

Acquisition of Globe Travels to expand B2B contribution

The acquisition of 100% stake in Globe All India Services Limited (Globe Travels) will expand Yatra's corporate customer base by 40% and likely enable it to extract better terms from suppliers. Globe Travels reported gross bookings (GB) of INR 7.83bn in FY24, roughly 12% the size of Yatra's GB of INR 75.9bn. Importantly, the former had reported EBITDA of INR 170mn last fiscal year versus latter's INR 147mn. Yatra has acquired Globe Travels in a 100% cash transaction of INR 1.28bn (it had earmarked INR 1.5bn for M&A at the time of its India's listing), implying a trailing EBTDA multiple of 7.5x. The multiple appears reasonable given that Globe Travels revenue and EBITDA grew a solid 28%/31% over the last six years as per ROC filings. However, we note that the target business requires working capital investments. Going ahead, Yatra's B2B customers will contribute >60% to its total revenue, while EBITDA contribution will be ~80%, as per management. The target is likely to be EPS accretive immediately, as it is EBITDA +ve. Moreover, Globe Travels has expertise in MICE business, positioning the combined entity as one of the leading players in this space (by volume of business). We update our model to factor in the M&A impact and raise our Sep'25 target price to INR 160 (INR 150 earlier), derived basis an unchanged NTM PER of 35x.

- Deal structure:** Yatra has acquired 100% stake in Globe Travels for a total cash consideration of INR 1.28bn, adjusted for net debt and working capital. This acquisition will add ~360 corporate clients of Globe Travels, expanding Yatra's corporate customer base to ~1.2k+. There is minimal overlap between the customer bases of Yatra and Globe Travels, as Yatra's primarily serves larger clients in sectors such as IT and Consulting, while Globe Travels caters to a mid-tier clientele with average annual billings of INR 10mn. Furthermore, the mid-tier nature of Globe Travels' client base limits the need for customisations, facilitating a smoother tech integration process.
- Synergy benefits:** The acquisition will provide an immediate boost to Yatra's B2B revenue, while cost synergies are expected to materialise over the medium term. Revenue synergies will be achieved through 1) cross-selling of Yatra's hotel, expense management and other solutions to Globe Travels' client base, whose current focus is primarily air ticketing; and 2) negotiating better supply terms through enhanced positioning with suppliers. Cost synergies would be achieved through 1) integration of technology solutions; and 2) the alignment of support and other functions.
- Brief Financials:** Globe Travels had recorded GB worth INR 7.83bn in FY24. Its reported revenue stood at INR 2.5bn, while adj. revenue was INR 470mn. The difference between reported revenue and adjusted revenue is primarily attributable to the accounting practice for MICE business (~30% of total GB), where the GB amount is recorded as reported revenue, and subsequently service cost is deducted. The consolidated take rate for Globe Travels (adj. revenue as a % of GB) stood at 6% in FY24, with Air Ticketing/MICE at ~4%/~9-10% respectively. The company's reported EBITDA margin was 6.8% in FY24.
- Update model to factor the M&A, TP revised to INR 160:** We factor the Globe Travels M&A in our model and accordingly raise Yatra's GBR by 6-11% over FY25-27, while

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	160
Upside/(Downside)	11.0%
Previous Price Target	150
Change	6.7%

Key Data – YATRA IN

Current Market Price	INR144
Market cap (bn)	INR22.6/US\$0.3
Free Float	36%
Shares in issue (mn)	156.9
Diluted share (mn)	156.9
3-mon avg daily val (mn)	INR75.7/US\$0.9
52-week range	194/120
Sensex/Nifty	81,184/24,852
INR/US\$	83.9

Price Performance

%	1M	6M	12M
Absolute	10.3	-8.6	0.0
Relative*	8.3	-16.6	0.0

* To the BSE Sensex

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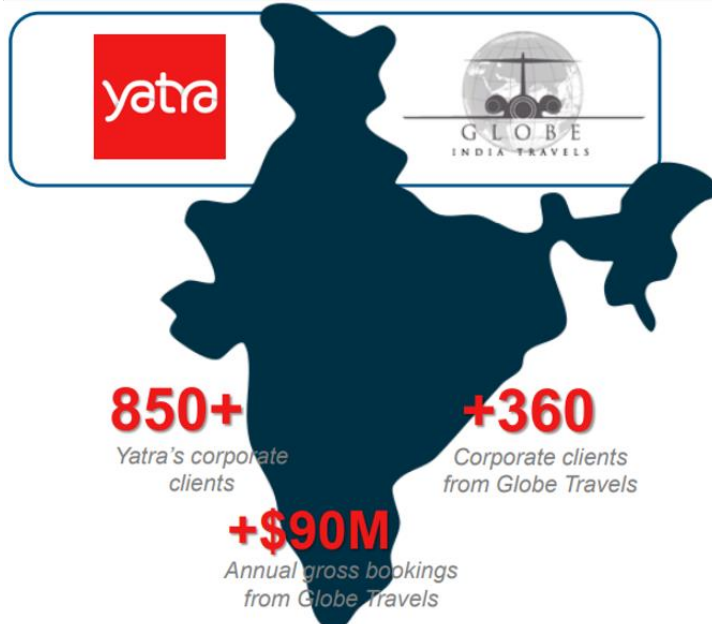
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Financial Summary					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	3,802	4,223	5,699	7,684	8,706
Sales Growth (%)	91.9	11.1	34.9	34.8	13.3
EBITDA	367	147	419	714	979
EBITDA Margin (%)	9.6	3.5	7.4	9.3	11.3
Adjusted Net Profit	101	9	357	582	838
Diluted EPS (INR)	0.9	0.1	2.3	3.7	5.3
Diluted EPS Growth (%)	0.0	-92.4	3,255.4	63.3	43.9
ROIC (%)	10.1	-5.6	3.1	6.7	10.2
ROE (%)	7.5	0.2	4.7	7.2	9.5
P/E (x)	160.8	2,125.5	63.3	38.8	27.0
P/B (x)	9.6	3.0	2.9	2.7	2.4
EV/EBITDA (x)	63.0	129.8	48.8	28.0	19.3
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 06/Sep/2024

revenue rises by 22-26% over the same period. We see Yatra's reported EBITDA/Adj. EBITDA expanding at a CAGR of 88%/33% over the next 3 years on the back of scale-up of its corporate business and likely pay-off of investments in the Hotels/MICE segment. As a result, we expect Yatra's Adj. PAT to improve from just ~INR 9mn in FY24 to INR 838mn in FY27. Overall, our earnings estimates are raised by 5-13% over FY25-27. We raise our Sep'25 TP to INR 160 (vs. INR 150 earlier) with an unchanged NTM PER multiple of 35x.

Exhibit 1. Acquisition overview



Source: Company

Exhibit 2. Key financial metrics

FY24 (INR Mill)	Yatra Online Limited	Globe Travels
Gross Bookings	75,884	7,830
Revenue	4,223	2,503
Adj Revenue	6,565	470
Adj EBITDA	534	170
PAT	(45)	83
Employees	1,268	240

Source: Company

Exhibit 3. Globe Travels - Brief financials

Particulars	FY18	FY19	FY20	FY21	FY22	FY23	FY24	CAGR (FY18-24)
Gross Bookings (in INR mn)							7,830	
Revenue (in INR mn)	557	1,248	1,069	213	1,655	2,143	2,503	28.5%
EBITDA (in INR mn)	33	44	39	-63	11	109	170	31.3%
EBITDA margin	6.0%	3.5%	3.6%	-29.7%	0.7%	5.1%	6.8%	
Adjusted Revenue (INR mn)							470	
Adjusted Revenue (as a % of GBR)							6.0%	
PAT (in INR mn)	3	8	4	-65	-12	43	83	77.0%

Source: Company, JM Financial, VCC Edge

Maintain BUY; target price raised to INR 160

Exhibit 4. What has changed in our assumptions?

	Old			New			Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Gross Booking Revenues (INR mn)	70,792	80,375	91,283	75,313	88,988	1,00,757	6.4%	10.7%	10.4%
Reported Revenue (INR mn)	4,254	4,930	5,677	5,699	7,684	8,706	34.0%	55.8%	53.3%
EBITDA (INR mn)	344	565	797	419	714	979	21.9%	26.4%	22.9%
EBITDA margin (%)	8.1%	11.5%	14.0%	7.4%	9.3%	11.3%	-73bp	-217bp	-279bp
EBIT (INR mn)	96	306	527	169	450	704	75.8%	47.3%	33.7%
EBIT margin (%)	2.3%	6.2%	9.3%	3.0%	5.9%	8.1%	70bp	-34bp	-119bp
PAT (INR mn)	339	549	741	357	582	838	5.2%	6.2%	13.2%
EPS (INR)	2.16	3.50	4.72	2.27	3.71	5.34	5.2%	6.2%	13.2%

Source: JM Financial

Key Risks

- **Key upside risks** to our price target are: (1) better-than-expected take rates and GBR growth; (2) better-than-expected market share gains by the company; (3) any accretive acquisition/ new business expansions not currently priced in.
- **Key downside risks** are: (1) significant dependence on airline ticketing business along with supplier concentration; (2) higher-than-expected competitive in the Indian travel booking industry; (3) change in commissions and incentive structure by airlines and GDS.

Financial Tables (Consolidated)

Income Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Sales	3,802	4,223	5,699	7,684	8,706	
Sales Growth	91.9%	11.1%	34.9%	34.8%	13.3%	
Other Operating Income	0	0	0	0	0	
Total Revenue	3,802	4,223	5,699	7,684	8,706	
Cost of Goods Sold/Op. Exp	0	0	0	0	0	
Personnel Cost	1,090	1,286	1,306	1,439	1,588	
Other Expenses	2,345	2,790	3,974	5,531	6,138	
EBITDA	367	147	419	714	979	
EBITDA Margin	9.6%	3.5%	7.4%	9.3%	11.3%	
EBITDA Growth	0.0%	-59.9%	184.9%	70.5%	37.1%	
Depn. & Amort.	183	197	250	264	275	
EBIT	184	-50	169	450	704	
Other Income	-61	37	232	235	318	
Finance Cost	0	0	0	0	0	
PBT before Excep. & Forex	123	-13	401	685	1,022	
Excep. & Forex Inc./Loss(-)	-1	0	0	0	0	
PBT	122	-13	401	685	1,022	
Taxes	45	32	44	103	184	
Extraordinary Inc./Loss(-)	25	54	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	76	-45	357	582	838	
Adjusted Net Profit	101	9	357	582	838	
Net Margin	2.7%	0.2%	6.3%	7.6%	9.6%	
Diluted Share Cap. (mn)	112.7	134.6	156.9	156.9	156.9	
Diluted EPS (INR)	0.9	0.1	2.3	3.7	5.3	
Diluted EPS Growth	0.0%	-92.4%	3,255.4%	63.3%	43.9%	
Total Dividend + Tax	0	0	0	0	0	
Dividend Per Share (INR)	0.0	0.0	0.0	0.0	0.0	

Source: Company, JM Financial

Cash Flow Statement		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Profit before Tax	122	-13	401	685	1,022	
Depn. & Amort.	183	197	250	264	275	
Net Interest Exp. / Inc. (-)	162	40	-232	-235	-318	
Inc (-) / Dec in WCap.	-1,905	-1,357	-446	-62	196	
Others	34	-194	150	150	150	
Taxes Paid	-126	-97	-44	-103	-184	
Operating Cash Flow	-1,531	-1,424	79	700	1,142	
Capex	-154	-267	-247	-313	-275	
Free Cash Flow	-1,685	-1,691	-168	387	866	
Inc (-) / Dec in Investments	0	0	0	0	0	
Others	11	-2,040	330	333	416	
Investing Cash Flow	-143	-2,307	84	20	141	
Inc / Dec (-) in Capital	620	6,021	0	0	0	
Dividend + Tax thereon	0	0	0	0	0	
Inc / Dec (-) in Loans	1,148	-911	0	0	0	
Others	-384	-447	-248	-248	-248	
Financing Cash Flow	1,384	4,663	-248	-248	-248	
Inc / Dec (-) in Cash	-290	932	-86	472	1,034	
Opening Cash Balance	759	469	1,401	1,315	1,787	
Closing Cash Balance	469	1,401	1,315	1,787	2,821	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	1,695	7,475	7,832	8,414	9,252	
Share Capital	115	157	157	157	157	
Reserves & Surplus	1,581	7,318	7,675	8,257	9,095	
Preference Share Capital	0	0	0	0	0	
Minority Interest	0	0	0	0	0	
Total Loans	1,531	638	638	638	638	
Def. Tax Liab. / Assets (-)	-4	-6	-6	-6	-6	
Total - Equity & Liab.	3,222	8,107	8,464	9,046	9,884	
Net Fixed Assets	1,189	1,310	2,587	2,636	2,636	
Gross Fixed Assets	298	522	565	667	725	
Intangible Assets	1,143	1,237	2,510	2,503	2,496	
Less: Depn. & Amort.	252	449	488	535	586	
Capital WIP	0	0	0	0	0	
Investments	560	2,758	1,478	1,478	1,478	
Current Assets	5,053	8,095	8,897	10,064	11,865	
Inventories	0	0	0	0	0	
Sundry Debtors	3,866	4,502	5,402	5,813	6,334	
Cash & Bank Balances	469	1,401	1,315	1,787	2,821	
Loans & Advances	3	11	11	11	11	
Other Current Assets	715	2,181	2,169	2,454	2,699	
Current Liab. & Prov.	3,579	4,056	4,498	5,132	6,094	
Current Liabilities	1,636	1,947	2,405	2,659	3,294	
Provisions & Others	1,943	2,109	2,093	2,473	2,800	
Net Current Assets	1,474	4,039	4,399	4,932	5,770	
Total - Assets	3,222	8,107	8,464	9,046	9,884	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Margin	2.7%	0.2%	6.3%	7.6%	9.6%	
Asset Turnover (x)	0.6	0.4	0.5	0.6	0.6	
Leverage Factor (x)	4.5	2.1	1.6	1.7	1.7	
RoE	7.5%	0.2%	4.7%	7.2%	9.5%	

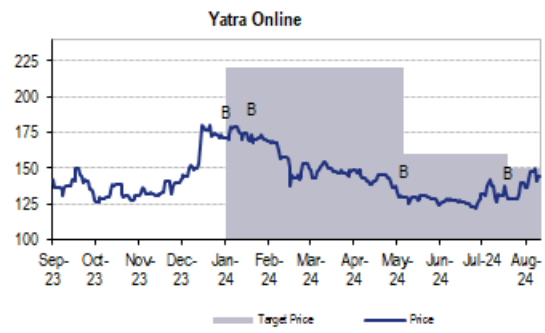
Key Ratios						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
BV/Share (INR)	15.0	47.6	49.9	53.6	59.0	
ROIC	10.1%	-5.6%	3.1%	6.7%	10.2%	
ROE	7.5%	0.2%	4.7%	7.2%	9.5%	
Net Debt/Equity (x)	0.3	-0.5	-0.3	-0.3	-0.4	
P/E (x)	160.8	2,125.5	63.3	38.8	27.0	
P/B (x)	9.6	3.0	2.9	2.7	2.4	
EV/EBITDA (x)	63.0	129.8	48.8	28.0	19.3	
EV/Sales (x)	6.1	4.5	3.6	2.6	2.2	
Debtor days	371	389	346	276	266	
Inventory days	0	0	0	0	0	
Creditor days	147	155	151	128	145	

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
27-Jan-24	Buy	220	
14-Feb-24	Buy	220	0.0
1-Jun-24	Buy	160	-27.3
14-Aug-24	Buy	150	-6.3
7-Sep-24	Buy	160	6.7

Recommendation History



APPENDIX I

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