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Online car retailer Spinny raises \$43.7 mn from Nandan Nilekani's VC firm

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MUMBAI: Spinny, an online used car retailer, on Monday said it has raised \$43.7 million in Series B round of funding from The Fundamentum Partnership, a venture capital (VC) firm co-founded by Infosys Ltd chairman Nandan Nilekani. The Fundamentum Partnership invests in mid-stage technology companies in India.

US-based venture capital firm General Catalyst Partners and Korean financial services conglomerate KB Financial Group, along with existing investors Accel Partners, SAIF Partners and Alteria Capital, were the others who participated in this round of fundraising.

"With the increase in disposable income levels and evolving consumer demand, we want to be the market leader in the organised used car market segment, and provide our customers a completely trustworthy and hassle-free buying experience," said Niraj Singh, co-founder and chief executive officer of Spinny.

Founded in 2015 by Singh, Mohit Gupta and Ramanshu Mahuar, Spinny is an online-to-offline pre-owned car sale platform that allows customers to find and select vehicles on its website and make the final purchase offline at a Spinny Car Hub.

The company currently operates out of Delhi, Noida, Gurugram and Bengaluru, and has sold close to 10,000 cars through its platform. It plans to use the funds to invest in technology, strengthen its business, enhance customer experience and expand to newer cities.

In April, Spinny had raised funds in its seed round from Blume Ventures and Simile Ventures, and recently, closed its Series A round of \$13.2 million co-led by SAIF Partners and Accel. It had also raised ₹20 crore in venture debt from Alteria Capital, which provides loans to startups.

Founded in 2017 by Nilekani and former Helion Ventures partner Sanjeev Aggarwal, Fundamentum Partnership started with an initial corpus of \$100 million extendable to \$200 million. It invests in consumer technology businesses, with an average investment size of \$10-25 million in companies that have attained the product market fit, have an initial momentum and look to scale up.

"I like full stack businesses that are building competitive differentiation as they scale. The Fundamentum team was impressed with Spinny team's ability to use technology to solve operational friction in the business, and thereby build a sustainable advantage. This fits into Fundamentum's thesis of backing long term oriented entrepreneurs to solve complex business problems using technology and who aspire to build a company at scale and to last," said Nilekani, who is also the chairman of Fundamentum.

Once the transaction is complete, partner at The Fundamentum Ashish Kumar will join Spinny's board.

The fundraising comes at a time when online car retailing startups, particularly in the used car segment, are seeing higher investor interest as domestic car sales have been falling due to economic slowdown and supply chain challenges due to the coronavirus outbreak.

Maruti Suzuki India Ltd, Hyundai Motor India Ltd, Mahindra and Mahindra Ltd (M&M) and Tata Motors Ltd reported total sales of 197,080 vehicles for February, a 12% drop from 224,241 units sold a year ago.