

# Uber's India arm makes profit in first two years of operation

By [Sagar Malviya](#), ET Bureau | 22 Jan, 2016, 10.43AM IST

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MUMBAI: Uber India Systems, a local unit of the taxi aggregator, has made a marginal profit in both the years it's been present in the country. Startups generally burn through cash in the initial years as they acquire scale and customers.

The company, which provides marketing and support services to Uber, posted a net profit of Rs 3.2 crore on income of Rs 69 crore in the year to March 2015, according to a Registrar of Companies filing. In the year before that, [Uber India Systems](#) made a profit of Rs 7 lakh on income of Rs 2.2 crore.

Uber's India operations as a whole could still be hewing closer to typical startup behaviour than the numbers suggest but the taxi app model does differ from other ecommerce segments, said an expert.

"Uber must still be making losses," said [Harminder Sahni](#), managing director of [Wazir Advisors](#).

"The losses could be either parked in some other company within India or even abroad to help lower the tax burden. But this segment will surely make money sooner than retail ecommerce. Taxi app companies are more efficient in people and technology costs," he said.

Another of the company's registered units, Uber India Technologies, hasn't filed its financials yet. Uber didn't respond to an email seeking details about its operating structure in the country and its performance. India's taxi market, estimated at more than \$10 billion, is still largely un-organised even as aggregator services backed by technology and increased smartphone usage are fast changing the segment.



Uber competes with homegrown startup Ola, the country's largest cab-hailing service. Taxi owners and cab companies are also looking for ways in which they can compete with the aggregators.

Uber cofounder [Travis Kalanick](#) has big plans for the country. During his recent visit to India, he said the San Francisco-based company could double its pledged investment of \$1 billion if it sees more than five times the return. Uber's market share in India has surged, he said.

"In January this year, Uber has a market share of about 40 per cent from 4 per cent in January last year," he said during a talk at IIT-Bombay on Tuesday. Uber said last year it would pump \$1 billion into India, where it expects to hit one million rides daily by March.

But generating that level of return won't be easy. While Uber has been aggressively investing to launch new services, discounting schemes and driver initiatives to grab market share, it's still behind Ola, which has raised more than \$1.3 billion. [Ola](#) already logs a million rides a day through 2.75 lakh cabs and 75,000 autorickshaws in over 100 cities. It is aiming for three million rides a day by April 2016.

Uber is also finding that its rivals are joining forces. Ola, China's Didi Kuaidi, US-based Lyft and Malaysia's GrabTaxi have announced a global ridesharing partnership. The key lies in recruiting as many drivers as possible, an expert said. "The business model is have more drivers on the road, earn commission on rides and plough it back to drivers as incentives. So, if one has enough vehicles, it can surely make money," said [VG Ramakrishnan](#), managing director at Aventurem Advisors.

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