

Two PE Funds Gobble up Minority Holding in Food Portal Justeat

Funds to be used to hire engineers & marketing professionals to scale up technology

PEERZADA ABRAR
BANGALORE

Two private equity firms, Forum Synergies and Spain's Axon Capital, have together bought a minority stake in on-line food ordering portal, Justeat.in. The Bangalore-based company was until now majority-owned by UK-based Just Eat Holdings Ltd, which has diluted a portion of its stake in favour of the new investors. But Forum Synergies, Axon Capital and Justeat's founder Ritesh Dwivedy were not willing to disclose the amount invested.

Thirty-two-year-old Dwivedy, an engineer from IIT Kharagpur, said the company expects to cater to one lakh orders per month in the next one year and earn revenue of ₹50 crore in fiscal 2015.

"Unlike ecommerce, we don't have the luxury to enable the delivery of food in six

days," said Dwivedy who founded the company after he was unable to get good food while working night shifts. "The bottleneck is not the kitchen, but the phone."

Justeat.in, which connects restaurants and consumers, will use the funds to hire engineers and marketing talent to scale up technology and set up operations in Chennai, Hyderabad and Pune. "We think online food ordering is one of the most exciting spaces which can allow us to create and deliver returns for our investors," said Hemchandra Javeri, co-founder and executive director of Forum which has a corpus of around ₹300 crore. The fund has so far invested in companies like electric bike company Ampere and test equipment maker Captronic Systems. "We didn't see many financial models which would balance risks and returns. After our research we believe

Justeat.in has the potential to do that without building this huge capex of overhead and marketing budgets," said Javeri who estimated food ordering business, offline and online, to be a ₹60,000-crore market in the country.

Dwivedy and his team use multiple tools such as website, mobile website and apps to enable quick delivery of food. For instance, whenever a customer places an order through the company, an alarm is triggered in the restaurant computer and the screen freezes until the order is processed. "We had no choice, hungry customers would become angry customers," said Dwivedy. Samir Inamdar, co-founder and CEO of Forum Synergies pointed out it is the

technology that will help the company stay ahead of its competitors without being capital intensive. "India is known for frugal engineering but this is frugal internet model." This month online food and restaurant listings platform Zomato raised ₹227 crore from Sequoia Capital and existing investor InfoEdge in one of the largest funding rounds for a consumer internet company in India.

VALUATION

- ASSETS • BRANDS
- BUSINESSES
- SWEAT EQUITY

ANMOL SEKHRI CONSULTANTS P. LTD.
e-mail: corpassistance@yahoo.co.in
website: www.valuationsekhri.com