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ICASHCARD

Hermes I Tickets Pvt. Ltd.

Investment Note

26th September 2014

Hermes I Tickets Pvt. Ltd.

Brands Owned

Travel + DMR + Philippines



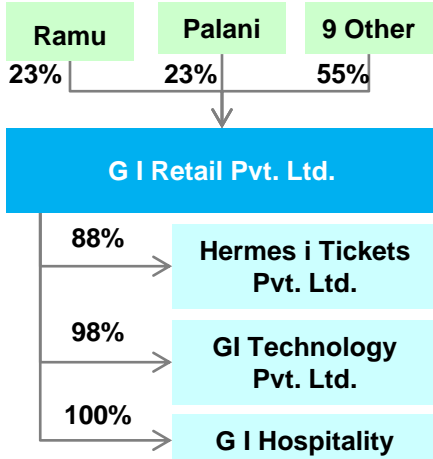
Company Overview

Brief Description

- The Company was promoted by Mr. Ramu Annamalai Ramasamy in 2007 and has its operations in India and Philippines
- As per the Company, Hermes is the largest Domestic Money Transfer (DMT) company in India, in cash to bank segment
 - Through DMT, migrant labourers can send money to their family in rural India safely and quickly. It provides the last mile connectivity and fulfilment of services to the under banked and unbanked population in India
- As per the Company, it is the 2nd largest online travel B2B2C company in India and Philippines
- It is one of the largest Retail Agent Terminal networks for DMT, Payments and Travel in India (65k) and Philippines (6500)
 - As per the company, it has issued 3.3 Mn wallets since Oct 2012 for DMT and is adding about 130k+ wallets every month. Also, it has served 6 Mn customers in 2013

Group Structure

Key Entities



Business Segments & Products

Explained Subsequently

TRAVEL

- Air, Rail and Bus
- Hotels & Tours
- Technology

ICashCard & Related

- Forex Cards
- Insurance
- Agent Loans
- Prepaid Wallets
- Scholar Cards
- Loan Processing
- Physical Card Issued
- Icash Wallet

Int'l Money Remittance

- International Inwards
- Online Remittance
- India to Nepal and Bangladesh

Payments Related

- Top Ups
- Bill Pays
- Mobile POS

DMR & Related

- DMR
- Cash Out
- Government Subsidies Transfer

PHILIPPINES

- Travel
- DMR
- IMR

Travel Ticketing – Industry Overview

Travel Ticketing Industry

Brief Summary

Market Size:

- The market size of aviation industry is Rs 40,000 Crs
- The market size of railways passengers is Rs 44,645 Crs
- In the 2011, the share of booking of domestic air tickets through offline agencies was 58%, Hence, online B2C was 42%

Online Ticketing:

- India's consumer-facing e-Commerce market (B2C-C2C) grew at a whopping CAGR of 49.1% from 2007 to 2011 to reach a market size of US\$ 9.9 Bn. Online travel is the largest domestic B2C e-Commerce segment accounting for 81% in 2011
- B2B market is a small contributor to the overall domestic e-Commerce market and was estimated at US\$50.4 Mn in 2011

Key Players in Online B2C Segment:

- Make My Trip
- Clear Trip
- Expedia
- Yatra
- Goibibo

Domestic Money Remittance – Industry Overview

Industry Overview

Market Size:

- The overall domestic money remittance (“DMR”) market in India has consistently grown at a CAGR of 10.3% from FY2008 to FY2013
 - Rs 47,205 Crs were remitted in FY2008 vis-à-vis Rs 77,122 Crs in FY2013
- Total number of domestic remittance transactions in FY2013 were 3.9 Crs. Hence, in FY2013, average amount remitted p.a. was ~ Rs 20,000

Top 10 states in order of remittances made:

- Tamil Nadu – 33.7%
- Karnataka – 18.4%
- Kerala – 14.5%
- Rajasthan – 7.3%
- Maharashtra – 6.0%
- Gujarat – 3.3%
- West Bengal – 2.9%
- Uttar Pradesh – 2.2%
- Andhra Pradesh – 1.9%
- Delhi – 1.3%

The largest 5 states together representing over 50% of domestic remittances received in FY2008 were:

- Uttar Pradesh (20%), Bihar (12%), Rajasthan, West Bengal and Orissa

Other Options to Transfer Money

Issues with Other Than Through Banking Correspondents

Hawala:

- No records are maintained for ‘hawala’ transactions whereby only a running tally of the amount owed by one broker to another is tracked
- There is a risk to the sender of losing the remittance amount and the probability is 4% to 45%
- These transactions are considered as illegal in India

Banks:

- Inherent inconveniences with banking services, e.g., travelling and waiting time
- KYC and other banking requirements
- Low level of financial literacy and capability in the domestic remittance sender community

Money Orders through Post Office:

- Commission charged is ~5% which is high compared to other options
- The remittance takes a long time to complete
- The receiver may need to give a tip to the postman

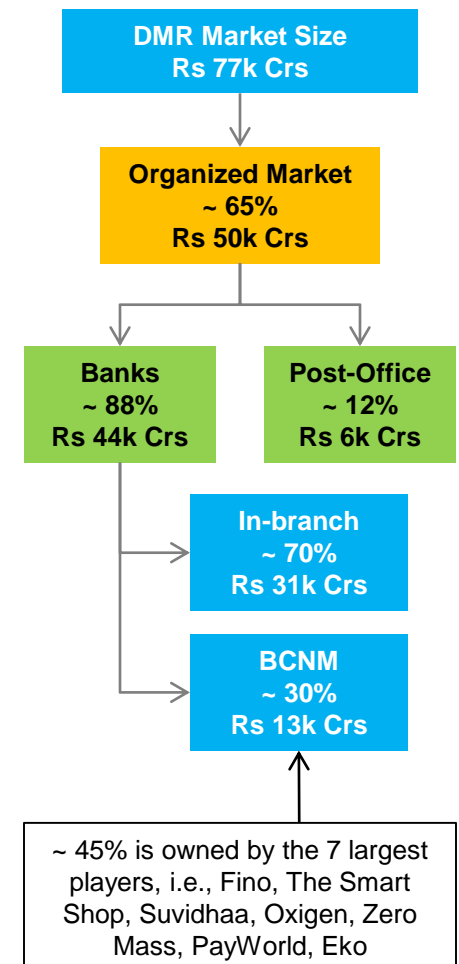
Cash Carriers (friends & family):

- Risk of theft and alternate usage in emergency

The principal amount remitted domestically through formal channels of money transfer comprising banks and post-offices in India increased at a CAGR of 29% during FY2008 to FY2013

DMR Market Segmentation

Based on FY2013



Domestic Money Remittance – Peers Benchmarking

	Oxigen	ItzCash	Suvidhaa	A Little world	Fino	ICashCard
Investors		Matrix Partners, Intel Capital (Mauritius) Limited), Lightspeed Venture Partners	Norwest Venture Partners, Reliance Venture Asset Management, IFC, Mitsui & Co.	State Bank of India, Legatum Ventures - Dubai, Caspian Advisors, Enam	ICICI Bank, IFC, Indian Bank, Intel Capital, LIC, Avendus Capital, Blackstone Group	Ramu Ramasamy, RM Palaniyapan, Usman Faheed, Sanjay Chandi, Shankara Narayanan Madhava Menon, RM Kothai, R. Umaiyal Radhai, Sudha, Usman Fayaz, Clemet Ventures, Sanron Management Services LLP,
Promoter	Pramod Saxena	Ashok Kumar Goel	Paresh Rajde	Anurag Gupta	Ex-employees of ICICI Bank	Ramu Ramasamy, Palani Ramasamy
Outlets	1,00,000	N.A.	65,000	30,000	30,000	70,000
Products	Oxigen Mobile Wallet, Oxigen Wallet, Oxigen Money Transfer Service, Mobile Recharge, DTH & Broadband Recharge, Utility Bill Payments	Recharge, Mobile, DTH, Rail, Insurance, Energy, Air, Travel, Postpaid Mobile bills, Utility Payments, Photo, Power to Pay, Campus Card, Saral Money Card, ItzCAsh Choice Gift Cards, Prepaid Cards, NoQ 24x7 Card, eWallet, Money Transfer	Mobile Recharge, DTH Recharge, Data Card Recharge, Money transfer	ZERO - Application includes Biometric identity, Cash deposit, Recuring Deposits, Cash withdrawals, Money transfer, NREGA/Pensions, Micro Credit, Micro Insurance, Cashless Payment, Utility Payments, SHG Utilities. mZERO - Mobile version of Zero	Banking, Government and insurance	Air-Rail-Bus Travel, Hotels & Tours, Domestic Money Remittance, Government Subsidies Transfer, Forex Cards, Insurance, Loans, Prepaid Wallets, Scholar Cards, Loan Processing, Icash Wallet, Top Ups, Bill Pays, Mobile POS
Revenues	Rs 18.6 Crs – FY2013	Rs 59.9 Crs – FY2012		Rs 18.4 Crs – FY2013	Rs 148.2 Crs – FY2013	Rs 80.6 Crs – FY2014
EBIT	Rs 2.1 Crs – FY2013	(Rs 9 Crs) – FY2012		Rs 10.8 Crs – FY2013	(Rs 1.6 Crs) – FY2013	Rs 12.2 Crs – FY2014
PAT	Rs 1.6 Crs – FY2013	(Rs 5.3 Crs) – FY2012		Rs 7.5 Crs – FY2013	(Rs 1.7 Crs) – FY2013	Rs 8.0 Crs – FY2014

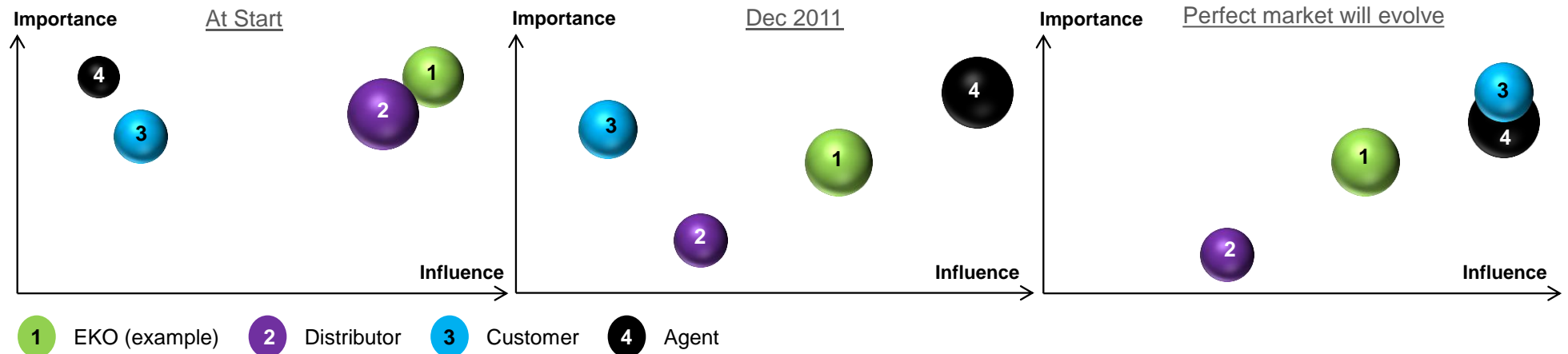
Domestic Money Remittance – Evolving Influence

Shift in Influence & Importance of Stakeholders

Brief Summary

Example of BCNM-Agent-Customer Influence Shift over time:

- The highly competitive market and high levels of demand (stakeholders) have evolving levels of influence and power
- The graphs below show the shift in relative influence and importance of various channel stakeholders over time
- The retailers/agents now have choice and, hence, are becoming increasingly important. Also, at present, they have the most influence on the market
- Customers are still not aware about the choices available and, thus, are not making informed decisions especially based on factors such as price
- However, in the near future, it is expected that the customers will have access to more service providers and will become more aware about the choices and prices available. Thus, the customers will start making decisions and will emerge as the most influential stakeholder. See diagram below:



The share of in-branch remittance has reduced from around 96% in FY2008 to 70% in FY2013. The share of remittance transactions through BCNMs on the other hand has increased from only around 4% in FY2008 to around 30% in FY2013

Profit & Loss Statement

Profit & Loss Statement

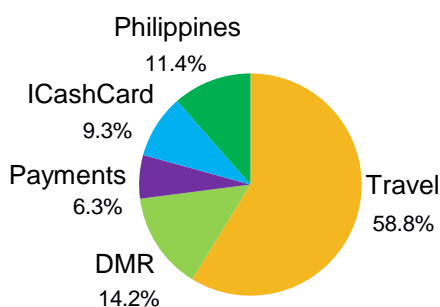
(in Rs Crs)	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Gross Commission	36.9	46.3	65.3	54.8	80.6	169.0	274.7	395.4	533.5	696.7
Travel	36.5	45.3	63.3	51.7	56.4	98.0	137.1	179.3	221.3	265.5
DMR & Related	-	-	-	-	19.1	48.4	82.0	118.0	159.5	213.8
Payments Related	0.4	1.0	2.1	2.7	3.4	5.1	6.5	8.4	11.3	14.6
IMR Related	-	-	-	-	-	5.4	15.2	28.9	42.9	57.5
ICashCard & Related	-	-	-	-	-	5.2	18.9	39.9	67.7	106.1
Philippines Travel (Net)	-	-	-	0.4	1.7	5.9	12.4	15.4	22.3	26.7
Philippines DMR (Net)	-	-	-	-	-	-	1.0	2.0	2.9	3.9
Philippines IMR (Net)	-	-	-	-	-	-	-	1.6	2.5	3.7
Others	-	-	-	-	-	1.0	1.5	2.0	3.0	5.0
Contribution	14.8	20.4	23.8	20.0	39.2	70.1	113.6	162.8	220.1	287.2
Margin (excl. Philippines & Others)	40.0%	44.1%	36.4%	36.0%	47.5%	39.0%	38.0%	37.9%	37.7%	37.7%
Travel	14.7	20.2	23.3	18.8	32.8	46.8	63.2	81.6	99.2	119.0
Margin	40.3%	44.7%	36.8%	36.3%	58.2%	47.8%	46.1%	45.5%	44.8%	44.8%
DMR & Related	-	-	-	-	3.4	10.5	19.8	30.2	41.8	56.9
Margin	-	-	-	-	17.8%	21.6%	24.1%	25.6%	26.2%	26.6%
Payments Related	0.1	0.2	0.5	0.8	1.2	1.8	2.6	3.7	5.7	7.8
Margin	17.8%	21.0%	24.6%	30.9%	36.2%	36.1%	39.9%	44.1%	50.1%	53.6%
IMR Related	-	-	-	-	-	1.2	3.6	6.7	9.9	13.3
Margin	-	-	-	-	-	22.5%	23.7%	23.1%	23.0%	23.1%
ICashCard & Related	-	-	-	-	-	2.9	9.4	19.6	32.9	51.0
Margin	-	-	-	-	-	56.3%	49.7%	49.2%	48.5%	48.1%
Philippines Travel	-	-	-	0.4	1.7	5.9	12.4	15.4	22.3	26.7
Philippines DMR	-	-	-	-	-	-	1.0	2.0	2.9	3.9
Philippines IMR	-	-	-	-	-	-	-	1.6	2.5	3.7
Others	-	-	-	-	-	1.0	1.5	2.0	3.0	5.0
Fixed Costs	10.5	12.9	15.0	11.3	17.8	32.5	39.3	45.1	48.9	52.7
Variable Costs (after contribution)	1.0	1.9	1.6	1.9	4.4	2.1	2.9	3.9	4.8	5.7

Profit & Loss Statement (cont'd...)

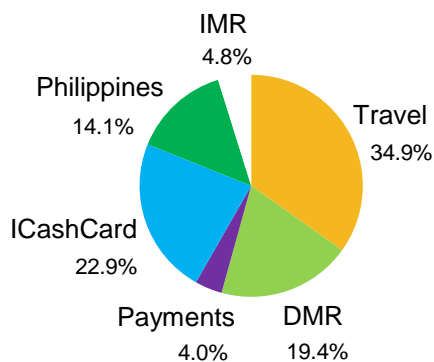
EBITDA Split

Change in Share of Current Business

FY2015



FY2019



Profit & Loss Statement (cont'd...)

(in Rs Crs)	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Business Level EBITDA	3.3	5.7	7.2	4.7	14.7	30.0	60.0	98.1	145.8	202.7
<i>Margin (excl. Philippines & Others)</i>	8.9%	12.2%	11.1%	11.8%	19.3%	15.8%	18.8%	21.9%	24.0%	25.8%
<i>Travel</i>	3.2	5.4	6.7	5.6	12.6	17.2	29.0	42.4	54.6	68.9
<i>Margin</i>	8.8%	12.0%	10.6%	10.8%	22.3%	17.5%	21.2%	23.6%	24.7%	26.0%
<i>DMR & Related</i>	-	-	-	-	1.4	4.1	9.7	16.3	25.8	38.4
<i>Margin</i>	-	-	-	-	7.3%	8.6%	11.8%	13.8%	16.2%	18.0%
<i>Payments Related</i>	0.1	0.2	0.5	0.8	1.2	1.8	2.6	3.7	5.7	7.8
<i>Margin</i>	17.8%	21.0%	24.6%	30.9%	36.2%	36.1%	39.9%	44.1%	50.1%	53.6%
<i>IMR Related</i>	-	-	-	-	-	(0.2)	1.7	4.0	6.7	9.5
<i>Margin</i>	-	-	-	-	-	(3.1%)	10.9%	13.7%	15.5%	16.5%
<i>ICashCard & Related</i>	-	-	-	-	-	2.7	5.9	15.5	28.0	45.2
<i>Margin</i>	-	-	-	-	-	52.4%	31.2%	38.9%	41.4%	42.6%
<i>Philippines Travel</i>	-	-	-	(1.7)	(0.5)	3.3	9.0	11.7	17.7	21.6
<i>Philippines DMR</i>	-	-	-	-	-	-	0.7	1.5	2.3	3.3
<i>Philippines IMR</i>	-	-	-	-	-	-	-	1.1	2.0	3.0
<i>Others</i>	-	-	-	-	-	1.0	1.5	2.0	3.0	5.0
Branding Expenditure	-	-	-	-	-	(2.0)	(5.8)	(7.9)	(10.5)	(13.6)
Advisory & Strategic Mgt. Fees	-	-	-	-	-	(0.9)	(1.8)	(3.0)	(4.4)	(6.1)
Corporate Level EBITDA	3.3	5.7	7.2	4.7	14.7	27.1	52.3	87.3	130.9	183.0
<i>Margin</i>	8.9%	12.2%	11.1%	8.6%	18.3%	16.0%	19.1%	22.1%	24.5%	26.3%
Depreciation	(0.8)	(2.7)	(2.1)	(1.5)	(2.6)	(2.3)	(3.2)	(3.2)	(2.0)	(1.1)
EBIT	2.5	3.0	5.2	3.2	12.2	24.8	49.1	84.1	128.8	181.9
<i>Margin</i>	6.8%	6.5%	7.9%	5.8%	15.1%	14.7%	17.9%	21.3%	24.1%	26.1%
Interest	(0.2)	(1.5)	(3.1)	(4.3)	(4.2)	(5.3)	(6.9)	1.0	1.2	1.4
PBT	2.3	1.5	2.1	(1.1)	8.0	19.5	42.2	85.1	130.0	183.2
<i>Margin</i>	6.2%	3.3%	3.1%	(2.0%)	9.9%	11.5%	15.4%	21.5%	24.4%	26.3%
Tax	(1.2)	(0.8)	(0.7)	(0.0)	-	(6.6)	(14.3)	(28.9)	(44.2)	(62.3)
PAT	1.1	0.7	1.3	(1.1)	8.0	12.9	27.9	56.2	85.8	121.0
<i>Margin</i>	2.9%	1.5%	2.0%	(2.0%)	9.9%	7.6%	10.1%	14.2%	16.1%	17.4%

Balance Sheet

Balance Sheet

(in Rs Crs)	Mar-10	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Shareholder's Funds	11.7	11.7	13.2	17.1	27.5	128.4	156.3	212.5	298.3	419.2
<i>Share Capital</i>	0.1	0.1	0.1	0.1	1.1	89.1	89.1	89.1	89.1	89.1
<i>Reserves & Surplus</i>	11.6	11.6	13.2	17.1	26.5	39.3	67.2	123.4	209.2	330.2
Non-Current Liabilities	3.4	4.2	1.5	1.9	1.8	1.7	1.7	1.7	1.7	1.7
<i>LT Borrowings</i>	3.1	3.1	0.1	0.2	0.2	-	-	-	-	-
<i>Deferred Tax Liabilities (Net)</i>	0.3	0.8	1.0	1.2	1.2	1.2	1.2	1.2	1.2	1.2
<i>Others LT Liabilities</i>	-	0.3	0.3	0.6	0.4	0.5	0.5	0.5	0.5	0.5
Total Liabilities	15.1	15.9	14.7	19.1	29.3	130.1	157.9	214.1	299.9	420.9
Non-Current Assets	8.0	10.8	10.6	16.3	26.9	38.7	48.1	54.5	62.4	71.5
<i>Fixed Assets</i>	6.4	5.4	4.3	6.9	5.6	6.7	7.0	4.3	2.8	2.2
<i>Investments</i>	0.3	0.0	0.4	1.0	2.1	12.1	12.1	12.1	12.1	12.1
<i>LT Loans and Advances</i>	-	4.7	3.7	5.9	15.8	16.2	25.3	34.4	43.8	53.6
<i>Others LT Assets</i>	1.3	0.7	2.2	2.5	3.4	3.7	3.7	3.7	3.7	3.7
Net Working Capital	7.1	5.1	4.1	2.8	2.4	91.3	109.8	159.6	237.5	349.4
Current Assets	30.5	44.4	61.5	65.1	109.1	163.8	208.0	188.5	273.4	392.3
<i>Receivables</i>	0.1	2.6	4.4	3.8	12.4	26.0	35.9	47.4	58.6	69.9
<i>Cash & Equivalents Float</i>	3.8	8.9	6.2	13.6	6.8	46.7	65.0	13.9	68.4	156.6
<i>Supplier Credit</i>	-	-	-	-	-	46.1	64.6	87.2	108.9	130.7
<i>ST Loans and Advances</i>	26.7	32.9	51.0	47.8	89.9	35.0	35.0	35.0	35.0	35.0
<i>Pre-Operating Expenses</i>	-	-	-	-	-	10.0	7.5	5.0	2.5	-
(-) Current Liabilities	23.5	39.3	57.4	62.3	106.7	72.5	98.2	28.9	35.9	43.0
<i>ST Borrowings</i>	12.9	25.4	40.3	48.7	56.7	57.9	76.6	-	-	-
<i>Payables</i>	3.1	4.4	11.7	8.6	45.6	13.4	20.2	27.3	34.1	40.9
<i>Other ST Liabilities</i>	7.5	9.5	5.3	5.1	4.4	1.2	1.4	1.6	1.8	2.1
Total Assets	15.1	15.9	14.7	19.1	29.3	130.1	157.9	214.1	299.9	420.9
<i>Capital Employed</i>	27.7	40.2	53.7	66.0	84.4	186.3	232.9	212.5	298.3	419.2

Cash Flow Statement and Key Ratios

Cash Flow Statement

(in Rs Crs)	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
PAT	0.7	1.3	(1.1)	8.0	12.9	27.9	56.2	85.8	121.0
(+) Net Interest	1.5	3.1	4.3	4.2	5.3	6.9	(1.0)	(1.2)	(1.4)
(+) Depreciation	2.7	2.1	1.5	2.6	2.3	3.2	3.2	2.0	1.1
Fund Flow from Operations	4.9	6.5	4.7	14.7	20.5	38.0	58.3	86.7	120.7
(Increase)/Decrease in Working Capital	(3.7)	(18.2)	(0.2)	(16.6)	(60.4)	(18.8)	(24.3)	(23.5)	(23.6)
<i>Receivables</i>	(2.5)	(1.7)	0.6	(8.6)	(13.6)	(9.9)	(11.5)	(11.2)	(11.3)
<i>Supplier Credit</i>	-	-	-	-	(46.1)	(18.4)	(22.6)	(21.8)	(21.8)
<i>ST Loans/Advances</i>	(6.2)	(18.1)	3.2	(42.2)	54.9	-	-	-	-
<i>Payables</i>	1.3	7.3	(3.2)	37.0	(32.2)	6.8	7.1	6.8	6.8
<i>Other Net Assets</i>	3.7	(5.7)	(0.8)	(2.9)	(23.4)	2.7	2.7	2.7	2.7
Cash Flow from Operations	1.1	(11.7)	4.5	(1.9)	(40.0)	19.2	34.1	63.2	97.1
Capex	(1.6)	(1.0)	(4.1)	(1.3)	(3.5)	(3.5)	(0.5)	(0.5)	(0.5)
(Increase)/Decrease in LT Loans/Advances	(4.7)	1.0	(2.2)	(9.9)	(0.4)	(9.1)	(9.1)	(9.4)	(9.7)
Cash Flow from Investing	(6.3)	(0.0)	(6.2)	(11.1)	(3.9)	(12.6)	(9.6)	(9.9)	(10.2)
Increase in Equity / (Dividends)	(0.7)	0.2	5.0	2.4	88.0	-	-	-	-
Debt Raised / (Repaid)	12.5	12.0	8.4	8.0	1.0	18.7	(76.6)	-	-
(-) Net Interest	(1.5)	(3.1)	(4.3)	(4.2)	(5.3)	(6.9)	1.0	1.2	1.4
Cash Flow from Financing	10.3	9.1	9.1	6.2	83.8	11.8	(75.6)	1.2	1.4
Total Cash Inflow / (Outflow)	5.1	(2.7)	7.4	(6.8)	39.9	18.3	(51.1)	54.5	88.2
Closing Cash Balance	8.9	6.2	13.6	6.8	46.7	65.0	13.9	68.4	156.6

Ratio Analysis

Particulars	Mar-11	Mar-12	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Debt / Equity	2.4	3.1	2.9	2.1	0.5	0.5	-	-	-
Average RoCE (post-tax)	4.2%	7.1%	5.5%	16.2%	12.1%	15.5%	24.9%	33.3%	33.5%
Average RoE	6.1%	10.6%	(7.3%)	35.9%	16.5%	19.6%	30.5%	33.6%	33.7%
Cost of Debt (Post Tax)	3.2%	5.8%	9.9%	7.9%	6.1%	6.8%	(1.8%)		

Financials of Key Business Models

Travel Business P&L	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Gross Commission / Revenues	(Rs Crs)	51.7	56.4	98.0	137.1	179.3	221.3	265.5
Contribution	(Rs Crs)	18.8	32.8	46.8	63.2	81.6	99.2	119.0
<i>Margin</i>	(%)	36.3%	58.2%	47.8%	46.1%	45.5%	44.8%	44.8%
Employee Costs	(Rs Crs)	(7.1)	(10.2)	(19.5)	(22.3)	(25.5)	(29.1)	(33.1)
Advertisement	(Rs Crs)	(0.3)	(0.1)	(1.3)	(1.5)	(1.5)	(1.5)	(1.0)
Travelling	(Rs Crs)	(0.8)	(1.2)	(1.9)	(2.2)	(2.5)	(2.9)	(3.3)
Postage, Telegram & Internet	(Rs Crs)	(0.7)	(0.8)	(0.9)	(1.0)	(1.1)	(1.2)	(1.3)
Professional & Consultancy	(Rs Crs)	(1.0)	(1.5)	(1.5)	(1.6)	(1.7)	(1.8)	(1.9)
Other Admin	(Rs Crs)	(1.4)	(2.2)	(2.4)	(2.7)	(3.0)	(3.4)	(3.8)
Payment Gateway	(Rs Crs)	(0.6)	(0.6)	(1.1)	(1.6)	(2.1)	(2.6)	(3.1)
Bank Charges (Cash Deposit)	(Rs Crs)	(1.3)	(3.9)	(1.0)	(1.4)	(1.8)	(2.2)	(2.7)
EBITDA	(Rs Crs)	5.6	12.6	17.2	29.0	42.4	54.6	68.9
<i>Margin</i>	(%)	10.8%	22.3%	17.5%	21.2%	23.6%	24.7%	26.0%
DMR & Related Business P&L	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Gross Commission / Revenues	(Rs Crs)		19.1	48.4	82.0	118.0	159.5	213.8
Contribution	(Rs Crs)		3.4	10.5	19.8	30.2	41.8	56.9
<i>Margin</i>	(%)		17.8%	21.6%	24.1%	25.6%	26.2%	26.6%
Employee Costs	(Rs Crs)		-	(1.5)	(2.1)	(3.0)	(3.4)	(4.1)
Infrastructure costs	(Rs Crs)		-	(4.2)	(6.9)	(9.3)	(10.3)	(11.7)
Hardware & Software Exp.	(Rs Crs)		-	(0.1)	(0.1)	(0.2)	(0.2)	(0.2)
Bio-Metric Device Exp.	(Rs Crs)		-	(0.5)	(1.0)	(1.5)	(2.0)	(2.5)
EBITDA	(Rs Crs)		1.4	4.1	9.7	16.3	25.8	38.4
<i>Margin</i>	(%)		7.3%	8.6%	11.8%	13.8%	16.2%	18.0%
ICashCard & Related Business P&L	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Gross Commission / Revenues	(Rs Crs)			5.2	19.2	40.9	69.9	109.9
Contribution	(Rs Crs)			2.9	9.4	19.6	32.9	51.0
<i>Margin</i>	(%)			56.3%	48.9%	48.0%	47.0%	46.4%
Employee Costs	(Rs Crs)			(0.2)	(3.5)	(4.1)	(4.9)	(5.8)
EBITDA	(Rs Crs)			2.7	5.9	15.5	28.0	45.2
<i>Margin</i>	(%)			52.4%	30.7%	38.0%	40.1%	41.1%

Investment Positives, Risks and Returns

Positives

Travel:

- Offers multiple revenue options to small time agents

Remittances:

- In 2008-13, the overall DMR market has grown at a CAGR of 10% while the BCNM market has grown at a CAGR of 120%
- Strong network of 35,000 The Smart Shops
- Strong Customer Data could be useful for Cross Selling of Products

Concerns

Travel:

- Hermes business is B2B model focused on offline agents. The share of such agents in the travel industry is steadily declining (58% in 2011)

Remittances:

- The model is not linked with no. of agents being added
- Business sub-verticals like Cash Out, Government Subsidies Transfers, Forex Cards, Insurance to Wallets, Agent Loan Disbursement, Loan Processing and Prepaid Wallets are not tested as of now and they cumulatively contribute Rs 71 Crs in FY19 (25% of overall contribution)
- Mobile players are strongly positioned to capture the market
- Agent influence to become stronger in the future
- No ownership of customer; brand loyalty to be a concern
- Low entry barriers

Entry & Exit Analysis

Entry Pre-Money Equity Value (Rs Crs)	360
Implied FY14A EV/EBITDA	24.4x
FY19E EBITDA Achieved %	100.0%
FY19E EBITDA (Rs Crs)	183
Exit Trailing EV/EBITDA	12.0x
Exit Enterprise Value (Rs Crs)	2,196
FY19E Net Debt (Rs Crs)	(157)
Exit Equity Value (Rs Crs)	2,353

IRR Calculation

Date	Flows
30-Sep-14	(360)
31-Mar-19	2,353
IRR	51.7%
Cash Multiple	6.5x

IRR Sensitivity to Exit Scenario

		EV / EBITDA at Exit				
		5.0x	7.0x	10.0x	12.0x	15.0x
FY19E EBITDA Achieved %	40%	8.6%	14.8%	22.2%	26.4%	32.0%
	50%	12.6%	19.3%	27.4%	32.0%	37.9%
	60%	16.1%	23.3%	32.0%	36.8%	43.0%
	70%	19.3%	26.9%	36.0%	41.1%	47.6%
	80%	22.2%	30.2%	39.7%	44.9%	51.7%
	90%	24.9%	33.2%	43.0%	48.5%	55.5%
	100%	27.4%	36.0%	46.1%	51.7%	59.0%

Annexure: Travel Business Financials

Travel Business

Particulars	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Total Agents	(Nos.)	53,484	58,832	64,716	71,187	78,306	86,137	94,750
Growth Rate	(%)		10%	10%	10%	10%	10%	10%
Air	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Active Agents for Air	(Nos.)	10,200	12,943	17,473	21,356	25,058	29,286	34,110
Out of Total Agents	(%)	19%	22%	27%	30%	32%	34%	36%
Growth Rate	(%)		27%	35%	22%	17%	17%	16%
Domestic Market Size	(Rs Crs)	36,905	44,287	53,144	62,710	73,370	84,376	97,032
Growth Rate	(%)		20%	20%	18%	17%	15%	15%
Hermes Domestic Market Share	(%)	1.7%	2.1%	2.5%	3.0%	3.5%	3.8%	4.0%
Tickets Sold	(Lakhs)	12.8	18.2	25.9	35.8	46.1	54.8	62.7
Per Day	(Nos.)	3,506	4,981	7,108	9,817	12,622	15,027	17,173
Growth Rate	(%)		42%	43%	38%	29%	19%	14%
Domestic Full Service	(Lakhs)	2.7	2.6	3.7	5.1	6.5	7.8	8.9
Growth Rate	(%)		(4%)	42%	36%	29%	19%	14%
Share in Total Tickets	(%)	21%	14%	14%	14%	14%	14%	14%
Domestic Low Cost	(Lakhs)	8.9	13.7	19.5	26.4	34.0	40.5	46.3
Growth Rate	(%)		54%	42%	36%	29%	19%	14%
Share in Total Tickets	(%)	69%	75%	75%	74%	74%	74%	74%
International	(Lakhs)	1.2	1.9	2.7	4.3	5.5	6.6	7.5
Growth Rate	(%)		60%	48%	57%	29%	19%	14%
Share in Total Tickets	(%)	9%	10%	11%	12%	12%	12%	12%

Annexure: Travel Business Financials (cont'd...)

Air (cont'd...)	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Average Fare	(Rs)	5,715	6,070	6,204	6,442	6,764	7,102	7,457
<i>Growth Rate</i>	(%)		6%	2%	4%	5%	5%	5%
Domestic Full Service	(Rs)	5,509	6,020	6,140	6,325	6,641	6,973	7,322
<i>Growth Rate</i>	(%)		9%	2%	3%	5%	5%	5%
Domestic Low Cost	(Rs)	5,385	5,654	5,768	5,941	6,238	6,550	6,877
<i>Growth Rate</i>	(%)		5%	2%	3%	5%	5%	5%
International	(Rs)	8,728	9,196	9,380	9,661	10,144	10,652	11,184
<i>Growth Rate</i>	(%)		5%	2%	3%	5%	5%	5%
Sales	(Rs Crs)	731	1,103	1,610	2,308	3,116	3,895	4,674
<i>Per Day</i>	<i>(Rs Crs)</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>6</i>	<i>9</i>	<i>11</i>	<i>13</i>
<i>Growth Rate</i>	(%)		51%	46%	43%	35%	25%	20%
Domestic Full Service	(Rs Crs)	151	159	230	322	434	543	652
<i>Growth Rate</i>	(%)		5%	45%	40%	35%	25%	20%
<i>Share in Total Sales</i>	(%)	21%	14%	14%	14%	14%	14%	14%
Domestic Low Cost	(Rs Crs)	479	774	1,122	1,571	2,121	2,651	3,181
<i>Growth Rate</i>	(%)		62%	45%	40%	35%	25%	20%
<i>Share in Total Sales</i>	(%)	65%	70%	70%	68%	68%	68%	68%
International	(Rs Crs)	101	171	258	415	561	701	841
<i>Growth Rate</i>	(%)		69%	51%	61%	35%	25%	20%
<i>Share in Total Sales</i>	(%)	14%	16%	16%	18%	18%	18%	18%

Annexure: Travel Business Financials (cont'd...)

Air (cont'd...)	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Gross Commission	(Rs Crs)	43	44	79	112	150	187	224
<i>On Sales</i>	(%)	5.9%	4.0%	4.9%	4.9%	4.8%	4.8%	4.8%
Domestic Full Service	(Rs Crs)		6	8	11	15	18	21
<i>On Sales</i>	(%)		3.5%	3.6%	3.5%	3.4%	3.3%	3.2%
Domestic Low Cost	(Rs Crs)		33	59	83	112	140	167
<i>On Sales</i>	(%)		4.3%	5.3%	5.3%	5.3%	5.3%	5.3%
International	(Rs Crs)		5	11	18	24	29	36
<i>On Sales</i>	(%)		3.2%	4.4%	4.4%	4.2%	4.1%	4.3%
Commission to Agents	(Rs Crs)	29	19	44	62	84	105	126
<i>On Sales</i>	(%)	4.0%	1.7%	2.7%	2.7%	2.7%	2.7%	2.7%
Domestic Full Service	(Rs Crs)		1	3	5	7	8	10
<i>On Sales</i>	(%)		0.7%	1.5%	1.5%	1.5%	1.5%	1.5%
Domestic Low Cost	(Rs Crs)		16	36	50	68	85	102
<i>On Sales</i>	(%)		2.0%	3.2%	3.2%	3.2%	3.2%	3.2%
International	(Rs Crs)		2	5	7	10	12	15
<i>On Sales</i>	(%)		1.1%	1.8%	1.8%	1.8%	1.8%	1.8%
Contribution	(Rs Crs)	14	26	35	50	66	81	98
<i>On Sales</i>	(%)	2.0%	2.3%	2.2%	2.2%	2.1%	2.1%	2.1%
Domestic Full Service	(Rs Crs)		4	5	7	8	10	11
<i>On Sales</i>	(%)		2.8%	2.1%	2.0%	1.9%	1.8%	1.7%
Domestic Low Cost	(Rs Crs)		18	23	33	44	55	66
<i>On Sales</i>	(%)		2.3%	2.1%	2.1%	2.1%	2.1%	2.1%
International	(Rs Crs)		4	7	11	14	17	21
<i>On Sales</i>	(%)		2.1%	2.7%	2.6%	2.5%	2.4%	2.5%

Annexure: Travel Business Financials (cont'd...)

Rail	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Active Agents for Rail	(Nos.)	5,374	6,200	10,000	10,000	13,000	13,000	15,000
<i>Out of Total Agents</i>	(%)	10%	11%	15%	14%	17%	15%	16%
<i>Growth Rate</i>	(%)		15%	61%	0%	30%	0%	15%
Tickets Sold	(Lakhs)	27.0	27.4	34.0	37.2	40.8	44.6	48.9
<i>Per Day</i>	(Nos.)	7,396	7,519	9,309	10,195	11,166	12,230	13,394
<i>Growth Rate</i>	(%)		2%	24%	10%	10%	10%	10%
Average Fare	(Rs)	971	1,031	1,083	1,137	1,194	1,253	1,316
<i>Growth Rate</i>	(%)		6%	5%	5%	5%	5%	5%
Sales	(Rs Crs)	262	283	368	423	486	559	643
<i>Per Day</i>	(Rs Crs)	1	1	1	1	1	2	2
<i>Growth Rate</i>	(%)		8%	30%	15%	15%	15%	15%
Gross Commission	(Rs Crs)	3	2	4	4	5	6	6
<i>On Sales</i>	(%)	1.0%	0.8%	1.0%	1.0%	1.0%	1.0%	1.0%
Commission to Agents	(Rs Crs)	1	1	1	1	1	1	1
<i>On Sales</i>	(%)	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%	0.2%
Contribution	(Rs Crs)	2	2	3	3	4	5	5
<i>On Sales</i>	(%)	0.8%	0.6%	0.8%	0.8%	0.8%	0.8%	0.8%
Bus	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Sales	(Rs Crs)	20	17	25	32	40	50	60
<i>Per Day</i>	(Rs Crs)	0.05	0.05	0.07	0.09	0.11	0.14	0.16
<i>Growth Rate</i>	(%)		(15%)	47%	28%	25%	25%	20%
Gross Commission	(Rs Crs)	2	1	3	3	4	5	6
<i>On Sales</i>	(%)	8.4%	8.5%	10.0%	10.0%	10.0%	10.0%	10.0%
Commission to Agents	(Rs Crs)	1	1	2	2	2	3	4
<i>On Sales</i>	(%)	7.3%	7.2%	6.0%	6.0%	6.0%	6.0%	6.0%
Contribution	(Rs Crs)	0	0	1	1	2	2	2
<i>On Sales</i>	(%)	1.1%	1.3%	4.0%	4.0%	4.0%	4.0%	4.0%

Annexure: Travel Business Financials (cont'd...)

Hotels & Tours		(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Sales	(Rs Crs)			6	32	69	93	117	140
<i>On Total Air Sales</i>	(%)			0.5%	2.0%	3.0%	3.0%	3.0%	3.0%
Gross Commission	(Rs Crs)			1	4	8	11	14	17
<i>On Sales</i>	(%)			10.0%	12.0%	12.0%	12.0%	12.0%	12.0%
Commission to Agents	(Rs Crs)			0	2	4	6	7	8
<i>On Sales</i>	(%)			6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Contribution	(Rs Crs)			0	2	4	6	7	8
<i>On Sales</i>	(%)			4.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Other Travel Income		(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Hosting	(Rs Crs)		1.9	2.5	3.3	4.3	5.5	7.2	9.4
Technology	(Rs Crs)		0.3	0.2	0.3	0.3	0.4	0.4	0.5
Agent Enrollment Fee	(Rs Crs)		1.8	5.0	5.6	4.6	3.0	2.5	2.0

Annexure: DMR & Related Financials

Domestic Money Remittance (DMR) & Related Business

Particulars	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
No. of Total Senders	(Lakhs)	1.7	9.1	21.1	33.1	45.1	60.1	79.1
DMR	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
GTV Per Peak Day	(Rs Crs)		9.0	20.0	25.2	32.0	38.0	45.6
GTV Per Off-Peak Day	(Rs Crs)		3.6	8.0	12.0	16.0	20.0	24.0
Monthly GTV (6 peak + 24 off-peak)	(Rs Crs)		140	312	439	576	708	850
Annual GTV	(Rs Crs)		1,685	3,744	5,270	6,912	8,496	10,195
Growth Rate	(%)			122%	41%	31%	23%	20%
DMR Non-Bank Market Size	(Rs Lakh Crs)		1.3	1.5	1.7	2.0	2.3	2.6
Growth Rate	(%)			15%	15%	15%	15%	15%
Hermes Market Share	(%)		1.3%	2.5%	3.1%	3.5%	3.7%	3.9%
Mode - 3rd Party Banks	(%)		80.0%	55.0%	50.0%	45.0%	40.0%	40.0%
Mode - ICashCard	(%)		20.0%	45.0%	50.0%	55.0%	60.0%	60.0%
Modes via Agents Directly	(%)		7.0%	9.0%	13.5%	18.0%	18.0%	18.0%
Modes via Agents & Stockists	(%)		93.0%	90.0%	85.0%	80.0%	80.0%	80.0%
Modes via Company Directly	(%)		0.0%	1.0%	1.5%	2.0%	2.0%	2.0%
Gross Commission	(Rs Crs)		19	43	60	79	97	116
On GTV	(%)		1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
Commission to Intermediaries	(Rs Crs)		16	34	47	61	74	89
On GTV	(%)		0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
For Banks - 0.2% of Respective GTV	(Rs Crs)		3	4	5	6	7	8
For Agents Directly - 60% net shared	(Rs Crs)		1	2	4	8	10	12
For Agents & Stockists - 80% net shared	(Rs Crs)		12	28	37	46	58	69
Contribution	(Rs Crs)		3	9	13	18	23	27
On GTV	(%)		0.2%	0.2%	0.2%	0.3%	0.3%	0.3%

Annexure: DMR & Related Financials (cont'd...)

Cash Out	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Avg. Cash Out Agents	(Nos.)			501	1,500	2,500	3,500	4,500
<i>Growth Rate</i>	(%)				200%	67%	40%	29%
Transactions (per agent)	(Nos.)			1,524	1,560	1,596	1,644	1,680
GTV (~ Rs 5k per transaction)	(Rs Crs)			381	1,170	1,995	2,877	3,780
Gross Commission @ 1.5%	(Rs Crs)			6	18	30	43	57
Agent's Commission @ 1.04%	(Rs Crs)			4	12	21	30	39
Contribution @ 0.46%	(Rs Crs)			2	5	9	13	17

Government Subsidies Transfer	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Market Size	(Rs Lakh Crs)		4.0	4.2	4.4	4.6	4.9	5.1
<i>Growth Rate</i>	(%)			5%	5%	5%	5%	5%
Hermes Market Share	(%)				0.1%	0.2%	0.4%	0.8%
Hermes GTV	(Rs Crs)				441	926	1,945	4,084
Gross Commission	(Rs Crs)				4	9	19	41
<i>On GTV</i>	(%)				1.0%	1.0%	1.0%	1.0%
Commission to Agents	(Rs Crs)				3	6	14	29
<i>On GTV</i>	(%)				0.7%	0.7%	0.7%	0.7%
Contribution	(Rs Crs)				1	3	6	12
<i>On GTV</i>	(%)				0.3%	0.3%	0.3%	0.3%

Annexure: ICashCard & Related Financials

ICashCard & Related

Particulars	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
No. of Total DMR Senders	(Lakhs)			21.1	33.1	45.1	60.1	79.1
DMR Senders by ICashCard	(%)			45.0%	50.0%	55.0%	60.0%	60.0%
No. of Unique ICashCard Users	(Lakhs)			9.5	16.5	24.8	36.0	47.4

Forex Cards	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Intl. Travellers Served by Hermes	(Lakhs)			2.7	4.3	5.5	6.6	7.5
Travellers buying Forex Cards	(%)			9.0%	12.5%	17.5%	17.5%	18.5%
Sales (~ Rs 30k avg. spent per card)	(Rs Crs)			74	161	290	346	418
Gross Commission (2% + Rs 300 per Rs 25k)	(Rs Crs)			2	5	9	11	13
On Sales	(%)			3.2%	3.2%	3.2%	3.2%	3.2%
Contribution (1% + Rs 200 per Rs 25k)	(Rs Crs)			1	3	5	6	8
On Sales	(%)			1.8%	1.8%	1.8%	1.8%	1.8%

Insurance to Wallet	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
ICashCard Users using Insurance Products	(%)				2.0%	4.0%	6.0%	8.0%
ICashCard Users using Insurance Products	(Lakhs)				0.3	1.0	2.2	3.8
Avg. Annual Premium per User	(Rs)				6,000	6,250	6,500	6,750
Sales (Total Premium)	(Rs Crs)				20	62	141	256
Growth Rate	(%)					212%	127%	82%
Gross Commission (12.5% as retention margin)	(Rs Crs)				2	8	18	32
Contribution (6.25%, after sharing 50% of above)	(Rs Crs)				1	4	9	16

Agent Loan Disbursement / EMI Collection	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Sales (Collections)	(Rs Crs)			200	400	600	800	1,000
Growth Rate	(%)				100%	50%	33%	25%
Gross Commission (1%)	(Rs Crs)			2	4	6	8	10
Contribution (0.5%, after sharing 50% of above)	(Rs Crs)			1	2	3	4	5

Annexure: ICashCard & Related Financials (cont'd...)

Partner Network Wallets	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Partner Networks	(Nos)				50	100	150	200
Prepaid Wallet Users per Network	(Nos)				1,000	1,100	1,200	1,300
No. of Transactions (~ 20 per User)	(Lakhs)				10	22	36	52
Avg. Value per Transaction	(Rs)				3,000	3,300	3,630	3,993
GTV	(Rs Crs)				300	726	1,307	2,076
Growth Rate	(%)					142%	80%	59%
Gross Commission (1.25%)	(Rs Crs)				4	9	16	26
Contribution (0.3%)	(Rs Crs)				1	2	4	6
Scholar Cards for Students	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
Students	(Lakhs)			1	2	4	6	8
Contribution (Rs 50 per student)	(Rs Crs)			0.5	1.0	2.0	3.0	4.0
Loan Processing	(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
ICashCard Users using Loan Products	(%)				2.0%	2.5%	3.0%	3.5%
ICashCard Users using Loan Products	(Lakhs)				0.3	0.6	1.1	1.7
Avg. Loan Size per User	(Rs)				25,000	30,000	35,000	40,000
Total Loans Processed	(Rs Crs)				83	186	378	664
Gross Commission (2%)	(Rs Crs)				1.7	3.7	7.6	13.3
Contribution (1%, after sharing 50% of above)	(Rs Crs)				0.8	1.9	3.8	6.6

Annexure: ICashCard & Related Financials (cont'd...)

Physical Card Issuance		(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
ICashCard Users using Prepaid Physical Cards	(%)					2.0%	4.0%	6.0%	8.0%
ICashCard Users using Prepaid Physical Cards	(Lakhs)					0.3	1.0	2.2	3.8
Contribution (Rs 100 as Service Fee per User)	(Rs Crs)					0.3	1.0	2.2	3.8
Icash Wallet		(Unit)	Mar-13	Mar-14	Mar-15	Mar-16	Mar-17	Mar-18	Mar-19
ICashCard Users using Wallet for Transactions	(%)				5.0%	6.0%	7.0%	8.0%	9.0%
ICashCard Users using Wallet for Transactions	(Lakhs)				0.5	1.0	1.7	2.9	4.3
Avg. Annual Transactions per User	(Nos)				12	14	16	18	20
Avg. Value per Transaction	(Rs)				400	500	600	650	700
GTV	(Rs Crs)				23	69	167	337	598
Gross Commission (1.25%)	(Rs Crs)				0.3	0.9	2.1	4.2	7.5
Contribution (0.3%)	(Rs Crs)				0.1	0.2	0.5	1.0	1.8