

START-UP CORNER • TRACKING EMERGING INDIA

Autorickshaw app, now gets cabs too

Chandigarh-based auto rickshaw-hailing app Jugnoo enters cab aggregation services and takes on competition, write
Komal Amit Gera and K Rajani Kanth

Chandigarh-based hyperlocal commerce player Jugnoo hit the headlines last week for acquiring BookMyCab, a taxi aggregator operating in Delhi and Mumbai. It was no mean achievement by an eight-month start-up firm, which started with an on-demand auto rickshaw hailing app and diversified into delivery of groceries and home-cooked meals.

The segment is a tough one. However, Samar Singla, co-founder and chief executive officer of Jugnoo, says his company is unfazed by the maneuvers of competitors.

BookMyCab had, in June 2015, obtained a licence from the Delhi government to operate in the National Capital Region. The Delhi licence, which Ola and Uber are yet to obtain, gives Jugnoo first-mover advantage to tap the cab-hailing segment.

"It was an acquisition we could not turn away from. We are a leading licenced player in the taxi aggregation segment in Delhi. BookMyCab gave us a robust platform in Mumbai, where everyone wants to exploit the market," he said, denying any competition with Uber and Ola. Unlike them, Jugnoo will focus on "kaali-peeli" (the traditional black-and-yellow Ambassador taxis) and autos.

Journey so far

SoCoMo Technologies Private Limited, which owns Jugnoo, was started by IIT-

Delhi alumni Samar Singla and Chinmay Agarwal at a one-room office in Chandigarh in November 2014. The start-up offers hyperlocal commerce through three apps — Jugnoo Autos, Jugnoo Meals and Jugnoo Fatafat.

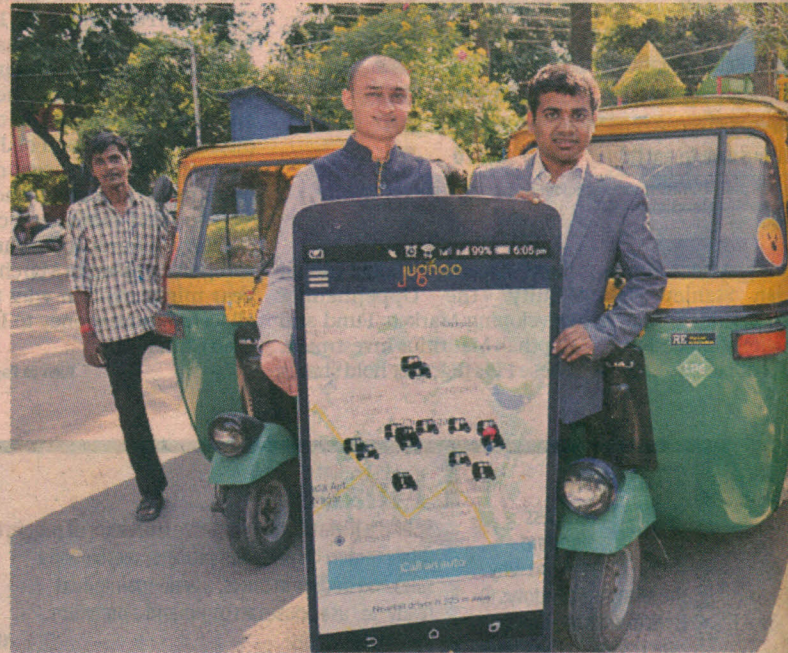
"Consumers want everything delivered to their doorsteps. With the e-commerce boom, it makes sense to extend the services, from fashion to household commodities. We felt the best way to go about this was auto rickshaws," said Singla.

Jugnoo operates in a similar model as taxi aggregator Ola. However, what makes it are the Jugnoo Meals and Jugnoo Fatafat apps.

While the former provide customers with home-cooked breakfast, lunch and dinner, hyperlocal marketplace Fatafat provides daily household and other products such as farm-fresh veggies, fruits, dairy products, cakes and flowers. Some Jugnoo autorickshaws are parked near the market area for quick pick-up and delivery of orders.

"We wanted to crack a market that is less-crowded but can give quick response. Chandigarh is the perfect place, as consumers here are progressive. Though the market is still the nascent, it is very conducive for a start-up company," said Singla.

Food delivery is an area where established cab-hailing players such as Ola have already ventured into. Ola had in



Jugnoo co-founders Samar Singla (left) and Chinmay Agarwal

March this year launched a food delivery feature called Ola Cafe on its app. Currently available only in some parts of Mumbai, Delhi, Bengaluru and Hyderabad, it enables food delivery to users in a 20 minutes.

Some experts in the hyperlocal food delivery space feel this is part of a big valuation bubble coming up.

"Some players are trying to do everything to justify valuation and showcase that they can conquer the world. Much to my surprise, investors seem to be buying this. I don't see many companies trying to build sustainable value," said an expert.

With the acquisition of BookMyCab, Jugnoo enters a few more markets quickly and expands into cab asset as well. But I think Jugnoo will keep itself to the "kaali-peeli" taxi asset only, which has all the necessary compliance as against the debated "yellow-plated" tourist cabs.

Jugnoo has clearly been able to carve out its strength, attract capital and open the sector for more institutional investment.

Mukesh Jha is co-founder and chief executive officer of Autowale, a Pune-based autorickshaw-hailing service

At present, Jugnoo serves 150,000 people across four cities. It plans to expand to more cities and towns across the country over the next five years, even as it is gearing up to venture abroad via joint venture partnerships.

"Our idea is to develop a multi-product app and add a new vertical at regular intervals to cover the entire spectrum of the hyperlocal commerce space," Singla said.

Money matters

Initially bootstrapped, Jugnoo received pre-seed funding of ₹5 crore from a group of angel investors, including Vikas Taneja, senior partner at the Boston Consulting Group, Rakesh Mathur of Junglee.com, and Chris Kolenaty, chief executive officer of Snow Leopard.

In June, Jugnoo raised \$5 million in a Series-A round of funding, led by Snow Leopard, with participation from Paytm.

According to Singla, Jugnoo is now poised to raise \$20 million in a Series-B round to fuel its aggressive pan-India expansion plans. These include enhancing its technology capabilities, launching operations in more cities, and adding 500 skilled personnel to the present 150.

"A strong team is crucial to sustain in this competitive world. Jugnoo's team has a vision. We invested in this as the company not only has an idea but a his

EXPERT TAKE

Jugnoo has shown great promise in the short duration for which it has been around. It has a good technology background and it shows in the quality of the app that it has. However, I am not convinced about Jugnoo's move into providing meals and into the hyperlocal delivery space. I believe it could be more to prove to the market its ability to align to the flavour of the season and clearly food delivery and

hyperlocal have garnered significant investors' eyeballs and cheques.

I admire the work being done by Grofers, Swiggy, TinyOwl etc from a traction perspective. However, it will be interesting to see the unit economics on those platforms as they are mainly using two-wheelers for the deliveries. Using autorickshaw as an asset for delivery and using auto drivers as the face of the company is a very bold step in the hyperlocal delivery and I keep my fingers crossed about its sustainability, scalability and quality of service.

FACT BOX

Inception: November 2014

Area of business: Hyperlocal commerce

Unique selling proposition: Delivery of home-cooked food, household and personal use products

Fundraising: Raised \$5 million in June 2015; plans to raise \$20 million in Series-B round

Investors: Vikas Taneja, Rakesh Mathur, Chris Kolenaty, Snow Leopard and Paytm

Acquisitions: Recently acquired BookMyCab

Revenues: Currently \$120,000 per month; targets \$450,000 per month by the year-end



GLOBAL ROUND-UP

Yahoo! buys Polyvore

Yahoo! Inc is acquiring US-based shopping-service Polyvore, in a bid to improve its online fashion content and boost shopping-related advertising. The transaction is subject to customary closing conditions, the companies said in a statement. Yahoo! chief executive Marissa Mayer is pushing to add more news, entertainment and shopping information to the web portal in order to draw a bigger audience and sell advertising.

SimpliVity IPO by end-2016

SimpliVity Corp, a six-year-old start-up that helps companies manage their hardware, is planning to go public by the end of 2016, said chief executive Doron Kempel. The company, which has been selling software for two years, has increased its customer base to about 550 this year. Valued at more than \$1 billion in its latest funding round, the Westborough, Massachusetts-based company could have Morgan Stanley as an underwriter.

Beer e-tailer raises \$80 mn

Online store Jiuxian, China's top wine and beer e-commerce start-up, has secured \$80 million in a Series-G funding. The start-up has raised a total of \$225 million in total funding since its Series-A in 2011.

Clearpath to build Valley office

Clearpath Robotics, a Kitchener, Canada-based start-up which specialises in the design and manufacture of unmanned vehicle systems, software, and components for academic, industrial and military research and development, has appointed Mike Hanuschik as its new chief product officer. Prior to joining Clearpath, Hanuschik worked with Intuitive Surgical where he led the design and product management of the da Vinci Surgical System. In addition to his new role, Hanuschik will establish Clearpath's Silicon Valley product design office.

GoButler raises \$8 million

GoButler, a Berlin-headquartered start-up, has raised \$8 million in a Series-A round of funding. The round was led by General Catalyst Partners, with participation from Lakestar, Slow Ventures, BoxGroup, Ashton Kutcher and Guy Oseary's Sound Ventures, and Cherry Ventures. General Catalyst's Joel Cutler is now on the board.

If you have any information to share, please write to bsreporter@bsmail.in



and Chinmay Agarwal

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"A strong team is crucial to sustain in this competitive world. Jugnoo's team has a vision. We invested in this as the company not only has an idea but a his-

tory too (hands-on experience of the founders in their past ventures). As long as they continue to create new benchmarks, we can help them in building products and models. The scalability is evident in this model as it makes life more efficient," say Kolenaty.

Going forward

At present, Jugnoo operates in Ludhiana and Amritsar in Punjab, besides Chandigarh. The company recently expanded its horizons to Jaipur and Gurgaon.

"We intend to expand our footprints to over 15 cities across the country by the end of this calendar," Singla said, adding that while Jugnoo app is currently available on the Android and iOS platforms, its technology team is working on the Windows version, which will be rolled out pretty soon.

Jugnoo added meals and grocery categories to its portfolio three months ago, which are contributing about 40 per cent to its overall business. The company is adopting the aggregator model for a mass scale.

"If the volumes increase, we will rope in university and college students for home delivery services. We kept a two-hour window for meal delivery but able to cut it to 40 to 50 minutes and are trying to reduce it to 30 minutes", Singla says, adding that Jugnoo has been growing 20 per cent, week-on-week, and is aiming at garnering revenues of ₹1,000 crore in the next four to five years.