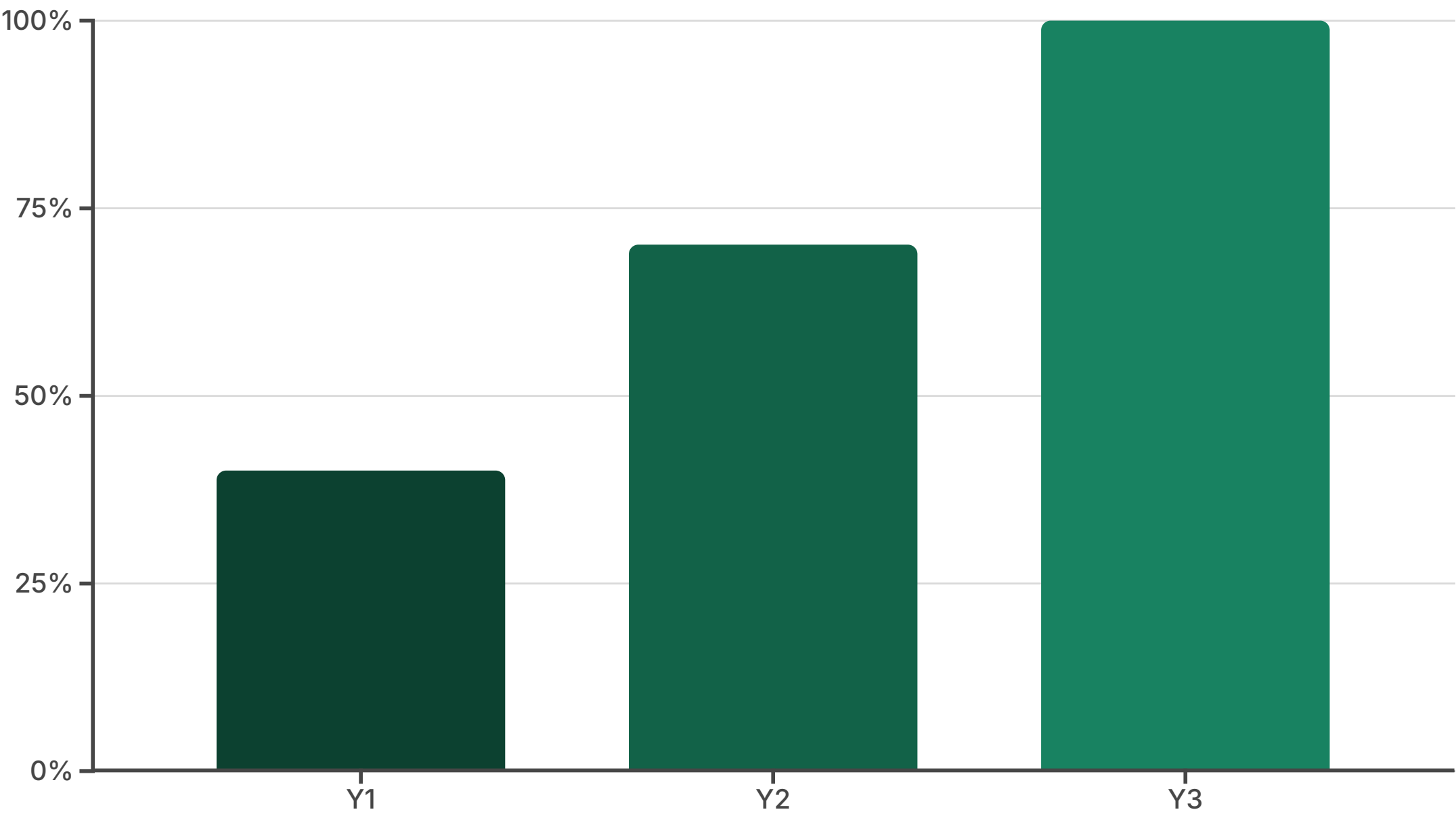





# Synergy Analysis: Unlocking Value Post-Acquisition

Revenue Synergies (₹550–700Cr total)	Cost Synergies (₹370–500Cr total)	Operational Synergies
Cross-sell: ₹180–250Cr	Fleet pooling: ₹220–300Cr	Rider utilization: 2.1 → 3.0 orders/hour
Density: ₹80–120Cr	Dark store consolidation: ₹90–120Cr	SLA improvement: +15%
B2B: ₹50–70Cr	Tech consolidation: ₹60–80Cr	Empty miles reduction: –25%

Synergy Realization Timeline





# Final Recommendation: Proceed with Acquisition



## Acquire Dunzo $\leq$ \$220M

Our analysis supports an acquisition at or below this valuation to ensure attractive returns and manage financial risk effectively.



## Y2 Synergy Thresholds

Establish clear synergy realization targets by Year 2 post-acquisition. **Revenue synergies: \$40M, Cost synergies: \$30M, Operational synergies: \$20M.**



## Monitor Integration Closely

Rigorous oversight of the integration plan, focusing on technology migration, talent retention, and operational alignment.



## Mitigate Identified Risks

Proactive strategies for competitive responses, regulatory compliance, and retaining key Dunzo personnel.

This strategic acquisition presents a compelling opportunity to accelerate Swiggy's growth trajectory, solidify market leadership in quick commerce, and unlock substantial value through identified synergies.