

ZOMATO TO GRANT \$150-MN LOAN TO BLINKIT, PICK UP 16.66% STAKE IN MUKUNDA FOODS

Relevant for: Indian Economy | Topic: Investment Models: PPP, SEZ, EPZ and others

[Food delivery giant Zomato Ltd](#) on Tuesday announced acquisition of 16.66% stake in food robotics company Mukunda Foods Pvt Ltd for \$5 million.

Mukunda is a food robotics company that designs and manufactures smart robotic equipment to automate food preparation for restaurants.

On Tuesday, Zomato shares closed over 3% lower at 76.80 apiece on NSE.

"Their products enable restaurants to scale rapidly while maintaining consistency in food quality and customer experience across multiple outlets. Mukunda also helps restaurants to become more efficient by reducing manpower cost, wastage and increase kitchen throughput. Our investment will help Mukunda Foods scale faster, help reduce restaurant food prices, expand margins, and enhance customer delight," Zomato said in a filing.

"The acquisition will be through subscription of 13,289 Series BI compulsorily convertible preference shares and 10 equity shares collectively aggregating to 16.66% of the share capital of Mukunda Foods Pvt Ltd on a fully diluted basis," the company said.

Zomato has also approved a grant of loan up to \$150 million to Blinkit, formerly Grofers, in one or more tranches and delegated the authority to the senior management of the company to decide the key terms of the loan and execute the definitive documents at a future date.

The interest rate for the loan will be 12% per annum or higher with a tenor of not more than 1 year. This loan will support the capital requirements of Grofers in the near term and is in line with our stated intent of investing up to \$400 million cash in quick commerce in India over the next 2 years.

The investment in debt comes soon after Zomato chipped in an additional \$100 million into Blinkit. Zomato was among the first generation of internet unicorns to tap India's capital market after its \$1.3 billion initial public offering in July.

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