

Olacabs may shell out \$250m for TaxiForSure

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Sign Of Consolidation In Tech-Backed Cab Mkt

In what may turn out to be the first big consolidation move in the techbacked cab services market, Bengaluru-based Olacabs is close to buying out crosstown rival TaxiForSure for an estimated \$200-250 million, sources close to the discussions told TOI.

The deal, a mix of cash and stock, is already sealed and a formal announcement to this effect could be made in the next few weeks, the sources said.

Backed by Japan's SoftBank, Ola's acquisition of the four-year-old startup will make the combined entity a clear leader in India's fastgrowing cab aggregation market, giving it a significant leg up over Uber.

The deal, once it goes through, will also be the biggest M&A in the red-hot consumer internet sector after Flipkart's \$330-million acquisition of fashion e-tailer Myntra last year, first reported by this newspaper.

Myriad investors have lined up to get a slice of India's digital story , backed by the explosive growth of mobile internet, which saw more than \$4 billion in investor money being funneled into early and late stage startups.

TaxiForSure, which has raised more than \$60 million from risk investors, had been scouting for fresh capital but opted for a complete sale. The existing investors also preferred a consolidation deal in a cash-guzzling sector with raging fare wars. TaxiForSure's investors, which include the likes of Silicon Valley funds Accel Partners and Bessemer Venture Partners, among others, may get Ola stocks post the acquisition. The deal would create a local cab services major valued at over \$2 billion and will strengthen Ola's future fundraising plans.

TaxiForSure, like its peers, does not own its fleet of cars. The asset-light strategy simply connects riders to drivers by having taxi operators on its platform.

When contacted by TOI, TaxiForSure's co-founder Raghunandan G said he could not comment on the story at the moment while an email query sent to Ola's cofounder & CEO Bhavish Aggarwal remained unanswered at the time of going to press. TaxiForSure was founded by IIM-Ahmedabad alumni Aprameya Radhakrishna and Raghunandan as a marketplace for taxi operators in June 2011.

HEAD TO HEAD	
OLACABS	TAXIFORSURE
<ul style="list-style-type: none"> ► Founded in 2010 by IIT-B alumni Ankit Bhati, Bhavish Aggarwal ► 1.2 lakh vehicles on its platform (35,000 autos) 	<ul style="list-style-type: none"> ► Founded in 2011 by IIM-A alumni Aprameya Radhakrishna & Raghunandan ► 12,000 drivers on its platform
<p>Amount raised \$276m in 5 rounds</p>	<p>Amount raised \$64m in 4 rounds</p>
<ul style="list-style-type: none"> ► 2 lakh+ rides a day across 67 cities 	<ul style="list-style-type: none"> ► Avg 20k rides a day across 44 cities
<p>Investors SoftBank, Sequoia Capital, Matrix Venture Partners, Tiger Global, Steadview Cap</p> <p><small>(Source: Co numbers)</small></p>	<p>Investors Accel Partners, Bessemer Venture Partners, Helion Venture Partners, Blume Ventures</p> <p><small>(Source: Industry estimates)</small></p>

A source close to the development said on condition of anonymity that TaxiForSure had sent out feelers to Uber as well as radio taxi operators Meru and Carzonrent.

To keep itself afloat, TaxiForSure had raised a bridge round of \$20 million from its existing investors, the source added.

Over the past couple of months, cab aggregators have been buffeted by regulatory issues in the aftermath of the rape of a female passenger by an Uber driver in Delhi. Uber, valued at \$40 billion, has seen its growth stall in the past two months after the incident. The San Francisco-based startup has made aggressive strides into Asia's third largest economy by doling out discounts as it launched in 11 cities in a year.

Japan's SoftBank, which led a \$210-million investment round last year in Ola valuing the taxi aggregator at about \$600 million (pre-investment), has emerged as the biggest challenger to Uber outside of the US. After Ola, Masayoshi Son-led SoftBank invested \$250 million in GrabTaxi in Southeast Asia and \$600 million in China's Kuadi Dache, signalling its bullishness around on-demand transportation apps.

India's taxi market, estimated at over \$10 billion in size, is largely unorganized.