

### Company Overview

Yatra Online is India's leading corporate travel services provider in terms of the number of corporate clients and the third largest online travel company in India among key OTA players in gross booking revenue and operating revenue for FY23. The company has the most significant hotel and accommodation tie-ups amongst key domestic OTA players of over 21,05,600 as of March 31, 2023. Yatra Online is also India's leading corporate travel service provider with 813 large corporate customers, over 49,800 registered SME customers, and the third largest consumer online travel company (OTC) in the country in gross booking revenue for FY23. Further, the company's go-to-market strategy spans the entire travel and hospitality value chain, covering B2B and B2C models. The combination of B2B and B2C channels enables the company to cost-effectively target India's most frequent and high-spending travellers, namely, educated urban consumers. In addition, the Yatra travel agent network provides additional scale to business by leveraging an integrated technology platform to aggregate consumer demand from over 29,800 travel agents in over 1,000 cities across India as of March 31, 2023.

### Objects of the issue

The net proceeds from the fresh issue will be used towards the following purposes:

- ⇒ Strategic investments, acquisitions, and inorganic growth.
- ⇒ Investment in customer acquisition and retention, technology, and other organic growth initiatives.
- ⇒ General Corporate Purposes.

### Investment Rationale

#### Strong brand recognition with a proven track record & focus on marketing strategy

Yatra Online is a leading full-service online travel company in India and one of the well-recognized travel brands in the country, addressing the needs of both leisure and business travellers. The company believes that the leading market position and operational history have led to a wide scale recognition of the Yatra brand in India, which enables the company to target new customers coming into the category and also helps to provide better leverage when contracting with airlines and hotel suppliers. To further strengthen the brand, the company has occasionally signed up some of India's leading celebrities as brand ambassadors. The company has also invested in developing and promoting the brand since its inception, using online, offline, cross-marketing, social media and other marketing initiatives. The company has allied with various brands for cross-marketing products and services. With a focus on marketing strategies, the company has increased brand awareness, driven potential customers to platforms and improved the rate at which visitors become customers.

#### Long-standing relationships with key customers to sustain growth

Yatra Online has served over 14 million cumulative travel customers as of March 31, 2023, with over half of them signing up for the eCash loyalty program. The company websites and mobile applications are designed to give customers flexibility in choosing travel options. The company recorded a booking success rate of 97.8% on websites and mobile applications in the B2C channel for domestic transactions during FY23. The company is dedicated to ensuring a superior user experience on the platform and is critical to customer service. The company provide customer support in all stages of customer trips; before, during and after. Yatra chat system is an essential communication between buyers and sellers, buyers and customer service and sellers and seller support. The company monitors customer feedback using an in-house CRM system that helps to provide simple, tailor-made tools to provide rapid and effective support. In the corporate travel business, Yatra has served over 800 large corporate customers, where the customer retention rate with corporate accounts has improved from 97% in FY21 to 98% in FY22 and remains consistent in FY23, i.e., 98%. The corporate business is a platform that allows leveraging robust and long-standing relationships with corporate customers to cross-sell other products such as expense management and freight management.

### Issue Details

Offer Period	15 <sup>th</sup> Sept, 2023 - 20 <sup>th</sup> Sept, 2023
Price Band	Rs. 135 to Rs.142
Bid Lot	105
Listing	BSE & NSE
Issue Size (no. of shares in mn)	56.7
Issue Size (Rs. in bn)	7.75
Face Value (Rs.)	1

### Issue Structure

QIB	75%
NIB	15%
Retail	10%

BRLM	SBI Capital Markets Limited , DAM Capital Advisors Limited, IIFL Securities Limited
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Registrar	Link Intime India Private Limited
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Particulars	Pre Issue %	Post Issue %
Promoter	98.59%	64.46%
Promoter Group	1.41%	0.76%
Public	0.00%	34.78%
<b>Total</b>	<b>100.00</b>	<b>100.00</b>

(Assuming issue subscribed at higher band)

Research Team - 022-61596138



## Yatra Online Ltd.

### Valuation

Yatra Online offers a comprehensive range of travel and travel-related products and services catering to the needs of passengers travelling domestically, as well as travelling to and from international destinations. The company provide customers with various tools and information that they need to research, plan, book and purchase travel products and services in India as well as outside India. With these services, the company has built and maintains strong relationships across a portfolio of suppliers for airlines, hotels and holiday packages. Further, the Indian travel industry is expected to grow at a 9-11% CAGR during FY23-28 period to reach Rs 4,540 billion in FY28, driven by the development of tourism infrastructure, rising income levels translating into higher discretionary spending on travel and tourism, and an increase in the frequency of travel for business and leisure purposes. Being one of the key players, Yatra Online is well-positioned to capture a significant share of growth in the tourism industry in India, owing to its longstanding relationship with both B2B and B2C customers. This enables the company to target India's most frequent and high-spending travellers and educated urban consumers. With the growth in the tourism industry, we expect the online travel market share (OTA) to increase faster than captive players, improving the company's profitability. With the company posting profits in FY23 and strong revenue growth in the past, we remain positive on the company from a medium to long-term perspective. **We, therefore, recommend an SUBSCRIBE rating for the issue.**

### Key Risks

- ⇒ Significant portion of the margin comes from B2B business; any changes in travellers' preferences due to increased cost of travel, spending habits, and other factors may adversely affect the demand for travel services and hotel rooms, leading to an adverse effect on business, results of operations, financial condition, and cash flows.
- ⇒ Any negative operating cash flows in the future would adversely affect cash flow requirements, which may adversely affect the ability to operate the business and implement growth plans, thereby affecting the financial condition.



## Yatra Online Ltd.

## Income Statement (Rs. in millions)

Particulars	FY21	FY22	FY23
<b>Revenue</b>			
Revenue from Operations	1,255	1,981	3,802
<b>Total Revenue</b>	<b>1,255</b>	<b>1,981</b>	<b>3,802</b>
<b>Expenses</b>			
Service cost	20	152	645
Employee benefit expenses	736	977	1,090
Other expenses	722	941	1,700
<b>Total Operating Expenses</b>	<b>1,479</b>	<b>2,070</b>	<b>3,435</b>
<b>EBITDA</b>	<b>-224</b>	<b>-89</b>	<b>367</b>
Depreciation and Amortization expenses	523	281	183
Other income	182	207	173
<b>EBIT</b>	<b>-566</b>	<b>-163</b>	<b>357</b>
Finance costs	102	99	234
Exceptional Item	450	73	1
<b>PBT</b>	<b>-1,118</b>	<b>-335</b>	<b>122</b>
Current tax	6	13	51
Deferred Tax charge/ (credit)	60	2	-5
<b>Total tax</b>	<b>66</b>	<b>15</b>	<b>45</b>
<b>PAT</b>	<b>-1,189</b>	<b>-308</b>	<b>76</b>
<b>Diluted EPS</b>	<b>-11.1</b>	<b>-2.8</b>	<b>0.7</b>

Source: RHP, BP Equities Research

## Cash Flow Statement (Rs. in millions)

Particulars	FY21	FY22	FY23
Cash Flow from operating activities	1,041	-834	-1,531
Cash flow from investing activities	-211	-84	-167
Cash flow from financing activities	65	201	1,384
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>895</b>	<b>-718</b>	<b>-313</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>575</b>	<b>1,472</b>	<b>759</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>1,472</b>	<b>759</b>	<b>469</b>

Source: RHP, BP Equities Research



## Yatra Online Ltd.

## Balance Sheet (Rs. in millions)

Particulars	FY21	FY22	FY23
<b>Equity and Liabilities</b>			
Equity Share Capital	111	112	115
Other Equity	1,124	897	1,581
Non-controlling interest	-	-	-
<b>Total Equity</b>	<b>1,235</b>	<b>1,009</b>	<b>1,695</b>
<b>Non-Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	3	4	240
(ii) Lease Liabilities	410	231	203
Provisions	349	43	0
Deferred tax liabilities (net)	52	34	41
Other non current liabilities	281	76	7
<b>Current Liabilities</b>			
Financial Liabilities			
(i) Borrowings	128	354	1,291
(ii) Lease Liabilities	74	39	48
(iii) Trade Payable	1,003	1,472	1,385
(iv) Other financial liabilities	1,145	1,260	1,151
Current tax liabilities (net)	0	1	33
Provisions	55	69	56
Other current liabilities	894	886	663
Total Current Liabilities	3,299	4,081	4,626
<b>Total liabilities</b>	<b>4,394</b>	<b>4,469</b>	<b>5,117</b>
<b>Total Equity and Liabilities</b>	<b>5,629</b>	<b>5,478</b>	<b>6,813</b>
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	24	22	46
Capital work in Progress			
Right of Use assets	433	230	201
Intangible Assets	691	691	691
Other intangible assets	316	182	209
Intangible assets under development	17	36	42
Financial Assets			
(i) Investments	0	0	0
(ii) Other financial assets	44	48	54
Income tax assets (net)	243	197	303
Deferred tax assets (net)	14	10	11
Other non current assets	228	217	197
<b>Total Non current assets</b>	<b>2,011</b>	<b>1,632</b>	<b>1,753</b>
<b>Current Assets</b>			
Contract Assets	1	0	191
Investments	0	0	0
Other financial assets	113	68	69
Investments			
(i) Trade Receivables	974	1,940	2,875
(ii) Cash and cash equivalents	1,961	1,280	1,023
(iii) Loans	1	3	3
Other current assets	568	555	898
<b>Total Current Assets</b>	<b>3,618</b>	<b>3,846</b>	<b>5,059</b>
<b>Total Assets</b>	<b>5,629</b>	<b>5,478</b>	<b>6,813</b>

Source: RHP, BP Equities Research

**Disclaimer Appendix****Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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