

CONCEPT APPROVAL NOTE

Date	August 10, 2018
Deal Team	Ankit Agarwal and Aashish Ramchand
Approving Authority	Loan Committee

CLIENT SUMMARY

Company Name	Zolostays Property Solutions Pvt Ltd. ("Zolo")		
Client ID:	ICIPLTLZOLO00061		
Year Founded	2015	Client Since	New
Address	93A, 2nd Floor, Appek building 4th B, 4th B Cross Rd, 5th Block, Koramangala, Bengaluru, Karnataka 560034		

Business Description	Provides managed co-living spaces		
Industry Code	IC-4		
Risk	Venture	Stage	Early

FACILITY DETAILS

New Facility					
Total Amount	Rs. 200.0 MM Tranche 1: Rs.65 MM Tranche 2: 135 MM	Maturity Date	33 months from closing	CRR	03
Existing Facility					
Loan Outstanding	Rs. 18.6 MM	Maturity Date	1-July-2019	CRR	03
Total Potential Liability: Rs 218.6 MM					

NAME SCREENING AND ADVERSE MEDIA RESULTS

Name Screening and Adverse Media		
Company Name and Brand Name	Zolostays Property Solutions Pvt. Ltd. (Zelo)	Remarks: No Positive Matches
Director Names	Remarks	
1. Nikhil Sikri	No Positive Matches	
2. Akhil Sikri		
3. Sneha Choudhary (Co-founder but not a director)		

Request and Reasons for Recommendation:

- **Investors support and Liquidity:** Zolostays Property Solutions Pvt Ltd ("Zolo") is currently in the process of raising a Series B of \$20-25 MM from external investors with participation from existing investor Nexus Venture Partners. Nexus has confirmed that in case the equity round from external investors does not happen or is undersubscribed, Nexus is comfortable to lead the round with \$15 MM as they are happy with the performance so far and bullish on the prospects of the company. The formal closure of the round is expected to take 3-4 months. The company is currently on a high growth trajectory and needs to fund capex for their expansion of properties but the existing cash is not sufficient to fund expansion and both the company and Nexus do not want to halt the growth till the fund raising concludes. Hence, Nexus has agreed to provide an interim bridge financing of \$3 MM to support growth till the next round of financing is concluded. Prior to this, the company had closed its Series A round of Rs.230 MM (\$3.5 MM) from Nexus Venture Partners ("Nexus") in Dec'16 at a pre-money valuation of Rs.700 MM (\$10.5 MM). Prior to Series A, Zolo raised a Seed round of Rs.67.3 MM (\$1 MM) from Nexus in August, 2015. Our debt will come in only with the Bridge round.

The Company's average EBDA loss for the last 3 months (Apr- June 2018) was Rs. 8.3 MM excluding the capex incurred in Zolo properties and existing cash reserves of Rs.60 MM as on July 2018. For the purpose of determining liquidity/RML, we have considered two scenarios:

- **Nexus leads the round with \$15 MM including bridge of \$3 MM:** Considering equity infusion of Rs.975 MM across two tranches, the company is expected to have runway of 24 months. The projected cash burn would include Rs.220 MM of P&L burn, capex of Rs.580 MM and Rs.100-150 MM of working capital over next 24 months. The Company's average EBDA loss for the last 3 months (Apr- June 2018) was Rs. 8.3 MM which is expected to increase and eventually come down to breakeven level in 2 years, as per the projections.
- **Nexus provides bridge of \$3 MM with no additional funding:** In this scenario, the current liquidity including existing cash and bridge from Nexus will be Rs.250 MM. The company will in this scenario not expand properties and go slow on capex thereby reducing the Cash burn to ~Rs.6 MM per month if the fund raising does not happen in 3-4 months. After considering high cash burn including capex for next 3-4 months and moderate growth post 4 month (no additional capex and reducing burn), company is expected to have runway of atleast 12 months. This is an unlikely scenario as Nexus has confirmed their intention to lead the round if external funding does not happen.
- **We have not considered scenario of equity raise of \$20-25 on a conservative basis.**

Samir Brij Verma (Principal, Nexus Venture Partners) is on the board of the Company and Sandeep Singhal (Partner, Nexus Venture Partners) oversees the deal from Nexus and both are supportive of the Company. A detailed blue sheet with Samir has been appended to the note.

- **Business performance and Growth:** Zelo provides managed co-living spaces where the tenants can live hassle-free with superior facilities being provided by Zelo with the objective of replacing conventional PG accommodations/ hostels and providing an alternate long stay option at an affordable price. The Company targets salaried unmarried professional between the age group of 22 and 28 earning a salary within the range of Rs. 25k to Rs. 75k per month. The objective is to provide convenient, hygienic and affordable long stay option to working professionals with amenities like TV, Wi-Fi, re-creational activities, meals etc. The average rent collected per tenant comes to ~Rs.8.4k. The Company currently has ~90 properties across 5 cities- – Bangalore, Pune, Kota, Chennai and Gurgaon. The Company expects to be present in 8 cities by end of April'19 including Mumbai, Hyderabad and one tier 2 city. The Company currently earns a gross margin of ~50% on each transaction and has an operational margin (after considering all the variable cost in a property) of ~14-25% depending on the type of revenue model. Zolo has overtime evolved from PG hostel only model to managing entire apartment towers and manage all the apartments of the tower in partnership with prominent tower developers. The company achieved revenues of INR 262.4 MM and a net loss of 39.2 MM in FY 18. The Company has projected revenues of Rs. 824.8 MM and a net loss of Rs. 146.5 MM for FY19. For FY20, the company has projected revenues of Rs. 2806.9 MM and net loss of Rs. 180.35 MM for FY 20. The Company has achieved YTD July'18 revenues of Rs. 173.9 MM and a net loss of Rs. 39.1 MM.

	Actual	Actual	Actual	Actual	Actual	Projected	Projected	Projected
Property Type	Sep-16	Apr-17	Dec-17	Mar-18	Jun-18	Dec-18	Jun-19	Dec-19
Occupancy								
No. of live beds	1150	2327	2955	4881	6,647	12,047	23,447	38,368
No. of occupied beds	745	1490	2750	3557	5,166	9,232	18,180	28,716
Average Occupancy	65%	64%	93%	73%	78%	77%	78%	75%
Number of properties	14	30	41	51	89	132	285	602
Total Revenue (INR MM)	3.7	13.3	25.0	32.1	46.8	83.4	172.4	284.7
P&L Loss (INR MM)	-8.9	-5.0	-3.2	-4.0	-10.4	-13.0	-12.4	-12.5

Since the time of last funding in Sep'16, the company has grown 6X in terms of live beds and 15x in revenues. Revenues have grown faster as average price per bed has increased. We had projected of RML of 18 months for the last loan and company has performed better in terms of liquidity as they still are still positive on liquidity after 20 months.

CRR WORKSHEET

Old CRR: NA Proposed CRR: 3

Based on Financial Data as of: June 30, 2018

Investor Call Sheet Attached: Yes/Samir Brij Verma, Partner, Nexus Venture Partners

Justification for CRR	<p>We propose a CRR – 3 for the Company considering business performance, liquidity and investor support.</p> <p>The Company's average EBDA loss for the last 3 months (Apr- June 2018) was Rs. 8.3 MM excluding the capex incurred in Zolo properties and existing cash reserves of Rs.60 MM as on July 2018. For the purpose of determining liquidity/RML, we have considered two scenarios:</p> <p><u>Nexus leads the round with \$15 MM including bridge of \$3 MM:</u> RML of 24 months.</p> <p><u>Nexus provides bridge of \$3 MM with no additional funding:</u> RML of atleast 12 months.</p>
Payment Status	Not Applicable as the Facility is yet to be disbursed.
Probability of Default	Low.
Sources of Repayment	<p>Primary: Free cash reserves and cash flow from operations</p> <p>Secondary: Subsequent rounds of equity raise</p>
Loss in the Event of Default	Low.
Financial Update / Performance to Expectations	<p>The company achieved revenues of INR 262.4 MM and a net loss of 39.2 MM in FY 18. The Company has projected revenues of Rs. 824.8 MM and a net loss of Rs. 146.5 MM for FY19. For FY20, the company has projected revenues of Rs. 2806.9 MM and net loss of Rs. 180.35 MM for FY 20. The Company has achieved YTD July'18 revenues of Rs. 173.9 MM and a net loss of Rs. 39.1 MM.</p>
Investor Details and Outlook	<p>Zolostays Property Solutions Pvt ltd ("Zelo") is currently in the process of closing a Series B of \$20-25MM if there is an external funding round. In case that does not happen, Nexus Venture partners is expected to lead the entire round to the tune of \$ 15 MM. Currently, the company is raising a bridge from Nexus to the tune of \$3MM.</p> <p>The company closed its prior Series A round of Rs.230 MM (\$3.5 MM) from Nexus Venture Partners ("Nexus") in Dec'16 of which the Company</p>

	received Rs.30 MM (\$500K) from Nexus in June'16 and the balance by Dec'16. This round was being raised at a pre-money valuation of Rs.700 MM (\$10.5 MM). Prior to this, Zelo raised a Seed round of Rs.67.3 MM (\$1 MM) from Nexus in August, 2015.
Management Ability	Satisfactory.

TERMS AND CONDITIONS

Facility:	Fixed Rate Rupee Term Loan
Amount of Facility:	Tranche 1: Rs.65 MM (Rupees Sixty Million only) – Available along with company raising the bridge round of atleast \$ 3 MM. Tranche 2: Rs. 135 MM (Rupees One Hundred and thirty five Million only) – Available when the company is able to raise a Series B round of \$ total \$15 MM including bridge of \$3 MM.
Purpose:	General Corporate Purposes
Interest Rate:	14.00% p.a.
Interest Payable:	Payable monthly
Availability:	Tranche 1: September 30, 2018 Tranche 2: Jan 01, 2020
Maturity	33 months for both tranches
Principal Repayment:	Tranche 1: Principal moratorium of 3 months Tranche 2: Principal moratorium of 6 months
Upfront Loan Fee:	0.75% of the Total Facility Amount exclusive of taxes, payable upfront at the time of closing of each tranche.
Right to Subscribe:	On closing, The Borrower shall grant InnoVen the right to purchase the Borrower's Preferred Shares equal to (10% of loan amount drawn) divided by price per share of the relevant equity round. Tranche 1: Price of bridge round from Nexus Tranche 2: Price of Ser B round This Right can be exercised at any time over a period of seven years from the date of issuance. Anti-Dilution and Liquidation Preference Rights provided to the same class of shareholders will apply. The right granted hereunder shall survive the termination of the loan Agreement.
Right to Invest	The Borrower shall grant InnoVen or its affiliates a right (but not an obligation) to invest up to the higher of \$1 Million or Five Percent in the Borrower's Subsequent Financing on the same terms, conditions and pricing offered to its investors in those rounds. The right granted hereunder shall survive the termination of the loan Agreement.
Default Interest:	Amounts unpaid on due date will attract additional interest at 1.00% per month, compounded annually.
Security:	Exclusive first charge by way of hypothecation of all existing and future, current, non-current and fixed assets of the Borrower. Forms CHG-1 shall be filed with the Registrar of Companies prior to drawdown of any portion of the loan.
Prepayment	Prepayment not permitted till September 30, 2019 and thereafter the company has to pay a prepayment fees of 2% of the outstanding amount.
Material Adverse Change:	In the opinion of InnoVen (i) a material impairment in the perfection of InnoVen's Lien in the collateral or in the value of such collateral (ii) a material adverse

	change in the business, operations or condition (financial or otherwise) of Borrower (iii) a material impairment of the prospect of repayment of any portion of the obligations. Material Adverse Change will be an event of default.
Reporting:	(i) Monthly and Year-to-date financial statements within 30 days of month end. (P & L and Balance Sheet) (ii) Annual audited financial statements within 180 days of year-end, certified by independent certified public accountants acceptable to InnoVen. (iii) Annual operating budgets and projections within 45 days of financial year end. (iv) Cash position of the Company at the end of every month within 10 days of the end of every month.
Expenses:	Borrower agrees to pay all costs, fees and expenses incurred by the Lender in connection with the loan documentation.

CREDIT MEMO

Referral Source	Sandeep Singhal (Nexus Venture Partners)		
Risk Stage	Venture	Revenue Stage	Early
Total Equity Raised	Series A of \$4.5 MM lead by Nexus Venture Partners.		
Last Round Valuation	\$ 14.5 MM (Post-Money)		

Equity Overview:

Investment History	Zolostays Property Solutions Pvt Ltd (“Zelo”) closed a Series A of Rs.320 MM (\$5.5 MM) in Dec’16 of which \$ 3.5 MM funding was provided by Nexus Ventures Partners and the balance \$ 1.5 MM by angel investors. This round was raised at a post-money valuation of Rs.940 MM (\$14.5 MM).
VC firm & Partner detail	<p>Nexus Venture Partners: Sameer Brij Verma represents Nexus Ventures on the Board of the Company.</p> <p>Brief Profile of Sameer Brij Verma: Prior to joining Nexus, Sameer was a founding team member at Reliance Ventures where he was instrumental in developing the strategy and execution of the firm’s mandate to invest in cutting edge technology startups. While at Reliance Ventures, Sameer led investments into many innovative companies. Prior to Reliance Ventures, Sameer worked with Ericsson as a Solutions Architect focusing on next generation multimedia solutions. He has also worked with UTStarcom Inc. and AWB Inc, a wireless services provider.</p> <p>Sameer holds a BS in Computer Engineering from Illinois Institute of Technology, Chicago where he was an International scholar and a Founders scholar.</p>

Management Team:

Founder / CEO	<p>Zolostays Property Solutions Pvt Ltd was founded Dr. Nikhil Sikri, Sneha Choudhary and Akhil Sikri.</p> <p>The trio are ex-entrepreneurs and had prior to Zelo, started a venture in the education technology space, however they realized that their Company didn’t have a proper product market fit and hence they had to discontinue the business.</p> <p>Dr. Nikhil Sikri (CEO and Co-founder) Nikhil is the CEO and Co-founder of Zolostays Property Solutions Pvt Ltd. Prior to this, Nikhil was working at Deloitte Strategy Consulting Arm</p>
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	<p>and was heading the India Sales team at Cerner Corporation. Nikhil is top rank holder doctor from AIIMS, Delhi and was a practicing psychiatry at Singapore. Nikhil has done his MBA from Indian School of Business, Hyderabad.</p> <p>Sneha Choudhry (Project Management office and Co-founder) Sneha is a Co-founder of Zolostays Property Solutions Pvt Ltd. Sneha oversees all projects at Zelo within the Operations, Finance, HR, Marketing & Sales teams. Prior to Zelo, Sneha was a consultant at Oracle and has also served a stint at Deloitte Strategy Consulting Arm. Sneha has an engineering degree from RV College in Bangalore and has done her MBA from IIM, Kozhikode.</p> <p>Akhil Sikri (Engineering Lead and Co-founder) Akhil is the Engineering lead and Co-founder of of Zolostays Property Solutions Pvt Ltd. Prior to Zelo, Nikhil was a Software engineer at NetApp and has also worked as a team lead at Kiwi. Akhil is a graduate Computer Science from IIT Delhi.</p>
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Business Overview

Company Overview and Background	<p>Zolostays Property Solutions Pvt Ltd was incorporated in June, 2015 and is headquartered in Bangalore. The Company owns and operate under the brand name “Zolo” which provides managed co-living spaces where the tenants can live hassle-free with superior facilities being provided by Zelo with the objective of replacing conventional PG accommodations/ hostels with an alternate long stay option at an affordable price. The Company operates through an online portal https://zolostays.com/ and its android app, which enable users to explore properties as per desired area, view images of rooms/properties and book desired rooms.</p> <p>The Company started in 2015 as a PG aggregator where they provided a platform to the users to explore and book rooms/bed, however, the Company at that point of time was just being an enabler for other hostels and PGs to book rooms and wasn’t providing any standard experience in form of additional services or facilities to the tenants residing in the accommodations. Zelo pivoted their business model in January’16 and started offering large co-living spaces which are managed by Zelo to provide residents a superior experience and also a community living experience at affordable pricing. The overall objective is to provide simple, convenient and affordable long stay option to working professionals. The Company takes over an existing PG accommodation or a new property, refurbishes them and provides furnished rooms along with superior services which are standardized as per Zelo standards across Zelo properties. The Company operates under 2 models i.e. Fixed Pay and Revenue Sharing model.</p>
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	<p>The company is currently operating in 5 cities- Bangalore, Pune, Kota, Chennai and Gurgaon and expects to be present in 8 cities by end of April'19 including Mumbai, Hyderabad and 1 tier 2 city. The Company has witnessed a ~2X growth in the number of beds since November'17 (3720 beds) and currently has 7200 live beds (capacity). The Company expects to have ~ 26,000 cumulative signed beds by end of July'19. The Company currently collects monthly rent of Rs. ~8,400 per month per tenant</p> <table><tr><td></td><td>Actual</td><td>Actual</td><td>Actual</td><td>Projected</td><td>Projected</td></tr><tr><td>Property Type</td><td>Sep-16</td><td>Dec-17</td><td>Jun-18</td><td>Jun-19</td><td>Dec-19</td></tr><tr><td>Occupancy</td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>No. of live beds</td><td>1150</td><td>2955</td><td>6,647</td><td>23,447</td><td>38,368</td></tr><tr><td>No. of occupied beds</td><td>745</td><td>2750</td><td>5,166</td><td>18,180</td><td>28,716</td></tr><tr><td>Average Occupancy</td><td>65%</td><td>93%</td><td>78%</td><td>78%</td><td>75%</td></tr><tr><td>Number of properties</td><td>14</td><td>41</td><td>89</td><td>285</td><td>602</td></tr><tr><td>Total Revenue (INR MM)</td><td>3.7</td><td>25.0</td><td>46.8</td><td>172.4</td><td>284.7</td></tr><tr><td>P&L Loss (INR MM)</td><td>-8.9</td><td>-3.2</td><td>-10.4</td><td>-12.4</td><td>-12.5</td></tr></table>		Actual	Actual	Actual	Projected	Projected	Property Type	Sep-16	Dec-17	Jun-18	Jun-19	Dec-19	Occupancy						No. of live beds	1150	2955	6,647	23,447	38,368	No. of occupied beds	745	2750	5,166	18,180	28,716	Average Occupancy	65%	93%	78%	78%	75%	Number of properties	14	41	89	285	602	Total Revenue (INR MM)	3.7	25.0	46.8	172.4	284.7	P&L Loss (INR MM)	-8.9	-3.2	-10.4	-12.4	-12.5
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Market Opportunity/Business Model	<p>The current PG accommodation and hostels industry is highly fragmented and unorganized which is being managed by individuals. The existing PG accommodations have shabby, dingy rooms, poor quality of food with poor or no services and facilities. Zelo aims to solve this problem in the current PG accommodation market by providing standardized rooms with superior facilities to tenants with the entire accommodation being managed by Zelo. The Company is targeting salaried unmarried professional between the age group of 22 and 28 earning a salary within the range of Rs. 25,000 to Rs. 75,000 per month.</p> <p><u>Zelo Standard Property:</u> A Zelo Standard property has ~ 100 shared rooms with an average room rental of Rs. 8,400 per month per tenant. The target group for this type of property are Entry level graduates or students in the age bracket of 18 – 24 years. The Company in addition to clean and spacious room provides facilities like TV and setup box, furniture & fixtures, Wi-Fi, refrigerator, microwave, washing machine etc. Each property has a caretaker and 2 housekeeping staff to ensure the services are timely provided. Each Zelo property also has a dining space where breakfast, lunch and dinner, which is prepared by the Company in their centralized kitchens and served to the tenants in their respective properties. The Company has centralized kitchens to prepare food for the tenants. The overall objective is to provide simple, convenient and affordable long stay option to the tenants. Zelo in each city has a property management team which resolves the complaints raised by the customers and also handles the day to day operations of the Company. The Team is led by a senior official with 2 operation managers. Each operation manager is capable of handling up to 10 properties. Each operation manager has below him a cluster manager. Cluster manager is responsible to overlook one property and also in turn manage 3 property managers. Each Property manager has a single property under them.</p>																																																						

Select Zelo Property: In this type of Property, the company takes over an entire tower for the builder and manages it. Currently, the company has 1600 beds across 4 towers in this type of property. The target group for this type of property are 4 – 5 years experienced professionals or post graduate students in the age bracket of 22– 28 years. This type of property is primarily in the format of towers with integrated projects. These towers provide access to various facilities such as gym, playzone, swimming pool, and other community activities. The average rental charge in these properties is Rs. 11000- 13000 on a twin sharing basis.

Currently out of 74 total properties in their portfolio, 70 are Zelo Standard properties and 4 are Zelo Select properties.

Demand Side

The Company targets young professionals who have moved to another city to pursue work. The Company receives majority of the leads through referrals from existing tenants. The Company currently charges an average monthly rental per tenant of Rs. 8,400 which has increased from Rs. 7,600 in December'16 mainly due to standard and superior facilities provided by the Company. The Company currently has an average occupancy of ~75-80% across all the properties given many new properties were launched recently and a new Zelo property takes about 2-3 months to reach an average occupancy level of 80%. The Company has been acquiring tenants largely through referrals and intends to increase its digital marketing and sales. Currently, CAC for the business is at ~ Rs. 250 – 300 which is post-marketing spends (pre-facto). Once the customer is on board, Zelo levies a pre-booking fee. The discount on that is ~800-850, thus leading to a total CAC post facto of Rs. 1100-1150.

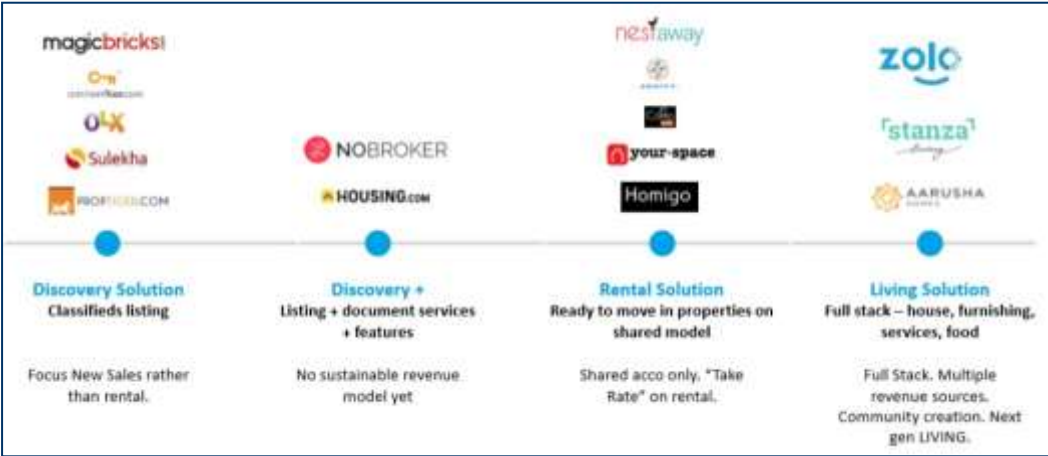
Zelo has an in-house CRM system through which the customers upload their ID proof, KYC documents, photograph and a signed undertaking as a part of the onboarding process. The Company before onboarding a customer collects from them a one-time non- refundable fee of Rs. 1,000 to book a room and allocates the room 3 days before the joining date. The Company also collects from the customers deposits which is equivalent to one month rent. Zelo has a customer facing technology app through which the customers can explore and book rooms. The customers get access to resident dashboard, social platform and also to various deals through the app. The app has a closed wallet and has been integrated with Paytm, Razorpay, Payumoney etc and the tenants can make monthly payments through the app itself. The Customers have the ability to raise a ticket for their concerns which is then reported and addressed by the Zelo property management team.

Supply Side






	<p>Zelo provides furnished accommodation to customers along with superior facilities including TV, Wi-Fi and meals. The Company takes over large buildings having capacity of up to 100 beds and the same is refurbished (includes painting and civil work) and converted to a standard property as per the Zelo standards. Each property in addition to refurbishment requires an additional capex of ~Rs. 17k per bed to convert it to a standard Zelo property, which includes the cost of furniture and fixtures provided by Zelo.</p> <p>The Company either searches for the property through their internal team or uses the help of local brokers in searching and onboarding a property. The Company currently has 74 properties across Bangalore, Pune, Chennai, Kota and Gurgaon. The Company currently has 30-35 properties in their future pipeline, for which the agreements with developers have been signed. Through these properties, the company expects to add over 50,000 beds over the next 4 years.</p> <p>The Company has 2 business models through which it operates i.e. 1. Fixed Pay model and 2. Revenue sharing model.</p> <p><u><i>Fixed Pay (FP) Model:</i></u> The Company under the FP model either takes up a new building or an existing PG accommodation is converted to a Zelo property. The initial civil work and refurbishment including painting is done by the owner of the property while the additional capex of ~Rs. 17k per bed, which includes installing furniture and fixtures and providing additional amenities like Wi-Fi, microwave, refrigerator, TV, washing machine etc. is borne by Zelo. The Company is responsible for maintaining and marketing the property and collects rent from tenants each month. The Company in turn pays a monthly rental to the owner of the property for giving Zelo the exclusive right to rent the property which is ~ 50% of the rent charged by the Company. The Company also has to pay a security deposit of 1 to 3 months (depending on the contract) to the property owner, however Zelo recovers a 1-month deposit from the tenants and is out of pocket only in a very few cases. The Company on an average makes a gross margin of ~50% on each property. The Company as an internal standard has decided that it will never sign up any property which gives them a gross margin below 50%. Zelo negotiates a rent- free period of 2-3 months from the owners where the Company doesn't pay rent to the owner since the Company requires a period of 2-3 months to ramp up sales to meet the desired occupancy level. Out of the existing 74 properties, 70 properties are under the Fixed Pay model. The fixed pay model largely operates for '<i>Zolo Standard Property</i>'.</p>
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	<table><tr><th>Particulars</th><th>Amount (Rs.)</th><th>%</th></tr><tr><td>Revenue per occupied bed</td><td>8,400</td><td>100%</td></tr><tr><td>Rental paid to property owner</td><td>4,200</td><td>50%</td></tr><tr><td>Gross Margin</td><td>4,200</td><td>50%</td></tr><tr><td>Operational cost</td><td>2,100</td><td>25%</td></tr><tr><td>Customer Acquisition cost</td><td>250</td><td>3%</td></tr><tr><td>Operational Margin</td><td>1,850</td><td>22%</td></tr></table> <p>The Company has been successful in leveraging economies of scale and bringing down the overall operational cost to ensure that the Company has an operational margin of ~22-25%. The Company going forward expects to maintain the operational margin at the same level. As per the Fixed Pay business model, the Company would breakeven even if they achieve an occupancy of 66%, however the Company historically has been able to maintain an Occupancy level upwards of 80% and expects the same to continue.</p> <p><u>Revenue Sharing Model:</u> Under the Revenue sharing model, the capex for the entire property including refurbishment of the property, civil work, and providing addition facilities (Wi-Fi, microwave, refrigerator, TV, washing machine etc.) is borne by the owner of the property and Zelo enters into a contract with the owner to manage and market the property. Zelo in this case shares 75% of rent collected with the owner and retains 25%.</p> <table><tr><th>Particulars</th><th>Amount (Rs.)</th></tr><tr><td>Net Revenue on Rental (25%)</td><td>2,100</td></tr><tr><td>Net Revenue on food and share</td><td>300</td></tr><tr><td>Total Net Revenue</td><td>2,400</td></tr><tr><td>Operational cost</td><td>1,000</td></tr><tr><td>Operational Margin</td><td>1,400</td></tr></table> <p>Zelo usually negotiates a ramp-up clause in which the Company negotiates a time frame with the owner that they require to ramp-up the property to meet the desired occupancy level. The ramp-up period is subject to the size and location of the property. Zelo as a part of the agreement provides an option to the owner that if the Zelo managed property is unable to have an occupancy level upwards of 65%, the owner would have the option to ask Zelo to vacate the property with a notice period. The operating margin in this model is ~ 12-14%. This model largely works for 'Zelo Select Property'.</p>	Particulars	Amount (Rs.)	%	Revenue per occupied bed	8,400	100%	Rental paid to property owner	4,200	50%	Gross Margin	4,200	50%	Operational cost	2,100	25%	Customer Acquisition cost	250	3%	Operational Margin	1,850	22%	Particulars	Amount (Rs.)	Net Revenue on Rental (25%)	2,100	Net Revenue on food and share	300	Total Net Revenue	2,400	Operational cost	1,000	Operational Margin	1,400
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Operational cost	1,000																																	
Operational Margin	1,400																																	
Sales Model and Revenue Recognition	Zelo provides co-living managed spaces for which it collects rents from tenants each month. All the sales of the Company are B2C and the Company recognizes the revenue every month once the rent is collected from the tenant. The rent is collected on the first day of the month for the entire month. The Company collects an average monthly rental of ~Rs.8,400 from each tenant.																																	
Liquidity and Working Capital	Since the Company receives rents from the customers at the beginning of the month for the entire month there are no receivables for the Company. The Company had negative receivable of Rs. 4.2 MM (July 30), this was mainly due to customer																																	

	<p>deposit + rent received in advance from a few tenants. The Company deals with various vendors for various facilities provided at Zelo accommodation, however the payment for the same is made as and when the invoices are received and there are is no credit period which is given to the Company.</p> <p>The Company's average EBDA loss for the last 3 months (Apr- June 2018) was Rs. 8.3 MM excluding the capex incurred in Zolo properties and existing cash reserves of Rs.60 MM as on July 2018. For the purpose of determining liquidity/RML, we have considered two scenarios:</p> <ul style="list-style-type: none">- <u>Nexus leads the round with \$15 MM including bridge of \$3 MM</u>: Considering equity infusion of Rs.975 MM across two tranches, the company is expected to have runway of 24 months. The projected cash burn would include Rs.220 MM of P&L burn, capex of Rs.580 MM and Rs.100-150 MM of working capital over next 24 months. The Company's average EBDA loss for the last 3 months (Apr- June 2018) was Rs. 8.3 MM which is expected to increase and eventually come down to breakeven level in 2 years, as per the projections.- <u>Nexus provides bridge of \$3 MM with no additional funding</u>: In this scenario, the current liquidity including existing cash and bridge from Nexus will be Rs.250 MM. The company will pause additional capex funding and reduce the P&L burn to ~Rs.5 MM per month if the fund raising does not happen in 3-4 months. After considering high cash burn including capex for next 3-4 months and moderate growth post 4 month (no additional capex and reducing burn), company is expected to have runway of atleast 15 months. This is an unlikely scenario as Nexus has confirmed their intention to lead the round if external funding does not happen. While the company expects burn to reduce to breakeven in this scenario, we have considered constant P&L burn. <table><tr><th>Cash flows</th><th></th><th>Rs.MM</th></tr><tr><td>Current cash</td><td></td><td>60</td></tr><tr><td>Bridge funding</td><td>+</td><td>195</td></tr><tr><td>Liquidity in August'18</td><td>=</td><td>255</td></tr><tr><td>Capex till Dec'18</td><td>-</td><td>150</td></tr><tr><td>P&L burn till Dec'18</td><td>-</td><td>45</td></tr><tr><td>Liquidity after 4 months (Jan'19)</td><td>=</td><td>60</td></tr><tr><td>Avg P&L burn</td><td></td><td>7</td></tr><tr><td>RML in Jan'19</td><td>(70/5)</td><td>9</td></tr><tr><td>Current RML (inc bridge)</td><td>(4+11)</td><td>12</td></tr></table>	Cash flows		Rs.MM	Current cash		60	Bridge funding	+	195	Liquidity in August'18	=	255	Capex till Dec'18	-	150	P&L burn till Dec'18	-	45	Liquidity after 4 months (Jan'19)	=	60	Avg P&L burn		7	RML in Jan'19	(70/5)	9	Current RML (inc bridge)	(4+11)	12
Cash flows		Rs.MM																													
Current cash		60																													
Bridge funding	+	195																													
Liquidity in August'18	=	255																													
Capex till Dec'18	-	150																													
P&L burn till Dec'18	-	45																													
Liquidity after 4 months (Jan'19)	=	60																													
Avg P&L burn		7																													
RML in Jan'19	(70/5)	9																													
Current RML (inc bridge)	(4+11)	12																													
Debt	The Company has an outstanding debt of ~ INR 18.6 MM from Innoven as on July 30, 2018																														






<p>Competition & Market</p>	<p>The PG accommodation market is estimated to be a \$10.1 Bn market with the primary target segment being students and graduates. The existing PG accommodation market is highly unorganized and fragmented. The existing PG accommodations are managed by individuals and have few or no facility and services which are provided. Zelo aims to solve this problem in the current PG accommodation market by providing standardized rooms with superior facilities to tenants with the entire accommodation being managed by Zelo. Though Zelo faces competition from unorganized players, these accommodations lack standardized rooms and services and also lack the ability to scale.</p> <p>We have observed that the Stays (Long and Short) segment has emerged as one of the most funded industries in VC ecosystem in the last 3 years and various interesting models have come up in both long and short stays segments. A total of ~\$300-350 MM equity has been raised by companies in the long stay segment. Zelo faces competition from other Companies in the long stay segment like Nestaway (Raised ~\$ 95 MM across 5 rounds of equity from Goldman Sachs, Flipkart, Tiger Global, UC RNT, Yuri Milner & IDG ventures), Grabhouse (Acquired by Quikr) (Raised \$13 MM from Kalaari, India Quotient and Sequoia), Stanza (\$2 MM funded by Accel and Matrix)etc. These companies turn unbranded, unfurnished houses into fully furnished apartments. Though these companies give tenants an option to share a room, they lack the facilities and services provided by Zelo. Zelo also aims to provide a collaborative community experience for the residents living in the same building.</p>  <p>There are various funded players which are trying to solve the accommodation problem via different business models- discovery with brokers network, direct discovery without broker, managed and branded homestay without full stack and Full stack branded managed stays. Zelo competes closely with players like Nestaway and Stanza amongst the recognized funded players. Most the active players have also expanded to segments outside their core segment. For eg: Nestaway has started focusing on full tower management like Zelo and student</p>
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housing like Stanza and Zolo. Stanza currently only focuses on Student housing but is much smaller compared to Nestaway and Zolo. Zolo have also started focusing more on student housing apart from their core business of branded PG properties.

Company		Business Model	Pricing	Funding	No of Beds, prop	Comments
	(2015)	Rental	10,000, no food	Angel	1500, 100 prop, 1 city	Small properties, premium
	(2017)	Full stack	17,000, double sharing	2 M, Matrix, Accel	2000, 15	Only students
	(2015)	Rental	Non standard	Angel	700 beds	Only rent share
	(2007)	Full Stack	5,500, triple sharing	3.5 M, Elevar & Acumen	6,000 beds	Lower end focus
	(2014)	Rental	Non standard	95 M, Tiger Global, Goldman Sachs, IDG, UC-RNT	50,000	Only rent share

Stanza is currently in process of raising \$10-12 mm round from Sequoia (most likely) and existing investors Matrix and Accel.

There are a few companies in China that have similar business model and have seen significant equity investment and have also been able to achieve scale. Mofang, a china-based startup is present in 6 cities and have raised a total funding of \$560 MM across 3 rounds of funding by AVIC and Warburg. Mofang has been able to scale to 10,000 apartments across 6 cities. Another company You+ has raised \$16.3 MM in series A and expects to have 5000 properties under its management by end of 2018.

Company		Business Model	Funding	Traction
	(US)	Full stack, Large format	(Part of WeWork)	500 beds, 2 properties
	(US)	Full stack, small format	\$65 M, Norwest	1,500 rooms, 2500 beds, 150 properties
	(China)	Full stack, large format	20 M reported	15,000, 50+ properties
	(China)	Full stack, large format	500 M, Warburg	70,000 beds, 250 properties
	(UK)	Full stack, Large format	420 M reported	500 beds, 1 property

The large global players are following a high density model for co-living. Higher density ensures efficiency of servicing the property and providing a wholesome community experience. Zolo operates in a full stack model.

Key Risks & Mitigants

Risk: The company is unable to conclude the imminent fund raise.

Mitigants: The company is the largest player in branded PG accommodation space in India and is becoming one of the prominent players in overall managed accommodation space. The company has performed very well in the last two years and is gaining good equity interest from VC as well as PE players. We have spoken to Sameer (Partner at Nexus) who is leading Zolo's engagement and Sameer was very bullish about Zolo's prospects and stated that they would lead the round in case external investors do not close the round. There are 4-5 external investors who are interested and should most likely close in next 2-3 months.

We have also built a worst case scenario where only \$3 MM comes from Nexus as bridge. Even in that case, company expects to have runway for atleast 15 months and expects to get profitable.

Blue Sheet Call – Nexus Venture Partners

Date: August, 2018
Investor: Samir Brij Verma – Partner
InnoVen: Ankit Agarwal, Director
Company: Zolo

Fund history and Investment

- Sameer is a Partner with Nexus Venture Partners based out of Bangalore. Though we have known Sameer for a couple of years, Zolo was our first formal engagement with Sameer. In addition to Zolo, Sameer also represents Nexus on other investments like CloudByte, Datagres, Indix, Runnr, Jumbotail and Postman.
- The Zolo investment has been made from Nexus Fund IV raised in late 2015. It was a \$350 MM fund with another \$100 MM of top-up raised taking the fund size to \$450 MM. In aggregate, Nexus has raised more than \$ 1 Bn across four funds. Nexus is also in final stages of closing its next fund of \$400 MM.

Business and Equity Update

- Sameer was very happy with Zolo's performance since the time of their first investment and feels the company has done a very good job in execution specially in the last 6-9 months. Managed accommodation is a huge market and this business model can be built in profitable way. Sameer also stated that this space will attract more players which will help to expand this market further. The company is on a very fast growth trajectory pace and the team has been able to identify good properties which has yielded high occupancy rates in first few months of launch. Sameer was very excited about the new business vertical where Zolo takes the entire tower of apartments under their management and do not incur any capex and works on a revenue share model with the owners. Given the company operates on a full stack model, barriers to entry are higher in this segment given it is an execution heavy business.
- The company has a very strong pipeline of properties and expects to grow 3-4 x in next 9 months. The property owners get a favorable proposition with Zolo's partnership where they don't need to manage the property and also get much better yields for their assets. The company operates in a mixed model with both fixed pay model and revenue share model with owners.
- Sameer mentioned that some large Private equity players have shown interest in investing in Zolo but the process has taken longer than expected for closure. Sameer confirm that in case the external round does not happen due to valuation mismatch, Nexus would like to lead the round for \$15 MM. Given the current low liquidity situation, Nexus is providing a bridge of \$3 MM ahead of the formal round closure to ensure the growth is not halted.

Historical- Balance sheet

Balance Sheet as on March 31, 2018

	Q1FY18	Q2FY18	Q3FY18	Q4FY18
INR MM	Actuals	Actuals	Actuals	Actuals
EQUITY AND LIABILITIES				
Share Holders' Fund:				
Share Capital and Premium	318.4	318.4	318.4	318.4
Preference Share Capital				
	318.4	318.4	318.4	318.4
Long Term Borrowings				
Innoven Debt	39.2	34.5	29.8	23.3
Current Liabilities:				
Refundable Sec deposit	15.1	20.7	25.7	29.7
Trade Payables	3.0	3.7	2.3	3.9
Other current liabilities	11.7	15.6	20.3	24.0
Duties and taxes	2.3	2.0	0.1	1.4
Short-term provisions	3.6	4.3	4.6	7.6
	35.7	46.4	52.9	66.6
TOTAL	393.4	399.3	401.1	408.3
ASSETS				
Non-current assets				
Fixed Assets	42.7	47.8	53.1	53.1
Investment in FD and MF's	199.2	176.1	148.6	124.6
Deferred tax assets (Net)				
Long term loans and advances				
Other non-current assets				
P&L moving balance	111.1	133.9	148.3	138.1
	353.0	357.8	350.0	315.8
Current Assets				
Security Deposits	38.8	50.4	52.9	80.5
Trade receivables	-2.7	-12.7	-13.0	-0.3
Cash and Cash equivalents	2.4	2.2	9.2	7.6
Short-term loans and advances	0.6	-0.1	0.1	1.2
Other current assets	1.3	1.6	1.9	3.5
	40.4	41.6	51.1	92.5
TOTAL	393.4	399.4	401.1	408.3

Historical- Income Statement (till June'18)

Rs. INR MM	Q1 FY 18	Q2 FY 18	Oct-17	Nov-17	Dec-17	Q3 FY 18	Jan-18	Feb-18	Mar-18	Q4 FY 18	FY 18	Apr-18	May-18	Jun-18	Q1 FY 19
Total Revenue	45.7	58.3	21.2	23.6	25.0	69.9	26.5	30.1	32.1	88.6	262.4	35.1	41.1	49.3	125.5
Cost															
Owner's Share	24.2	28.6	11.1	11.9	12.8	35.8	13.8	15.8	18.5	48.1	136.6	21.8	23.5	25.5	70.8
Net Revenue	21.5	29.7	10.1	11.8	12.2	34.1	12.7	14.3	13.6	40.6	125.8	13.3	17.6	23.8	54.7
NR %	47%	51%	48%	50%	49%	49%	48%	48%	42%	46%	48%	38%	43%	48%	44%
Food Expense	6.5	8.9	3.1	2.9	3.3	9.3	3.7	3.4	3.3	10.4	35.1	4.3	4.5	5.1	13.9
Owner Staff Salary	1.9	2.7	1.1	1.2	1.2	3.5	1.4	1.4	1.6	4.4	12.5	1.9	2.3	3.0	7.2
Electricity Charges	2.6	4.6	1.6	1.3	1.6	4.5	1.7	1.7	2.0	5.5	17.2	2.2	2.8	4.1	9.1
Other Utilities	1.7	1.5	1.1	1.2	1.2	3.5	1.1	1.2	1.6	3.8	10.5	1.6	2.4	2.4	6.4
GST Payable	0.9		0.9	0.9	0.9	2.7	0.7	0.9	1.0	2.6	6.1	1.1	0.9	1.5	3.5
Maintenance	3.6	2.4	0.9	0.4	0.4	1.7	0.4	0.5	0.5	1.4	9.1	0.6	0.6	1.6	2.8
Unit EBITDA	4.3	9.6	1.4	3.9	3.5	8.9	3.7	5.2	3.6	12.5	35.3	1.7	4.0	6.3	11.9
Unit EBITDA %	20%	32%	14%	33%	29%	26%	29%	36%	26%	31%	28%	13%	23%	26%	22%
Corporate Salaries	10.3	8.2	3.5	4.7	4.7	13.0	4.7	4.8	5.2	14.8	46.3	7.4	7.7	11.2	26.3
Marketing	0.4	0.4	0.0	0.7	0.7	1.5	0.7	0.3	0.8	1.8	4.1	1.1	1.3	1.8	4.2
GA	1.8	5.5	5.4	0.7	0.7	6.7	0.7	1.5	0.9	3.1	17.0	1.0	2.1	2.5	5.6
Corporate EBITDA	-8.1	-4.4	-7.5	-2.2	-2.6	-12.3	-2.4	-1.4	-3.4	-7.2	-32.1	-7.8	-7.1	-9.2	-24.1
Corporate EBITDA %	-38%	-15%	-74%	-19%	-21%	-36%	-19%	-10%	-25%	-18%	-25%	-59%	-40%	-39%	-44%
Interest	0.9	0.9	0.3	0.3	0.3	0.9	0.3	0.3	0.3	0.9	3.6	0.3	0.3	0.3	0.9
Depreciation	0.9	0.9	0.3	0.3	0.3	0.9	0.3	0.3	0.3	0.9	3.6	0.7	0.8	0.9	2.4
PBT	-9.9	-6.2	-8.1	-2.8	-3.2	-14.1	-3.0	-1.9	-4.0	-9.0	-39.2	-8.8	-8.1	-10.4	-27.4
Corporate Tax Payable															
PAT	-9.9	-6.2	-8.1	-2.8	-3.2	-14.1	-3.0	-1.9	-4.0	-9.0	-39.2	-8.8	-8.1	-10.4	-27.4
PAT %	-46%	-21%	-80%	-24%	-26%	-31%	-24%	-14%	-29%	-22%	-31%	-66%	-46%	-44%	-50%

Projected- Income Statement for FY 19 and FY20

	Q1 FY19	Jul-18	Aug-18	Sep-18	Q2 FY19	Oct-18	Nov-18	Dec-18	Q3 FY19	Jan-19	Feb-19	Mar-19	Q4 FY19	FY19
Rs. In MM	Actuals	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Revenue from Operations	125.6	52.2	56.8	63.5	172.5	68.6	76.1	83.4	228.2	91.9	99.1	107.8	298.8	699.4
Rental paid to owner	70.8	26.5	27.3	30.4	84.2	32.5	36.9	40.5	109.9	46.3	51.0	57.0	154.3	348.4
Net Revenue	54.7	25.7	29.6	33.1	88.3	36.1	39.2	42.9	118.2	45.6	48.1	50.7	144.4	351.0
Food Expense	13.9	5.7	6.4	7.2	19.3	7.9	8.7	9.6	26.1	10.4	10.9	11.8	33.2	78.6
Owner Staff Salary	7.2	3.2	3.3	3.7	10.2	4.0	4.4	4.8	13.2	5.4	6.0	6.5	17.8	41.3
Electricity Charges	9.1	4.6	5.1	5.5	15.2	5.8	6.2	6.6	18.7	7.0	6.9	7.2	21.1	55.0
Other Utilities	6.4	2.8	3.1	3.8	9.7	4.3	5.2	5.8	15.4	6.9	8.0	8.8	23.7	48.7
GST Payable	3.5	2.0	2.5	2.2	6.6	2.7	2.5	3.4	8.6	2.8	3.0	3.6	9.4	24.6
Maintenance	2.8	0.7	0.7	0.8	2.2	0.9	1.1	1.2	3.1	1.3	1.5	1.7	4.5	9.9
Unit EBITDA	12.0	6.8	8.5	9.7	25.0	10.5	11.1	11.5	33.1	11.8	11.8	11.2	34.8	92.9
Corporate Salaries	26.3	11.8	12.7	13.9	38.4	14.4	14.8	15.2	44.4	16.2	16.7	16.9	49.8	132.6
Marketing	4.2	2.6	3.0	3.4	8.9	3.4	4.4	4.8	12.7	5.5	6.0	6.4	17.9	39.5
GA	5.6	2.5	2.6	2.7	7.8	2.7	2.8	2.9	8.4	2.9	3.0	3.1	9.0	25.2
Corporate EBITDA	-24.0	-10.1	-9.8	-10.3	-30.1	-10.1	-10.9	-11.3	-32.4	-12.8	-14.0	-15.2	-41.9	-104.4
Interest	0.9	0.2	0.2	0.2	0.7	0.8	0.8	0.7	2.2	2.4	2.3	2.1	6.8	9.7
Depreciation	2.4	0.9	1.0	1.2	3.1	1.3	1.4	1.5	4.2	1.8	2.0	2.1	5.8	13.2
PBT	-27.3	-11.3	-11.0	-11.7	-34.0	-12.2	-13.1	-13.5	-38.8	-17.0	-18.3	-19.4	-54.6	-127.3
Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PAT	-27.3	-11.3	-11.0	-11.7	-34.0	-12.2	-13.1	-13.5	-38.8	-17.0	-18.3	-19.4	-54.6	-127.3

	Q1 FY20	Jul-19	Aug-19	Sep-19	Q2 FY20	Oct-19	Nov-19	Dec-19	Q3 FY20	Jan-20	Feb-20	Mar-20	Q4 FY20	FY20
Rs. In MM	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Revenue from Operations	449.5	191.4	209.5	226.9	627.7	244.4	262.9	284.7	792.0	301.5	310.3	325.9	937.7	2806.9
Rental paid to owner	226.2	92.2	100.9	110.2	303.4	118.7	127.9	138.3	384.9	148.3	158.3	168.5	475.0	1389.6
Net Revenue	223.2	99.1	108.5	116.6	324.3	125.7	135.0	146.4	407.1	153.3	152.0	157.4	462.7	1,417.3
Food Expense	55.7	25.1	27.4	29.6	82.1	31.9	34.3	37.0	103.1	38.9	38.9	40.4	118.2	359.1
Owner Staff Salary	25.1	10.0	10.8	11.6	32.4	12.4	13.3	14.4	40.1	15.2	16.0	17.0	48.2	145.9
Electricity Charges	30.1	13.1	14.1	15.0	42.2	16.0	17.0	18.2	51.1	18.9	18.7	19.2	56.7	180.1
Other Utilities	36.6	15.1	16.7	18.1	50.0	19.6	21.2	23.2	64.0	24.5	26.1	27.8	78.5	229.1
GST Payable	13.8	7.0	7.8	9.1	23.9	9.9	10.6	11.4	31.9	12.8	12.5	13.0	38.3	108.0
Maintenance	6.7	2.7	3.0	3.2	8.9	3.4	3.7	4.0	11.2	4.3	4.5	4.8	13.6	40.3
Unit EBITDA	55.2	26.2	28.7	29.9	84.9	32.4	34.9	38.3	105.7	38.7	35.2	35.2	109.1	354.8
Corporate Salaries	61.4	21.8	22.9	23.5	68.2	24.2	25.3	26.4	75.9	27.3	28.4	29.2	84.9	290.4
Marketing	25.0	9.8	10.7	11.8	32.3	12.8	14.5	16.0	43.4	17.1	18.3	19.3	54.6	155.2
GA	9.7	3.4	3.5	3.6	10.5	3.7	3.8	3.9	11.3	3.9	4.0	4.1	12.1	43.6
Corporate EBITDA	-40.9	-8.8	-8.3	-8.9	-26.1	-8.3	-8.7	-7.9	-24.9	-9.5	-15.5	-17.4	-42.5	-134.4
Interest	6.5	2.0	2.0	1.9	5.8	1.7	1.7	1.6	5.0	1.5	1.5	1.3	4.3	21.6
Depreciation	8.0	3.2	3.4	3.7	10.2	3.9	4.2	4.5	12.7	4.7	5.0	5.3	15.0	45.9
PBT	-55.5	-14.0	-13.7	-14.4	-42.1	-13.9	-14.6	-14.1	-42.6	-15.8	-22.0	-24.1	-61.9	-202.0
Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PAT	-55.5	-14.0	-13.7	-14.4	-42.1	-13.9	-14.6	-14.1	-42.6	-15.8	-22.0	-24.1	-61.9	-202.0

Projected- B/S for FY 19

Balance Sheet as on March 31, 2019

INR MM	Q1FY19 Actuals	Q2FY19 Projection	Q3FY19 Projection	Q4FY19 Projection
EQUITY AND LIABILITIES				
Share Holders' Fund:				
Share Capital and Premium	1.0	196.0	976.0	976.0
Reserves and Surplus	151.4	117.4	80.4	32.2
	152.4	313.4	1,056.4	1,008.2
Long Term Borrowings				
Innoven Debt	20.2	80.5	208.3	183.6
Current Liabilities:				
Refundable Sec deposit	47.0	22.2	49.5	75.4
Trade Payables	35.0	44.6	59.6	81.7
Other current liabilities	11.2	13.9	15.2	16.9
Duties and taxes	-	-	-	-
Short-term provisions	-	-	-	-
	93.2	80.7	124.3	174.0
TOTAL	265.7	474.6	1,388.9	1,365.9
ASSETS				
Non-current assets				
Fixed Assets	81.0	104.4	137.6	191.0
Long term loans and advances	-	-	-	-
Other non-current assets	-	-	-	-
	81.0	104.4	137.6	191.0
Current Assets				
Security Deposits	105.1	170.3	201.3	259.9
Trade receivables	-	-	-	-
Cash and Cash equivalents	79.6	200.0	1050.0	915.0
Short-term loans and advances	-	-	-	-
Other current assets	-	-	-	-
	184.73	370.35	1,251.33	1,174.89
TOTAL	265.7	474.7	1,389.0	1,365.9

Projected- B/S for FY 20

Balance Sheet as on March 31, 2020

	Q1FY20	Q2FY20	Q3FY20	Q4FY20
INR MM	Projection	Projection	Projection	Projection
EQUITY AND LIABILITIES				
Share Holders' Fund:				
Share Capital and Premium	977.0	977.0	977.0	977.0
Reserves and Surplus	-16.9	-53.2	-90.8	-148.3
	960.1	923.8	886.2	828.7
Long Term Borrowings				
Innoven Debt	163.4	143.3	122.5	102.9
Current Liabilities:				
Refundable Sec deposit	120.4	170.0	222.8	262.1
Trade Payables	122.3	160.0	201.6	241.3
Other current liabilities	21.0	23.5	26.4	29.2
Duties and taxes	-	-	-	-
Short-term provisions	-	-	-	-
	263.8	353.4	450.7	532.7
TOTAL	1,387.3	1,420.5	1,459.4	1,464.3
ASSETS				
Non-current assets				
Fixed Assets	262.0	336.6	416.3	490.2
Long term loans and advances	-	-	-	-
Other non-current assets	-	-	-	-
	262.0	336.6	416.3	490.2
Current Assets				
Security Deposits	365.4	459.0	563.1	659.1
Trade receivables	-	-	-	-
Cash and Cash equivalents	760.0	625.0	480.0	315.0
Short-term loans and advances	-	-	-	-
Other current assets	-	-	-	-
	1,125.37	1,084.00	1,043.09	974.07
TOTAL	1,387.3	1,420.5	1,459.4	1,464.3

Sensitivity Analysis: The sensitivity analysis has been done with the slippage of 20% on revenues and variable cost reduced by 10%. In such a scenario, the Company should have cash till October, 2019 (15 months). Considering the nature of the business, the Company would have to focus on maintaining occupancy level in the properties to achieve profitability. The Capex of the business is discretionary in nature and if the Company is unable to achieve the required occupancy levels, the Company would focus on achieving better performance in the existing properties rather than incurring capex and increasing the number of properties.

Sensitized P&L – FY 19 & FY20

	Q1 FY19	Jul-18	Aug-18	Sep-18	Q2 FY19	Oct-18	Nov-18	Dec-18	Q3 FY19	Jan-19	Feb-19	Mar-19	Q4 FY19	FY19
Rs. In MM	Actuals	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Revenue from Operations	125.6	52.2	56.8	50.8	138.0	54.9	60.9	66.7	182.5	73.5	79.3	86.2	239.0	559.5
Rental paid to owner	70.8	26.5	27.3	27.4	75.8	29.2	33.2	36.5	98.9	41.6	45.9	51.3	138.9	313.6
Net Revenue	54.7	25.7	29.6	23.4	62.2	25.6	27.7	30.3	83.6	31.9	33.3	34.9	100.1	245.9
Food Expense	13.9	5.7	6.4	7.2	19.3	7.9	8.7	9.6	26.1	10.4	10.9	11.8	33.2	78.6
Owner Staff Salary	7.2	3.2	3.3	3.7	10.2	4.0	4.4	4.8	13.2	5.4	6.0	6.5	17.8	41.3
Electricity Charges	9.1	4.6	5.1	5.5	15.2	5.8	6.2	6.6	18.7	7.0	6.9	7.2	21.1	55.0
Other Utilities	6.4	2.8	3.1	3.8	9.7	4.3	5.2	5.8	15.4	6.9	8.0	8.8	23.7	48.7
GST Payable	3.5	2.0	2.5	2.2	6.6	2.7	2.5	3.4	8.6	2.8	3.0	3.6	9.4	24.6
Maintenance	2.8	0.7	0.7	0.8	2.2	0.9	1.1	1.2	3.1	1.3	1.5	1.7	4.5	9.9
Unit EBITDA	12.0	6.8	8.5	0.1	-1.1	0.0	-0.4	-1.2	-1.6	-2.0	-2.9	-4.6	-9.5	-12.1
Corporate Salaries	26.3	11.8	12.7	13.9	38.4	14.4	14.8	15.2	44.4	16.2	16.7	16.9	49.8	132.6
Marketing	4.2	2.6	3.0	3.4	8.9	3.4	4.4	4.8	12.7	5.5	6.0	6.4	17.9	39.5
GA	5.6	2.5	2.6	2.7	7.8	2.7	2.8	2.9	8.4	2.9	3.0	3.1	9.0	25.2
Corporate EBITDA	-24.0	-10.1	-9.8	-19.9	-39.8	-20.6	-22.5	-24.0	-67.0	-26.6	-28.7	-31.0	-86.3	-209.5
Interest	0.9	0.2	0.2	0.2	0.7	0.8	0.8	0.7	2.2	2.4	2.3	2.1	6.8	9.7
Depreciation	2.4	0.9	1.0	1.2	3.1	1.3	1.4	1.5	4.2	1.8	2.0	2.1	5.8	13.2
PBT	-27.3	-11.3	-11.0	-21.3	-43.6	-22.6	-24.6	-26.1	-73.4	-30.7	-33.0	-35.2	-98.9	-232.3
Tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-
PAT	-27.3	-11.3	-11.0	-21.3	-43.6	-22.6	-24.6	-26.1	-73.4	-30.7	-33.0	-35.2	-98.9	-232.3

Profit & Loss Statement for FY 20														
	Q1 FY20	Jul-19	Aug-19	Sep-19	Q2 FY20	Oct-19	Nov-19	Dec-19	Q3 FY20	Jan-20	Feb-20	Mar-20	Q4 FY20	FY20
Rs. In MM	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection	Projection
Revenue from Operations	359.6	122.5	167.6	181.5	502.2	195.5	210.3	227.8	633.6	241.2	248.2	260.7	750.2	2245.5
Rental paid to owner	203.6	74.7	90.9	99.2	273.1	106.8	115.1	124.5	346.4	133.4	142.5	151.6	427.5	1250.7
Net Revenue	156.0	47.8	76.7	82.3	229.1	88.7	95.2	103.3	287.2	107.8	105.8	109.1	322.6	994.9
Food Expense	55.7	25.1	27.4	29.6	82.1	31.9	34.3	37.0	103.1	38.9	38.9	40.4	118.2	359.1
Owner Staff Salary	25.1	10.0	10.8	11.6	32.4	12.4	13.3	14.4	40.1	15.2	16.0	17.0	48.2	145.9
Electricity Charges	30.1	13.1	14.1	15.0	42.2	16.0	17.0	18.2	51.1	18.9	18.7	19.2	56.7	180.1
Other Utilities	36.6	15.1	16.7	18.1	50.0	19.6	21.2	23.2	64.0	24.5	26.1	27.8	78.5	229.1
GST Payable	13.8	7.0	7.8	9.1	23.9	9.9	10.6	11.4	31.9	12.8	12.5	13.0	38.3	108.0
Maintenance	6.7	2.7	3.0	3.2	8.9	3.4	3.7	4.0	11.2	4.3	4.5	4.8	13.6	40.3
Unit EBITDA	-12.1	-25.2	-3.1	-4.4	-10.3	-4.6	-4.9	-4.8	-14.2	-6.7	-11.0	-13.1	-30.9	-67.6
Corporate Salaries	61.4	21.8	22.9	23.5	68.2	24.2	25.3	26.4	75.9	27.3	28.4	29.2	84.9	290.4
Marketing	25.0	9.8	10.7	11.8	32.3	12.8	14.5	16.0	43.4	17.1	18.3	19.3	54.6	155.2
GA	9.7	3.4	3.5	3.6	10.5	3.7	3.8	3.9	11.3	3.9	4.0	4.1	12.1	43.6
Corporate EBITDA	-108.2	-60.2	-40.1	-43.3	-143.6	-45.3	-48.5	-51.1	-144.8	-55.0	-61.8	-65.8	-182.5	-556.8
Interest	6.5	2.0	2.0	1.9	5.8	1.7	1.7	1.6	5.0	1.5	1.5	1.3	4.3	21.6
Depreciation	8.0	3.2	3.4	3.7	10.2	3.9	4.2	4.5	12.7	4.7	5.0	5.3	15.0	45.9
PBT	-122.7	-65.3	-45.5	-48.8	-159.6	-50.9	-54.4	-57.2	-162.5	-61.3	-68.2	-72.4	-201.9	-624.4
Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PAT	-122.7	-65.3	-45.5	-48.8	-159.6	-50.9	-54.4	-57.2	-162.5	-61.3	-68.2	-72.4	-201.9	-624.4

Balance Sheet (Sensitivity)

Balance Sheet as on March 31, 2019				
INR MM	Q1FY19 Actuals	Q2FY19 Projection	Q3FY19 Projection	Q4FY19 Projection
EQUITY AND LIABILITIES				
Share Holders' Fund:				
Share Capital and Premium	1.0	196.0	976.0	976.0
Reserves and Surplus	151.4	117.4	45.4	-12.8
	152.4	313.4	1,021.4	963.2
Long Term Borrowings				
Innoven Debt	20.2	80.5	208.3	183.6
Current Liabilities:				
Refundable Sec deposit	47.0	22.2	49.5	75.4
Trade Payables	35.0	44.6	59.6	81.7
Other current liabilities	11.2	13.9	15.2	16.9
Duties and taxes	-	-	-	-
Short-term provisions	-	-	-	-
	93.2	80.7	124.3	174.0
TOTAL	265.7	474.6	1,353.9	1,320.9
ASSETS				
Non-current assets				
Fixed Assets	81.0	104.4	137.6	191.0
Long term loans and advances	-	-	-	-
Other non-current assets	-	-	-	-
	81.0	104.4	137.6	191.0
Current Assets				
Security Deposits	105.1	170.3	201.3	259.9
Trade receivables	-	-	-	-
Cash and Cash equivalents	79.6	200.0	1015.0	835.0
Short-term loans and advances	-	-	-	-
Other current assets	-	-	-	-
	184.73	370.35	1,216.33	1,094.89
TOTAL	265.7	474.7	1,354.0	1,285.9

Balance Sheet as on March 31, 2020				
INR MM	Q1FY20 Projection	Q2FY20 Projection	Q3FY20 Projection	Q4FY20 Projection
EQUITY AND LIABILITIES				
Share Holders' Fund:				
Share Capital and Premium	977.0	977.0	977.0	977.0
Reserves and Surplus	-86.9	-163.2	-210.8	-148.3
	890.1	813.8	766.2	828.7
Long Term Borrowings				
Innoven Debt	163.4	143.3	122.5	102.9
Current Liabilities:				
Refundable Sec deposit	120.4	170.0	222.8	262.1
Trade Payables	122.3	160.0	201.6	241.3
Other current liabilities	21.0	23.5	26.4	29.2
Duties and taxes	-	-	-	-
Short-term provisions	-	-	-	-
	263.8	353.4	450.7	532.7
TOTAL	1,317.3	1,310.5	1,339.4	1,464.3
ASSETS				
Non-current assets				
Fixed Assets	262.0	336.6	416.3	490.2
Long term loans and advances	-	-	-	-
Other non-current assets	-	-	-	-
	262.0	336.6	416.3	490.2
Current Assets				
Security Deposits	365.4	459.0	563.1	659.1
Trade receivables	-	-	-	-
Cash and Cash equivalents	610.0	365.0	100.0	-65.0
Short-term loans and advances	-	-	-	-
Other current assets	-	-	-	-
	975.37	824.00	663.09	594.07
TOTAL	1,237.3	1,160.5	1,079.4	1,084.3

Capitalization Table

Particulars	%
Founders and Promoters	55.0%
Nexus Venture Partners	36.0%
ESOP Pool	5.0%
Nesta Vera (Investment Advisory)	1.0%
Angel Investors	3.0%
Total	100.0%