

Oyo cuts losses by third, revenue still a secret

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Budget hotels aggregator Oyo Rooms claimed in a blog post on Friday that its losses fell by 35 per cent to ₹325 crore in the year that ended March 2017, without disclosing revenue figures for the same period.

According to documents filed with the Registrar of Companies (RoC), Oyo Rooms posted a loss of ₹496 crore on a revenue of ₹32.8 crore in the financial year 2015-16. However, the lack of comparable figures makes it hard to gauge the company's true performance.

The company had accumulated losses of ₹517.9 crore as on March 2016 as against shareholders funds of ₹789.7 crore, the disclosure which was sourced from company research platform Tofler said.

Oyo, founded by Ritesh Agarwal is backed by venture firms such as Sequoia Capital, Lightspeed Ventures and SoftBank. The Japanese investment firm, which invested a massive \$200 million in April 2016, owns majority 59.97 per cent stake in the firm. In the blog post, Oyo claimed that its gross booking value (GBV) was just shy of \$100 million in the quarter that ended June 2017. It also claimed that the company turned the take rate (what Oyo makes from realised booking revenue after paying hotel partners) positive in March 2016.

With a claimed take rate of 15 per cent, the company's revenue for the quarter should be in the whereabouts of \$15 million (₹96 crore).

Oyo said that its realised revenues (amount paid by customers for room nights or GBV) has grown by a factor of 12 over the past two years.

"Net of cancellations, our average daily realised rooms nights have grown 30 per cent quarter-on-quarter and 1.7X year-on-year. The foundation of our capabilities is strongly laid and in an industry where players are showing growth by consolidation, we have grown only organically," the blog post read, referencing the company's performance in the first quarter of financial year 2017-18.



Oyo Rooms CEO Ritesh Agarwal

CHECKING IN

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- With a claimed take rate of 15%, its revenue for the quarter should be in the range of ₹96 crore
- According to RoC data, Oyo posted a loss of ₹496 crore on a revenue of ₹32.8 crore in FY16
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Oyo credits its claimed positive performance to a business model that doesn't emulate any global template, calling it "unique and indigenous to India".

While Oyo says the prospects of its budget hotel aggregation business are looking up, at the same time it is investing heavily in its own line of properties called Townhouses. The company has set a target of opening 250 Townhouses by December, a move that is seen as a big departure from its asset-light business model.

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LOSSES

(in ₹ cr)



ous times for racking up massive losses without showing any significant revenues. This time around, the company defended itself saying that "growth has come along with the costs that a first mover would run into" as per its latest blog post.

"Until now, we have been very private about our financial and operating metrics. But, we have realised that this creates a perception that the company is not being forthcoming so, as CFO of the organisation, I am sharing a brief business update with our guests, partners, team members and other enthusiasts," the post said.