

Ritesh Agarwal

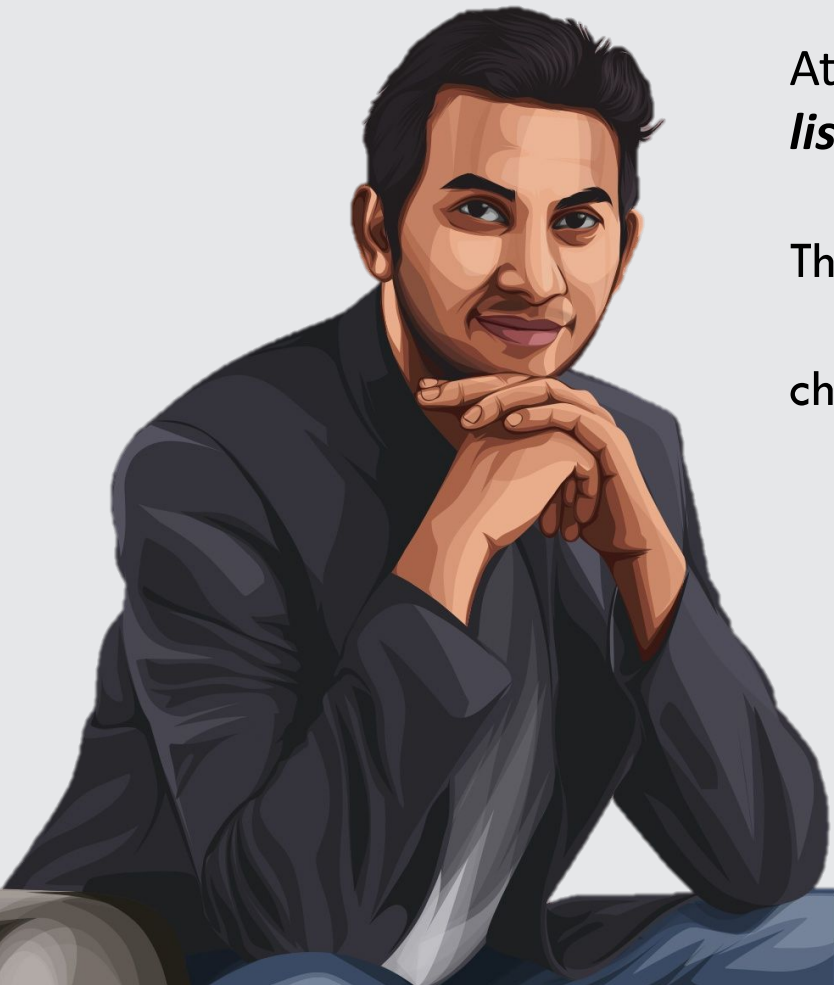
CEO and Founder of OYO

A drop-out from *Indian School of Business & Finance* in Delhi.

At just the age of 17, he launched *Oracle travels*, a site for *booking & listing budget-friendly* hotels.

The goal was to create an Indian version of  **airbnb**

changed Oracle to **OYO** in 2013.



OYO Rooms



OYO IPO Case Study – Business Model & Financial Performance

Dr. Himanshu Jain
PIET



Objectives

Following are the objectives of the case study:

- To study the financial performance of OYO Rooms.
- To study the process of launch an Initial Public Offer(IPO).
- To study the recent IPOs in the market.

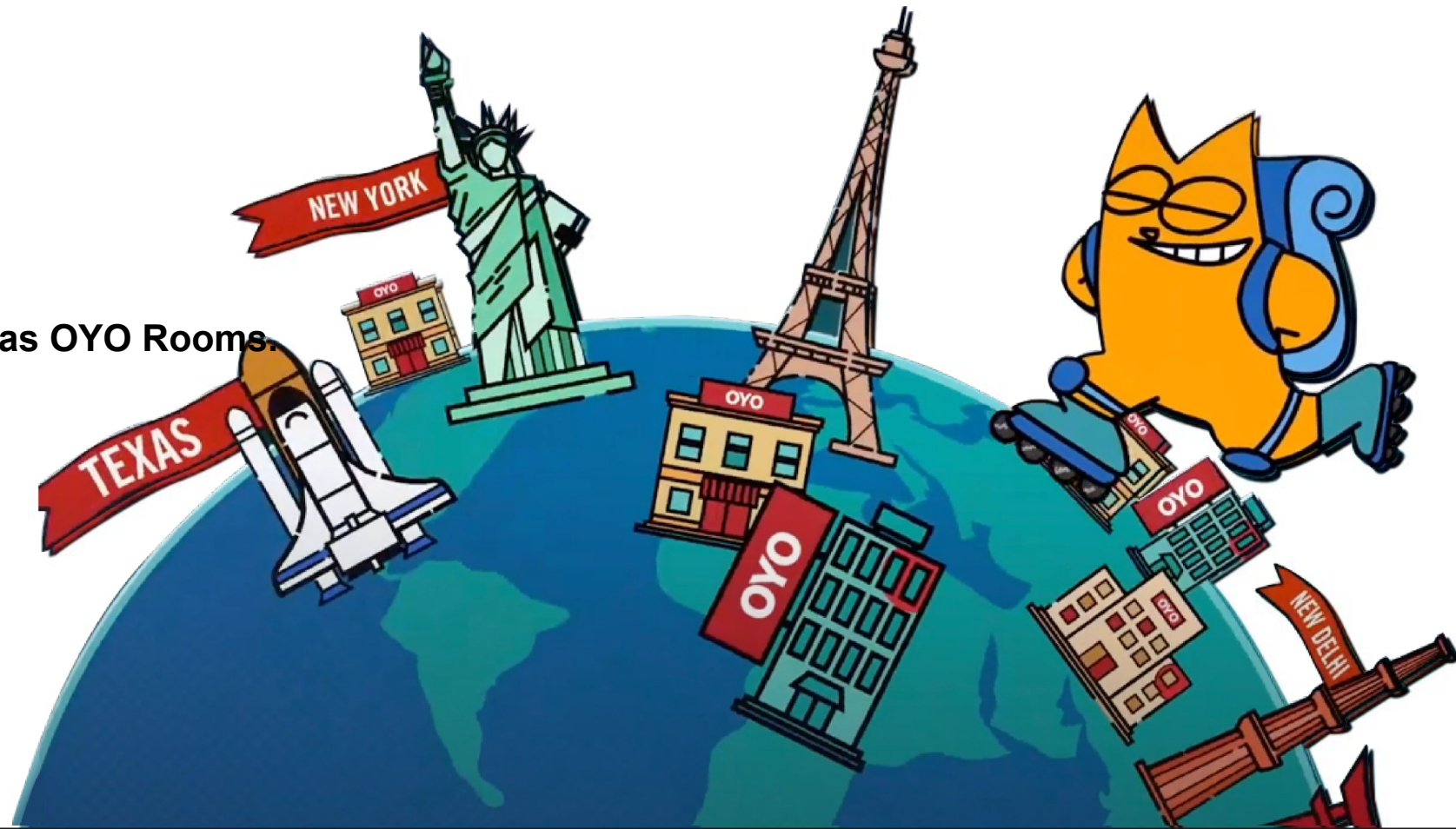




Our Mission

Oravel Stays Limited doing business as OYO Rooms.

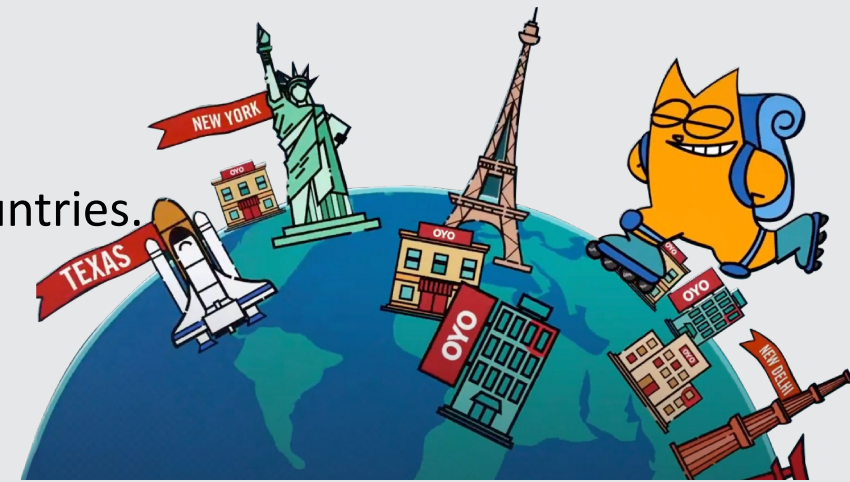
OYO is a global platform that empowers entrepreneurs and small businesses with hotels and homes by providing full stack technology that increases earnings and eases operations. Bringing affordable and trusted accommodation that guests can book instantly.



OYO Rooms-Business Model



- Rent a part of the Hotel's inventory beforehand.
- Organize those hotel rooms under the brand name – OYO Rooms
- Standardize them according to the terms and conditions mentioned in the contract.
- Make the booking experience hassle-free for customers through website and mobile applications.
 - Standardization
 - Affordability
 - Technology
 - Variety
- Oyo operates over 1,57,000 storefronts (hotels and homes) across 35 countries.
- Key markets are India, Europe, Malaysia and Indonesia.



India, Malaysia,
Indonesia &
Europe account for
more than 90% of
the hotels listed

claims
second-largest
loyalty program in
India with 9.2
million
subscribers

5,130
employees

OYO app has
been downloaded
more than 100
million times

Over 1,57,000
storefronts (hotels
and homes) across
35 countries

159 trademarks like
OYO hostels, OYO
Money, OYO Rooms,
OYO Homes
Weddingz.in, etc.



Major Competitors

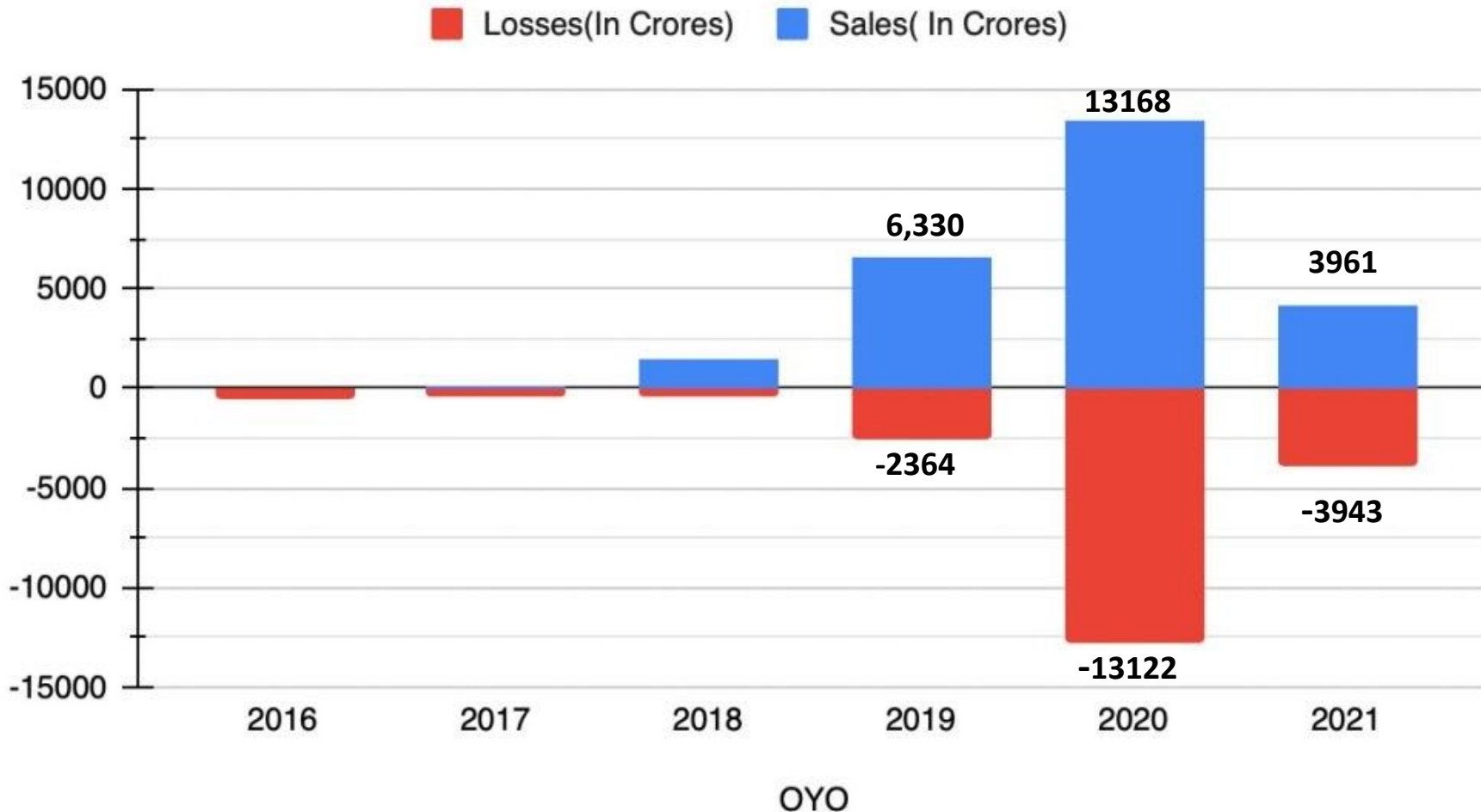
- MakeMyTrip,
- EaseMyTrip,
bookyourown.net,



OYO Rooms-Financial Performance



Sales and Losses



- monthly cash burn is in the range of \$4-5 million across businesses
- No timeline has been given that when company is planning to become profitable

OYO Rooms-Financial Performance



- The company has reported losses in every year of its operations since its inception.
- *A large part of these losses* can be attributed to the:
 - ✓ *fast expansion in newer geographies* and **newer businesses**,
 - ✓ *deep discounting*,
 - ✓ *building technology* and *renovating the hotels*.
 - ✓ OYO has also been on an **acquisition** spree completing 10 acquisitions out of which **8 acquired came** in 2018 & 2019. It stood at USD 591 million.





Trending > #Nifty50LIVE #FuelPrices #RussiaUkraineWarLIVE #HDFCTwins #KarnatakaBankShares #Storyboard18 #MindMatters #TheMedicineBoxPodcast #HaptikCustomerFirst

LIVE TV

SECTIONS

- MARKET
- STOCKS
- MONEY
- COMPANIES
- ECONOMY
- CRYPTOCURRENCY

TRENDING TOPICS

MULTIMEDIA



Bleeding unicorns: Oyo loses Rs 76,000 every minute, Swiggy Rs 25,000; how startups are performing?



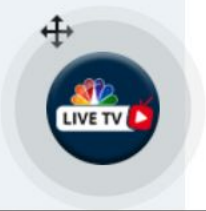
By Sandeep Singh | Feb 19, 2022, 11:52 PM IST (Updated)



Ad

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OYO Rooms- Notable Acquisitions



@Leisure Group
1980, Amsterdam
Acquired for \$ 415M



MDI
1980, Japan
Acquired for \$ 100M



Innov8
2015, Delhi
Acquired for \$ 32M



Danamica
2016, Copenhagen
Acquired for \$ 10M



AblePlus
2016, Mumbai
Amount undisclosed



DoneThing
2015, Gurgaon
Amount undisclosed



WeddingZ
2014, Mumbai
Amount undisclosed

+2 more



OYO Rooms- Funding Snapshot



OYO so far has raised close to \$4.1 Bn from 26 investors.



ORGANIZATION

OYO

CONNECT TO CRM

SAVE

Summary

Financials

People

Technology

Signals & News

Highlights

Investments

1

Funding Rounds

22

Total Funding Amount

\$3.1B

Lead Investors

12

Investors

28

\$ Funding

OYO has raised a total of \$3.1B in funding over 22 rounds. Their latest funding was raised on Jan 13, 2022 from a **Secondary Market** round.

OYO is funded by 28 investors. **Qatar Insurance Company** and **Microsoft** are the most recent investors.

OYO has invested in **OYO LIFE** on Oct 30, 2018. This investment - **Funding Round - OYO LIFE** - was valued at \$3B.

OYO has acquired 7 organizations. Their most recent acquisition was **Danamica** on Sep 2, 2019. They acquired **Danamica** for \$10M.

OYO Rooms- Fundings



DATE	INVESTORS	AMOUNT	ROUND
Oct 2012	Ravi Kiran, Shravan Shroff, Anand Ladsariya, Amit Patni & Bharat Banka	N/A	Seed
Feb 2014	Lightspeed Venture Partners & DSG Consumer Partners	N/A	Seed
Jun 2014	Lightspeed Financial & DSG Consumer Partners	N/A	Seed Not yet verified
Mar 2015	Lightspeed Venture Partners, Sequoia Capital & Greenoaks Capital Partners	\$25m	Series A
Aug 2015	SoftBank	\$100m Valuation: \$300m	Series B
Apr 2016	SoftBank	\$200m	Series C
Aug 2016	Lightspeed Venture Partners, Sequoia Capital, Greenoaks Capital Partners & SoftBank	\$90m Valuation: \$370m	Series C
Sep 2017	Lightspeed Venture Partners, Sequoia Capital, Greenoaks Capital Partners, SoftBank & Hero Enterprise	\$250m Valuation: \$600m	Series D
Sep 2017	Huazhu Hotels Group	\$10m	Series D
Sep 2018	Lightspeed Venture Partners, Sequoia Capital, Greenoaks Capital Partners & SoftBank	\$1.0b Valuation: \$5.0b	Series E

OYO Rooms- Fundings

DATE	INVESTORS	AMOUNT	ROUND
Dec 2018	Grab	\$100m	Series E
Feb 2019	Didi Chuxing	\$100m Valuation: \$5.0b	Series E
Apr 2019	Airbnb	\$75m Valuation: \$5.0b	Series E
Dec 2019	Ritesh Agarwal	\$693m	Late VC
Mar 2020*	SoftBank & Ritesh Agarwal	\$807m	Series F
Nov 2020	Oravel	\$85.8m Valuation: \$8.0b	Late VC
Jan 2021	Hindustan Media Venture Limited	\$7.3m Valuation: \$8.0b	Series F
Mar 2021	SoftBank	\$204m	Debt
Jul 2021	Fidelity, Värde Partners & Citadel	\$660m	Debt
Aug 2021	Microsoft	\$5m Valuation: \$9.6b	Late VC
Dec 2021	N/A	\$500m	Debt Not yet verified
Total Funding		\$ 3.5b	

Oravel Stays Limited (OYO Rooms)- IPO Information



- **Valuation**

The hotels aggregator was aiming for a valuation of \$12 billion.

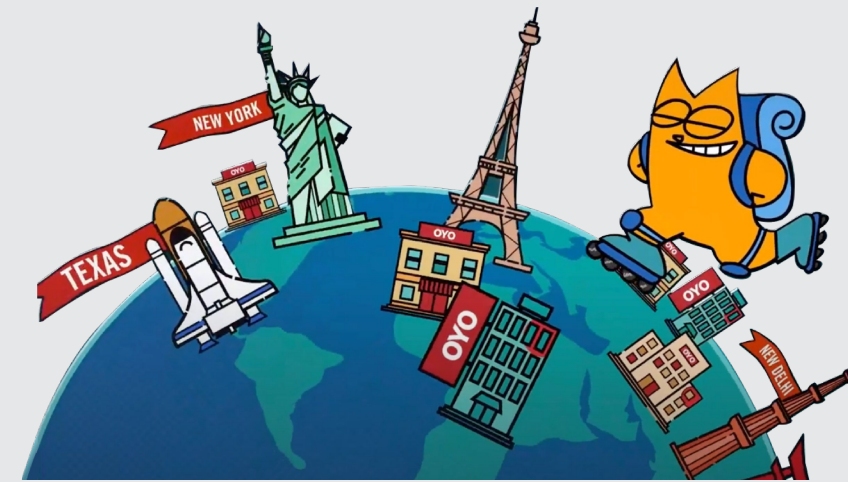
(Valuation at \$9.6 billion at the time of Microsoft's investment in September 2021).

- **IPO Size**

Issue size combines a fresh issue of Rs. 7,000 crore and an offer for sale of Rs. 1,430 crore means total Rs. 8,430 crore (\$1.2 Bn).

- **IPO share price**

The price band is yet to be finalised and announced.



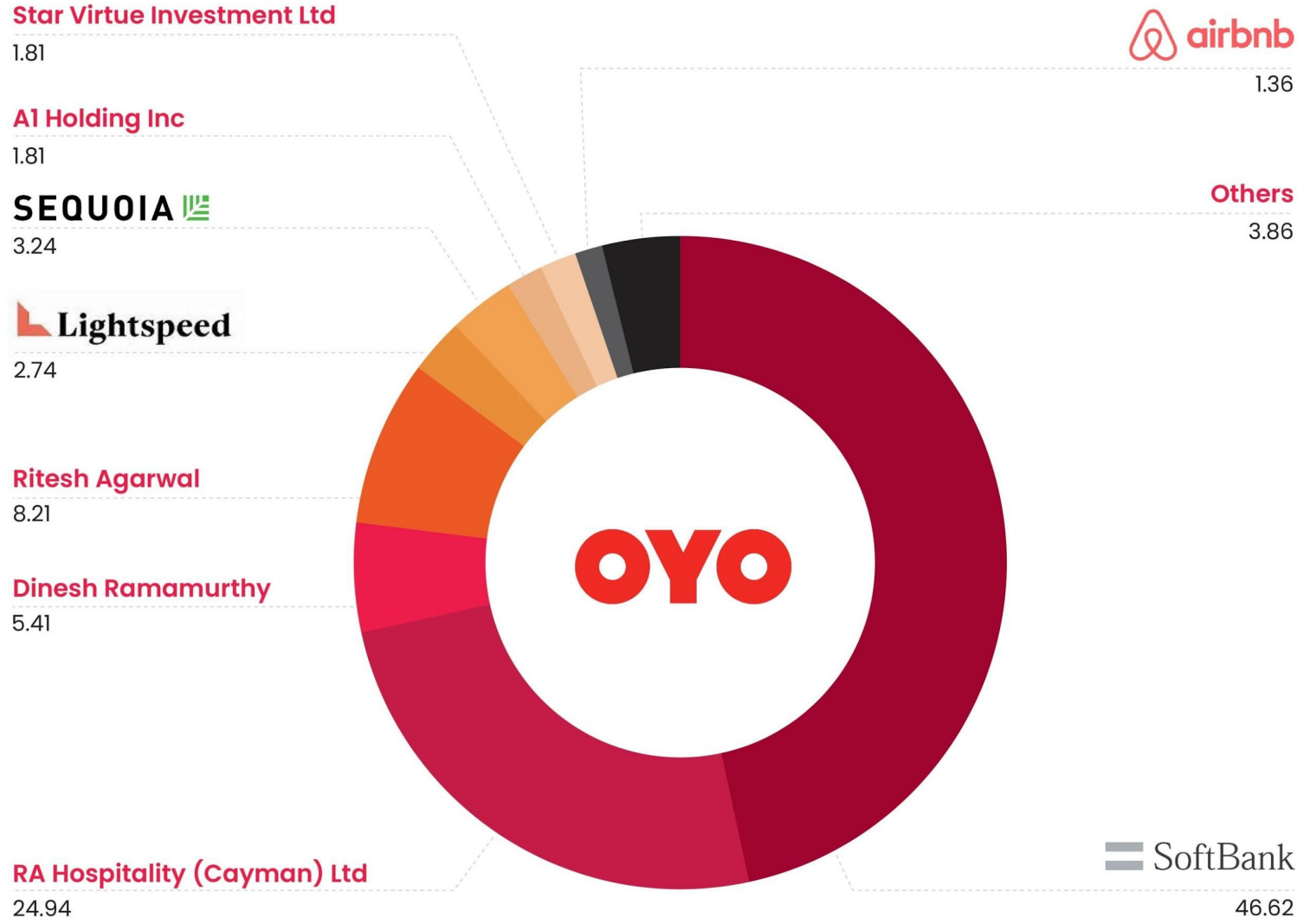
Shareholding Pattern (96.14% Equity Shares)

Including Shareholders holding 1% or more of the paid-up share capital only

Current shareholders will be offloading these shares amounting to INR 1,430 Cr via OFS, which include maximum from SoftBank with a plan to sell a stake worth Rs 1,328.53 crore

Agarwal, the CEO and Founder won't be selling his stake in the proposed IPO.

A Look Inside Oravel Stays' Shareholding Structure



Shareholding Pattern (96.14% Equity Shares) Including Shareholders holding less than 1% of the paid-up share capital only

According to regulatory filings accessed by Inc42, OYO would have allotted:

- 1,833 and 2,273 equity bonus shares to its founder Ritesh Agarwal and OYO's holding entity RA Hospitality Holdings respectively.
- The hospitality giant's investor SoftBank has received 79 bonus equity shares, whereas Lightspeed Venture Partners has been allotted 49 bonus equity shares.
- Others who have been allotted bonus equity shares include OYO's chief human resource officer Dinesh Ramamurthi, Sequoia Capital, Ivy Ventures, Do Moonstone Advisors, DIG Investments, Vinod Sood, Anuj Tejpal, and Misha Kohli.



8. Details of the Shareholding of the major Shareholders of our Company

- (1) Set forth below are details of Shareholders holding 1% or more of the paid-up share capital of our Company on a fully diluted basis as of the date of this Draft Red Herring Prospectus:

S. No.	Name of Shareholder	No. of Equity Shares held on a fully diluted basis*	Percentage of the pre- Offer share capital on a fully diluted basis* (%)
1.	SVF India Holdings (Cayman) Limited	2,965,840,000	46.62
2.	RA Hospitality Holdings (Cayman)	1,587,000,000	24.94
3.	Dinesh Ramamurthi, (Trustee of Oravel Employee Welfare Trust)	344,000,000	5.41
4.	Ritesh Agarwal	522,360,000	8.21
5.	Sequoia Capital India Investments IV	205,960,000	3.24
6.	Lightspeed Venture Partners IX, Mauritius	174,280,000	2.74
7.	A1 Holdings Inc.	115,240,000	1.81
8.	Star Virtue Investment Limited	115,360,000	1.81
9.	AirBnB Inc.	86,520,000	1.36
	Total	6,116,560,000	96.14

**Assuming conversion of 1,183,930 Issued Preference Shares to a maximum of 4,735,720,000 Equity Shares, and exercise of vested stock options. For details of the proposed conversion of Issued Preference Shares to Equity Shares, see “– Share Capital History of our Company – Conversion of Issued Preference Shares” on page 135. The specific number of Equity Shares that each of such Issued Preference Shares will convert into shall be determined at the time of conversion, prior to the filing of the Red Herring Prospectus with the RoC.*

OYO Plans to Use Its IPO Proceeds as per DRHP



- **Repayments/ Pre-payments:** OYO plans to utilize nearly 29% of its net proceeds from the IPO to repay part of the borrowing stood at INR 2,848.79 at the end of the financial year 2020-21.
- It plans to mobilize another INR 2,900 Cr towards organic and inorganic growth initiatives and
- the rest will be put into general corporate purposes.



Investment Bankers for the IPO



- Kotak Investment Banking, JPMorgan Chase & Co. and Citigroup Inc. are the global coordinators and bookrunners for the IPO.
- ICICI Securities, Nomura Holdings Inc. and JM Financial Ltd. are the other bookrunners.



Key Question



- Should OYO go for Initial Public Offer(IPO) or generate funds from its existing venues?
- What is the Process of Initial Public Offer(IPO)?





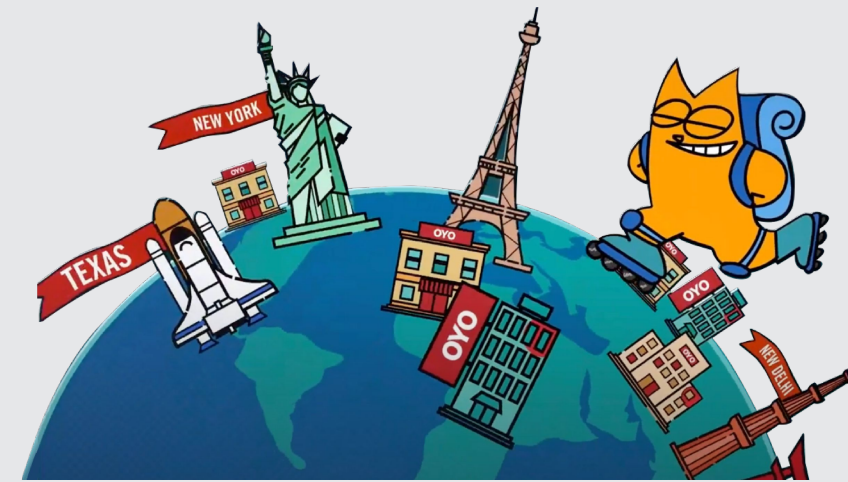
5paisa.com



Reasons to go for the IPO



- The company considers **three markets as core growth**- India (\$26 billion), South East Asia (\$56 billion) and Europe (\$400 billion).
- OYO's **core growth markets are highly fragmented** – Organized share in these markets is less than 12%. Most hotels/homes are run by individuals (no brands), making perfect hunting grounds for aggregator platforms that can consolidate supply.
- Online short-stay accommodation continues to gain share growing at CAGRs of 34.3% & 17.9% for India and South East Asia between 2015 and 2019.



Reasons to go for the IPO...



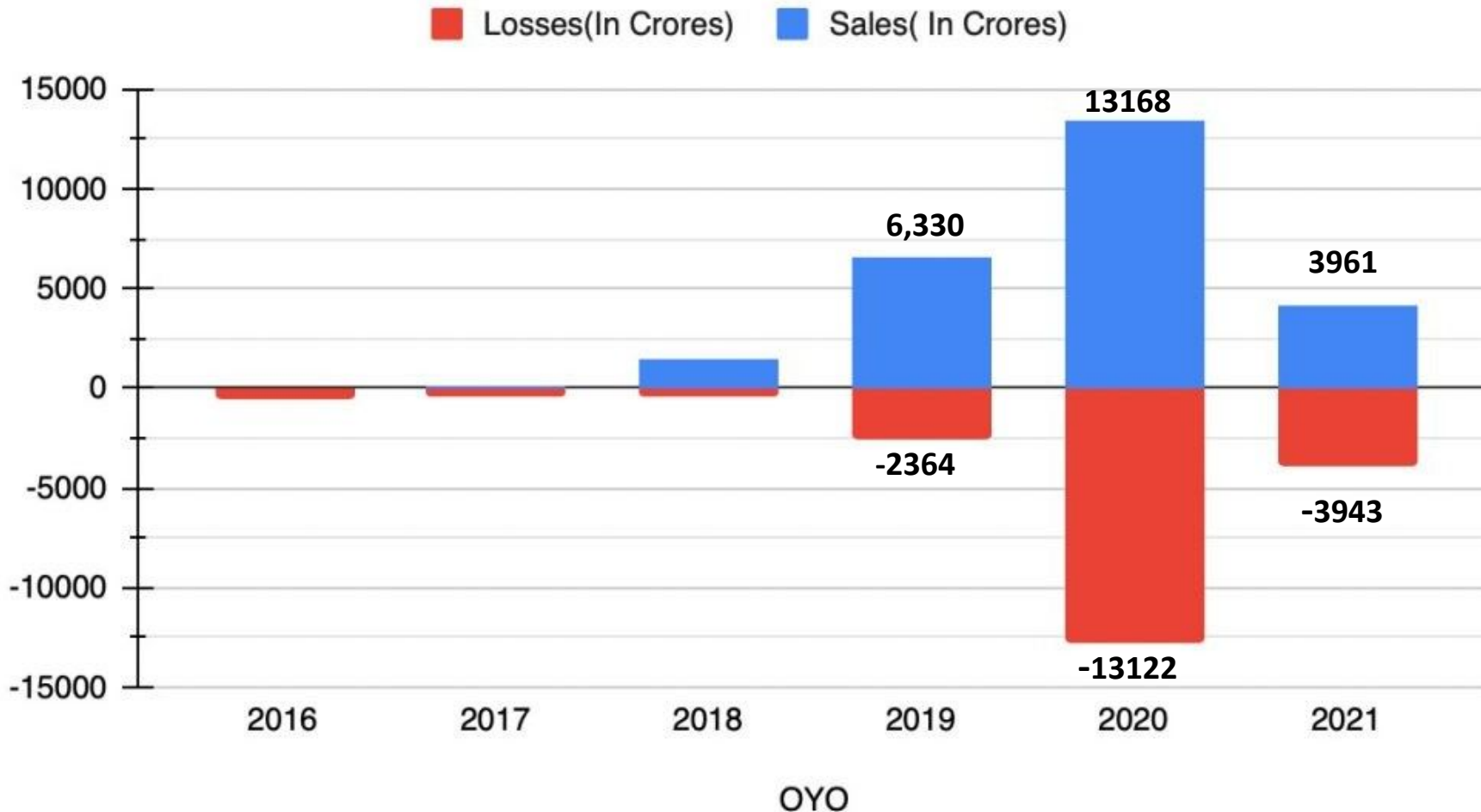
- **OYO has demonstrated a strong business model** – 70% of traffic from direct/unpaid channels. Repeat & new organic customers generate 78% of demand. Exclusive storefronts of 157K+ (70x of the closest competitor) across hotels/homes.
- Strong tech DNA with 15% of the employee base in tech roles. 40+ integrated tech solutions for end customers/hotels/homes.
- Additionally, Strong ROI for hotel/homeowners helps them increase revenue by 1.5x-1.9x compared to revenue at independent hotels.



OYO Rooms-Financial Performance






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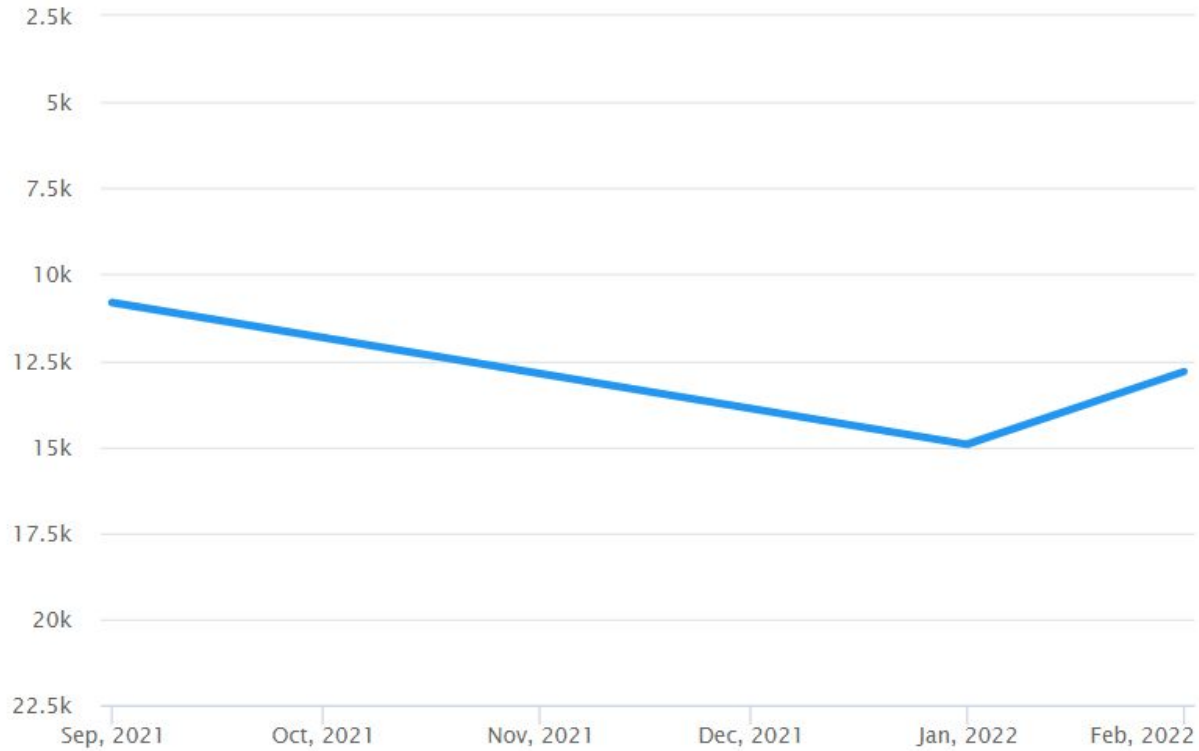
OYO Rooms competitors

	 OYO Rooms <p>OYO Rooms is a company operating an online platform that enables listing and booking hotels, homes, and living spaces.</p>	 Yatra <p>Yatra online offers a booking service that enables individuals to find and book flights, hotels and holiday packages.</p>	 Fabhotels <p>Hotel aggregate site</p>	 Treebo <p>A new age hotel brand offering comfortable stays at budget prices. Say no to mediocre rooms & indifferent service. Unlock affordable luxury.</p>	 MakeMyTrip <p>MakeMyTrip is an online travel company which provides a range of travel products and services.</p>	 ClearTrip <p>Cleartrip is an online travel platform where travelers can search for and book flights to any destination.</p>
Founding Date	2013	2006	2015	2015	2000	2005
Type	Private	Public	Private	Private	Public	Private
Employees	13,747 ↗ 5% increase	1,006 ↘ 50% decrease	650 ↗ 4% increase	647 ↗ 6% increase	3,256 ↘ 18% decrease	692 ↗ 5% increase
Valuation (\$)	9.6 b	117.6 m	900 m	N/A	2.9 b	N/A
Twitter followers	68.9 k	66.5 k	5.2 k	3.7 k	123.7 k	30.2 k
Number of tweets (last 30 days)	40	31	115	102	4	867
Average likes per tweet (last 30 days)	11.8	0.3	0	2.1	34	0.7

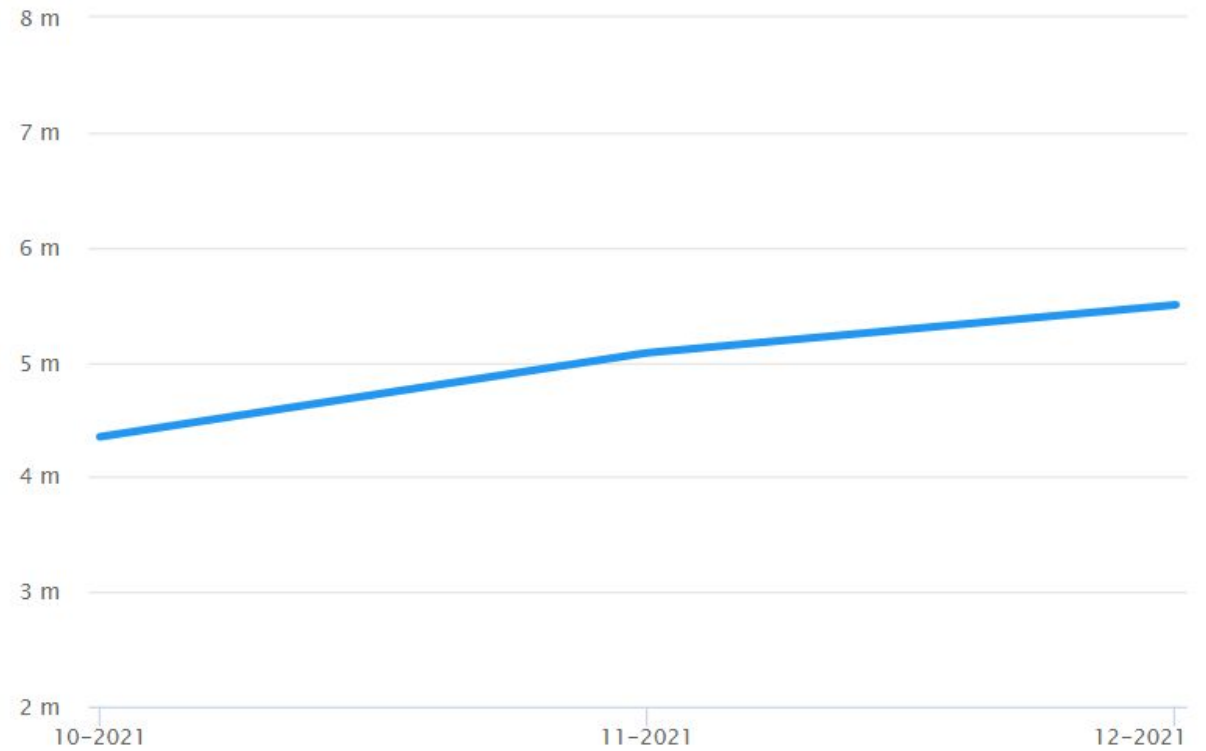
OYO Rooms Website Traffic

OYO Rooms Website Traffic

Alexa Website Rank



Total Visits per month



SWOT Analysis OYO- Strengths



- Consistent standardization
- Endlessly growing network
- Unstoppable innovation
- Young and powerful leader



SWOT - Negatives for OYO/Weaknesses



- Complaints of unpaid dues by Indian hotel partners
- Police complaints by hotel groups and hoteliers
- Protests by US hotel owners over OYO's entry
- Lack of profitability
- Scrutiny by Competition Commission of India
- Questions about asset-heavy model
- A co-branding strategy
- Substandard service
- Tight margins



SWOT – Opportunities



- Aggregators' growing demand
- Low-cost accommodation
- The surge of business travellers in emerging markets

SWOT – Threats

- High competition
- Safety concerns



Assignment

- **Name the 5 Venture Capital**
 - **Name the 5 Angel Investors**
 - **Example of 5 Private Equity (P/E) Firm**
 - **2 examples of Seed Fund**
 - **2 examples of Crowdfunding**
 - **2 examples Love Money (capital extended by family and/or friends)**
 - **Name the 5 Business Incubators**
 - **2 schemes providing Govt. Grants & Subsidies**
-