

Uber Eats India likely to end up on Swiggy's plate

In what would be one of the most significant consolidation moves in the sector, Uber Eats, the food delivery arm of the global ride-hailing platform, is in final stages of negotiations to sell its India business to rival Swiggy. The deal, which is expected to close by next month, will be Swiggy's largest acquisition till date, and Uber's first divestment of its food business globally. The transaction is likely to be a share swap, sources said, giving Uber about 10% stake in the Bengaluru-based company last valued at \$3.3 billion. The development is in line with Uber's global strategy to cut down on losses as it prepares for a public offering at a possible valuation of \$120-150 billion. For the ride-hailing giant, Uber Eats alone is estimated to be valued at over \$20 billion. The business generated \$1.5 billion in revenue globally in the first quarter of 2018, according to US-based tech news portal.

In the past year or so, both Swiggy and Gurgaon-based Zomato have been raising capital as they have gone on a tear to acquire new customers. Along with these two, the market has seen heightened discounting by Uber Eats and Ola's Foodpanda which has led to high cash burn by these companies.

Swiggy burns about \$40-45 million a month on its food business, according to industry estimates. The deal talks come at a time when Uber's India rival Ola has put its food business under Foodpanda in the slow lane, and cut marketing and customer acquisition costs by two-thirds. The company is now focusing on its own private labels and cloud kitchens which include The Great Khichdi Experiment, Lovemade and FLRT brands.