Board's Report

Dear Members,

The Board of Directors hereby presents their 13th (Thirteenth) report of Oravel Stays Limited ("the Company") together with Audited Financial Statements for the Financial Year ended on March 31, 2024 ("During the year").

FINANCIAL SUMMARY OR HIGHLIGHTS/ PERFORMANCE OF THE COMPANY

The highlights of the standalone and consolidated financial of your Company as on March 31, 2024, are as follows:

(Amount in INR Million)

	Standalone		**Consolidated**	
Particulars	**Financial Year 2023-24**	**Financial Year 2022 -23**	**Financial Year 2023-24**	**Financial Year 2022-23**
Revenue from contracts with customers	208.89	254.47	53,887.89	54,639.45
Operating expenses	-	-	28,854.41	31,372.76
Employee benefits expense (excluding share based payments cost)	169.11	413.93	5,637.39	9,184.54
Other expenses	230.54	1,366.72	10,517.95	11,517.14
Total Costs	399.65	1,780.65	45,009.75	52,074.44
EBITDA (Earnings before Interest, tax, depreciation and amortization, and share based payments cost)	(190.76)	(1,526.18)	8,878.14	2,565.01
Share based payments cost	1,073.42	3,632.16	1,806.43	6,303.86
Depreciation and amortization expense	76.48	162.98	2,003.46	2,802.85
Finance cost	0.48	1.45	8,438.18	6,815.80
Other Income	922.28	886.48	1,527.96	1,377.59
Loss before exceptional items, share of profit/(loss) in Joint Venture and tax	**(418.86)**	**(4,436.29)**	**(1,841.97)**	**(11,979.91)**
Exceptional Items	278.97	209.94	(4,098.77)	1,054.05
Loss before share of profit/(loss) in Joint Ventures and tax	**(697.83)**	**(4,646.23)**	**2,256.80**	**(13,033.97)**

Share of Profit/(Loss) in Joint Venture after tax (net)		-	101.40	171.17
Profit/ (loss) before tax	**(697.83)**	**(4,646.23)**	**2,358.20**	**(12,862.79)**
Less: Income Tax Expense		-	62.41	2.39
Profit from discontinued operation		-	-	-
Net profit/ (loss) after Tax	(697.83)	(4,646.23)	2,295.79	(12,865.18)
Total profit/ (loss) as % of Total Income	(61.69%)	(407.23%)	4.14%	(22.97%)
Total other comprehensive income (loss)	(7.20)	12.11	(883.98)	(777.85)
Total comprehensive profit/ (loss) for the year, net of tax	**(705.03)**	**(4,634.12)**	**1,411.81**	**(13,641.03)**
Loss per equity share from continuing operations				
Basic loss per share	(0.12)	(0.77)	0.36	(1.93)
Diluted loss per Share	(0.12)	(0.77)	0.36	(1.93)
Loss per equity share from discontinued operations				
Basic loss per share	-	-	-	-
Diluted loss per Share	-	-	-	-
Loss per equity share for continuing and discontinued operations				
Basic loss per share	(0.12)	(0.77)	0.36	(1.93)
Diluted loss per Share	(0.12)	(0.77)	0.36	(1.93)

<u>Reconciliation from EBITDA to Adjusted EBITA for Consolidated Financial</u>

(Amount in INR Million)

	For the fiscal year ended March	
	2024	**2023**
EBITDA	8,878.14	2,565.01
Add: Transformation Expenses	174.19	729.94
Less: Depreciation of right of use assets	(154.16)	(350.74)
Less: Interest on lease liabilities	(126.14)	(166.79)
Adjusted EBITDA	8,772.03	2,777.42

STATE OF THE COMPANY'S AFFAIRS

GENERAL INFORMATION, EXPANSION PLANS & FUTURE PROSPECTS

The company is engaged in the business of providing a new age technology platform that aims to empower small entrepreneurs and owners to efficiently manage and operate their hotels and homes by providing full-stack technology products and services, to ease operations, bringing easy-to-book, affordable accommodation to customers.

The company has been focused on reshaping the short-stay accommodation space since its incorporation in 2012 and has developed a unique two-sided technology platform focused on comprehensively addressing key pain points of its Patrons (being the owners, lessors and/ or operators of storefronts listed on our platform) on the supply side and Customers (being travellers and guests who book accommodations at our Patrons' storefronts through our platform) on the demand side. The company's unique business model helps the Patrons transform fragmented, unbranded and underutilized hospitality assets into branded, digitally enabled storefronts with higher revenue generation potential and it also provides customers with access to a broad range of high-quality storefronts at compelling price points, through OYO's app, web & m-web platforms, online travel agents, and corporates tie-ups, among others.

With continued improvement in business performance coupled with built in operating leverage, which has seen the company achieve eight consecutive EBITDA positive quarters, FY24 was also a remarkable turnaround year. The company turned PAT positive for the entire fiscal year, its first since inception, clocking a profit of INR 2,292.6 million.

The company's consolidated adjusted EBITDA improved by ~316% to INR 8,772.03 million for the FY24 as against INR 2,777.42 million in the FY23.

The company focused on qualitative aspects of the business with better quality storefronts delivering superior customer experience, which was reflected in programs such as Super OYO, that recognizes OYO hotels that are selected through a process of evaluation based on consistency in customer ratings, room availability and smooth check-in experiences, as well as the launch of its premium hotels brand Palette. Over the last year, we have seen a surge in demand in the mid-premium and premium segments, and moving forward, we strive to offer greater choices across varied price points to guests who have rising aspirations.

The company's Adjusted Gross Profit margin remained strong at 23.6% in FY24 (23.2% in FY23) despite a substantial addition of new inventory.

In FY24, witnessing an increase in demand and improved market sentiment, the company added several new hotels. As a result, its inventory grew from 12,938 hotels as on 31st March 2023 to 18,103 as on 31st March 2024. The new additions will require time to achieve full revenue potential, with financial returns expected to become evident going forward. Hence, the company's consolidated revenue from operations remained stable at INR 53,887.89 million against INR 54,639.45 million during the FY23.

During the year, the company continued to focus on maintaining sustainable growth coupled with increased emphasis on profitability. It also made efforts to make its cost structure leaner led by reduction in general & administrative spend and optimizing marketing spends.

The company was able to slash its interest outlay through the debt buyback of $195 million. The buyback process involved the repurchase of 30% of OYO's outstanding Term Loan B (TLB), due in June 2026. The company is also aiming to refinance its outstanding debt to a lower markup over the SOFR, to reduce the current effective interest rate from 14% to 10%, leading to annual savings of approximately $15-$17M and extending the repayment date to 2029.

While OYO expands its footprint worldwide, India continues to form the bedrock of its operations. With over 70% of the workforce based in the country, the centralized operations in India are crucial to the company’s strategic initiatives and continued growth worldwide.

India’s domestic tourism circuit also holds tremendous potential. In FY24, we witnessed the rise of spiritual tourism, a trend we capitalized on through the launch of properties across major Indian religious destinations. As India’s middle-class expands and the economy continues to outperform its counterparts in Asia, OYO is well-placed to reap the benefits of these positive trends.

Among other geographies, the company has seen growth across Europe, the US, Southeast Asia and the Middle East. Europe is the largest market for vacation rentals, and its homes business, OVH, is poised to benefit from the resilient leisure travel trends in Europe, especially given the emphasis the company has paid to its business in Denmark. The company is also steadily expanding in the US, with over 300 properties under its umbrella while also boosting its premium storefront count in the core Southeast Asian markets of Indonesia, Malaysia and Thailand.

Much of this will be driven by cutting-edge technology, which forms the foundation of OYO. The company has continued to invest in its technological capabilities, most notably employing machine learning for the search and ranking of hotels, thereby enhancing the accuracy of such results. Other initiatives include deep learning for hotel recommendations, predicting potential customer escalations, and introducing faster and more efficient payment options.

Company-serviced hotels also emerged as a new focus area for OYO in FY24. The category comprises selective, leased properties that are operated by trusted patrons, ensuring consistently premium experience for guests and increased profitability for the company. Apart from India, OYO added to its company-serviced portfolio in Southeast Asia and the Middle East.

The company is committed to achieving its dual objective of improving profitability and boosting revenue, doubling down on its efforts to offer better technology, bolstering its company-serviced hotel portfolio, curating more premium experiences, and gaining a stronger foothold in high-potential markets such as the US. The company is committed to build further on the turnaround achieved in FY24 in the next financial year.

AWARDS

During the year, the Company has been bestowed with the following recognition/ awards:

- Bronze in the Reputation Management category at Economic Times Brand Equity Kaleido Awards 2024.

- Featured in Reputation Today's Top 30 Corporate Communications Teams of India at number 25 in 2024.

- Global SABRE Award for top 25 global Campaigns of the Year.

- Mr. Ritesh Agarwal, founder and CEO of OYO Rooms received RBETA 2024 Entrepreneur of the Year Award.

AUDITORS' CERTIFICATE ON COMPLIANCE WITH DOWNSTREAM INVESTMENT

As mandated by the Reserve Bank of India's circular reference. RBI / 20132014 / 117A.P. (DIR Series) Circular No. 1 dated July 4, 2013 (as amended from time to time) and in terms of Rule 23(6) of Foreign Exchange Management (Non-debt Instruments) Rules, 2019, the Company has secured necessary compliance certificate from the Statutory Auditors as required under the said Rules regarding downstream investment. The Statutory Auditors have certified that the Company is in compliance with applicable provisions as laid down under the Foreign Exchange Management Act ("FEMA"), 1999 and rules and regulations framed thereunder.

CHANGE IN NATURE OF BUSINESS

There has been no material change in the nature of the Company's business during the Financial Year 2023-24 except as otherwise disclosed in this report and in financial statements.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY, HAVING OCCURRED SINCE THE END OF THE FINANCIAL YEAR AND TILL THE DATE OF THE REPORT

There have been no material changes and commitments, which may affect the Company's financial position, which may have occurred during the period between the end of the financial year to which the financial statements relate and the date of this report.

TRANSFER TO RESERVES

The Company has not transferred any amount to any Reserves account for the Financial Year 2023-24.