

Details of the Issue

Price Band	₹ 186- ₹ 187
Issue Size (OFS)	₹ 510 Cr
Opening Date	Mar 8, 2021
Closing Date	Mar 10, 2021
Face Value	₹2
Bid Lot	80
Listing on	BSE, NSE

Objects of the Issue

To finance the OFS
To gain listing benefits

Lead Managers

Axis Capital Limited
JM Financial Consultants Private Limited

Registrar

KFintech Private Limited

Investment Details

No. of shares at cut-off	1040
Max. Amount to be paid	₹ 1,94,480

Source: RHP, GEPL Capital Research

Company Background

EaseMyTrip is the second among the Key Online Travel Agencies in India in terms of booking volume in the nine months ended December 31, 2020 and third among Key Online Travel Agencies in India in terms of gross booking revenues in Fiscal 2020.

The services include airline tickets, hotels and holiday packages, rail tickets, bus tickets and taxis as well as ancillary value added services such as travel insurance, visa processing and tickets for activities and attractions.

The market share in the total Indian online travel agency industry in terms of gross booking revenues and gross booking revenues for airline ticketing segment was approximately 4.6%, and 5.5% to 6.5%, respectively, in Fiscal 2020.

- ✓ **High repeat transaction rate of ~85%** in the B2C channel between April 1 2017 and December 31 2020
- ✓ Registered Customers in the B2C channel increased at a **CAGR of 28.24%** from 5.87 million customers as of March 31, 2018 to 9.66 million customers as of March 31, 2020, and further increased to **10.32 million customers as of December 31, 2020**

Promoters - Mr. Nishant Pitti, Mr. Rikant Pittie and Mr. Prashant Pitti

Strengths & Strategies**In-house advanced technology and analytics capabilities**

The technology team included 64 employees with technology backgrounds and with domain expertise focused on evolving technologies focused on various product and service verticals. The data analytics capabilities allow the company to prioritize search results and provide customer-relevant information in a simple and intuitive interface.

Wide distribution network

Three distinct distribution channels, namely B2C, B2E and B2B2C channels, provide the company with a diversified customer base and wide distribution network. This also presents cross-selling opportunities between the three distinct channels. The B2E distribution channel commenced operations in 2013 and it endeavors to provide end-to-end travel solutions to corporates. B2B2C aims to address requirements of people in Tier II and Tier III cities.

Expanding offerings

Hotel bookings provides for a significant growth opportunity as hotel suppliers are expected to list their hotel inventories online and customers are expected to prefer online hotel bookings on account of convenience and digital transactions. The company will focus on increasing hotel tie ups on its platform. It also intends to increase the penetration in rail ticket booking by providing customers with the option to book the 'last-mile' travel solution on platforms for cities where air travel is not an option.

COVID - 19 Impact

- ✓ **Gross Booking Revenues** decreased from ₹ 31,798.04 million in the nine months ended December 31, 2019 to ₹ 12,207.57 million in the nine months ended December 31, 2020
- ✓ The decline in revenue has been offset by corresponding decline in all direct transaction related expenses such as service cost, marketing and sales promotion expenses and payment gateway charges
- ✓ In Fiscal 2020 and the nine months ended December 31, 2020, revenues generated from the **top five domestic airlines represented 80.71% and 75.25%**, respectively, of total Gross Booking Revenues for airline tickets in such periods

Valuation & Recommendation

It is expected that the share of online penetration of the Indian travel industry is expected to increase to approximately 67% to 68% in Fiscal 2023, supported by growth in online transactions due to the COVID-19 pandemic. (CRISIL Report)

However, the Indian travel market is intensely competitive. The key players in the domestic online travel agency market include Cleartrip Private Limited, MakeMytrip Limited and Yatra Online, Inc. Due to the heightened competitive intensity and ambiguity on the revival of international travel to pre-covid levels, we maintain a cautious stance on the issue.

Liquidity profile of the carriers which continues to remain fragile is essential to the growth in the company's revenues.

The issue is aggressively priced at a ~59x P/E on the FY20 EPS, at the upper end of the price band.

We recommend a SUBSCRIBE rating to the issue, for the purpose of potential listing gains only. We would remain cautious as a long term investment given the competitive intensity, and ambiguity of international travel revival.

Financial Snapshot

Particulars	9MFY21	FY20	FY19	FY18
Equity share capital	217.29	217.29	217.29	72.43
Net worth	1321.36	1012.51	679.33	439.58
Total income	814.66	1810.11	1511.11	1135.74
PAT	308.85	330.22	239.75	1.84
EPS	2.81	3.04	2.21	0
BVPS	12.16	9.32	6.25	60.72
Borrowings	170.99	67.6	-	-

(In ₹ million except per share data)

(9M data not annualized)

Source: RHP, GEPL Capital Research

NOTES

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