

Ola on Rs 2000cr loss ride

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New Delhi, April 30 (PTI): SoftBank-backed cab aggregator Ola posted a consolidated loss of over Rs 2,311 crore — about Rs 6 crore a day — during fiscal 2015-16, on account of heavy advertising and promotional expenses and high employee cost.

Bangalore-based Ola, locked in an intense battle for leadership with US-based Uber, has seen its losses widen about three times from Rs 796.11 crore in 2014-15, Ola said in a filing with the ministry of corporate affairs.

ANI Technologies — which runs Ola — did see its revenues registering a stellar growth at Rs 758.23 crore during 2015-16 compared with Rs 103.77 crore in the previous fiscal. Emails sent to Ola remained unanswered.

Anchal Agarwal, co-founder of research and analytics firm Tofler, said while the absolute amount of losses has indeed widened, the loss margin has “reduced considerably”.

“They spent almost Rs 8.5 for every rupee earned in 2014-15. That number is down to almost Rs 4 for every rupee earned for 2015-16. With the pull-back in incentives in recent months, it’s possible this has now dropped to levels on a par with e-commerce companies that spend roughly Rs 2-3 for every rupee earned,” she added.

The consolidated numbers include the financials of ANI Technologies, Ola Fleet Technologies (leasing business), Serendipity Infolabs (Taxi For Sure) and Zipcash Card Service (46 per cent ownership).

In August 2016, Ola shut down the TaxiForSure (TFS) business, about 18 months after acquiring the rival for \$200 million.

According to the filing, Ola’s losses were widened on account of employee related

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- Losses up three times last fiscal to Rs 2,311cr or Rs 6cr daily
- Ads and promo expenses up to nearly Rs 440cr from Rs 100cr in 2015-16
- Employee expenses up to Rs 461cr from Rs 85cr
- Revenue up to Rs 758cr from Rs 104cr



expenses rising over five-fold to Rs 461.60 crore in the said fiscal from Rs 85.16 crore in 2014-15.

Similarly, Ola expanded its advertising and promotional expenditure to over Rs 437.89 crore in 2015-16 from Rs 99.84 crore in the previous year.

Both Ola and Uber have loosened their purse strings to bring more riders and driver partners on board, offering them discounted rides and incentives, in a bid to wrest control of the lucrative Indian market.

Over the last few years, the explosion of smartphones in India — the world’s second largest telecom market in terms of subscriber base — has made it more convenient for consumers to book a cab on the go through apps and secure payment options.

Companies such as Ola and Uber have made booking a taxi ride as easy as a couple of quick taps on the phone.

Since ANI Technologies is not a publicly-traded company, it is not obliged to disclose its quarterly performance. It has raised investments of over \$1.5 billion from investors, including SoftBank Group, Tiger Global, Matrix Partners, Steadview Capital, Sequoia India, Accel Partners US and Falcon Edge.