

Issue Details

Listing	BSE & NSE
Open Date	8 Mar 2021
Close Date	10 Mar 2021
Price Band	Rs.186-187
Market Lot	80 shares
Minimum Lot	1 Lot

Ease My Trip, established in 2008 provides investors with a unique opportunity to invest in the fast-growing online travel agency industry. Being bootstrapped, the management of the company has tended to be extremely cost conscious and this has enabled them to be profitable since inception. Their primary driver of business is that they do not charge a convenience fee and this is what sets them apart from their peers like Make My Trip, Yatra and Clear Trip.

Issue Structure

Offer for sale	100%
Fresh Issue	0%
Issue Size	Rs.510 cr
Total no of shares	2,72,72,727
QIB share (%)	≥ 75%
Non Inst share (%)	≤ 15%
Retail share (%)	≤ 10%

This strategy of the company has paid off handsomely during the pandemic and has ensured that they gained market share and became the second largest company in the market. Further the company has come up with industry first technological solutions in customer service like a chat box on the website which can give details about the cheapest priced tickets and its price movements.

We believe that the 'let go' of convenience fee coupled with the strong customer connect should enable them to continue to gain market share and ensure sustenance of the high growth trajectory.

We recommend a subscribe on the IPO at the price band of Rs. 186-187. Our optimism stems from the following:

Shareholding Pattern

	Pre (%)	Post(%)
Promoters	100.0	74.9
Institutional	0.0	18.8
Public	0.0	6.3

❖ **The company has increased its market share form 3.1% in FY18 to 4.6% in FY20 and has been ranked 2nd among key OTAs in India based on booking volumes for 9MFY21.**

❖ **It is the only player among the key online travel agencies (OTA) in India which has been consistently earning profits. Being 100% bootstrapped, cost efficiency is in the DNA of the company and that has enabled them to manage profitability better than peers. The table below shows a comparative analysis of costs borne by its peers Make My Trip and Yatra.**

Key Financials (in ₹ crores)

	Sales	EBITDA	Net Profit	EBITDA (%)	Net Profit (%)	EPS ₹	BV ₹	RoE (%)	RoCE (%)	P/E (x)	P/BV (x)	EV/EBITDA (x)
FY19	101	-5	29	-5.1	29.0	2.7	6.3	43.2	-6.2	69.3	29.9	-374.5
FY20	141	10	33	7.2	23.3	3.0	9.3	32.6	6.6	61.6	20.1	186.2
FY21E	67	14	34	21.4	51.2	3.1	12.5	25.2	6.7	59.5	15.0	132.4
FY22E	108	30	66	27.6	60.9	6.0	18.5	32.6	10.8	31.0	10.1	61.1
FY23E	166	55	80	33.0	48.0	7.3	25.8	28.4	14.4	25.5	7.2	31.6

Company	Easy Trip Planners Ltd	MakeMyTrip Ltd	Yatra Online, Inc
Customer Promotion Expense as a % of Gross Booking Revenue	3.00%	5.93%	1.74%
MSP Expense as a % of Gross Booking Revenue	0.83%	2.73%	0.96%
Employee Expense as a % of Gross Booking Revenue	0.72%	2.13%	2.08%
Other Operating Expense as a % of Gross booking revenue	0.27%	0.60%	1.01%

- ❖ **Being net debt free and cash flow positive we are extremely optimistic that dividend distribution would be undertaken in the near term.**
- ❖ **Their business moat is having a customer first approach with zero convenience fees and differentiated customer support.**
- ❖ **Ease My Trip enjoys a significant amount of brand loyalty. The evidence lies in**
 - **Increase in mobile traffic from 65% in FY18 to 81% in FY20 and 87% in the 9 months period ended 31st Dec 2020**
 - **86% repeat transactions**
 - **98% booking success rate in the 9 month period ended 31st Dec 2020**
- ❖ **Being an end-to-end travel solutions provider, they have the following revenue streams.**

Revenue Streams	FY18	FY19	FY20	FY21E	FY22E	FY23E	FY20-23 CAGR
Air Passage	97.3	88.6	117.2	62.2	93.3	135.3	5%
Hotel Packages	1.6	2.4	6.7	-1.0	4.0	10.0	14%
Other Services	0.2	0.2	0.8	0.4	0.5	1.0	8%
Advertising Revenue	0.9	10.0	16.7	5.0	10.0	20.0	6%
Claims Written Back	4.4	30.1	20.7	25.0	50.0	40.0	25%
<i>Claims as a % of EBIT</i>	<i>-308%</i>	<i>-532%</i>	<i>217%</i>	<i>184%</i>	<i>172%</i>	<i>74%</i>	

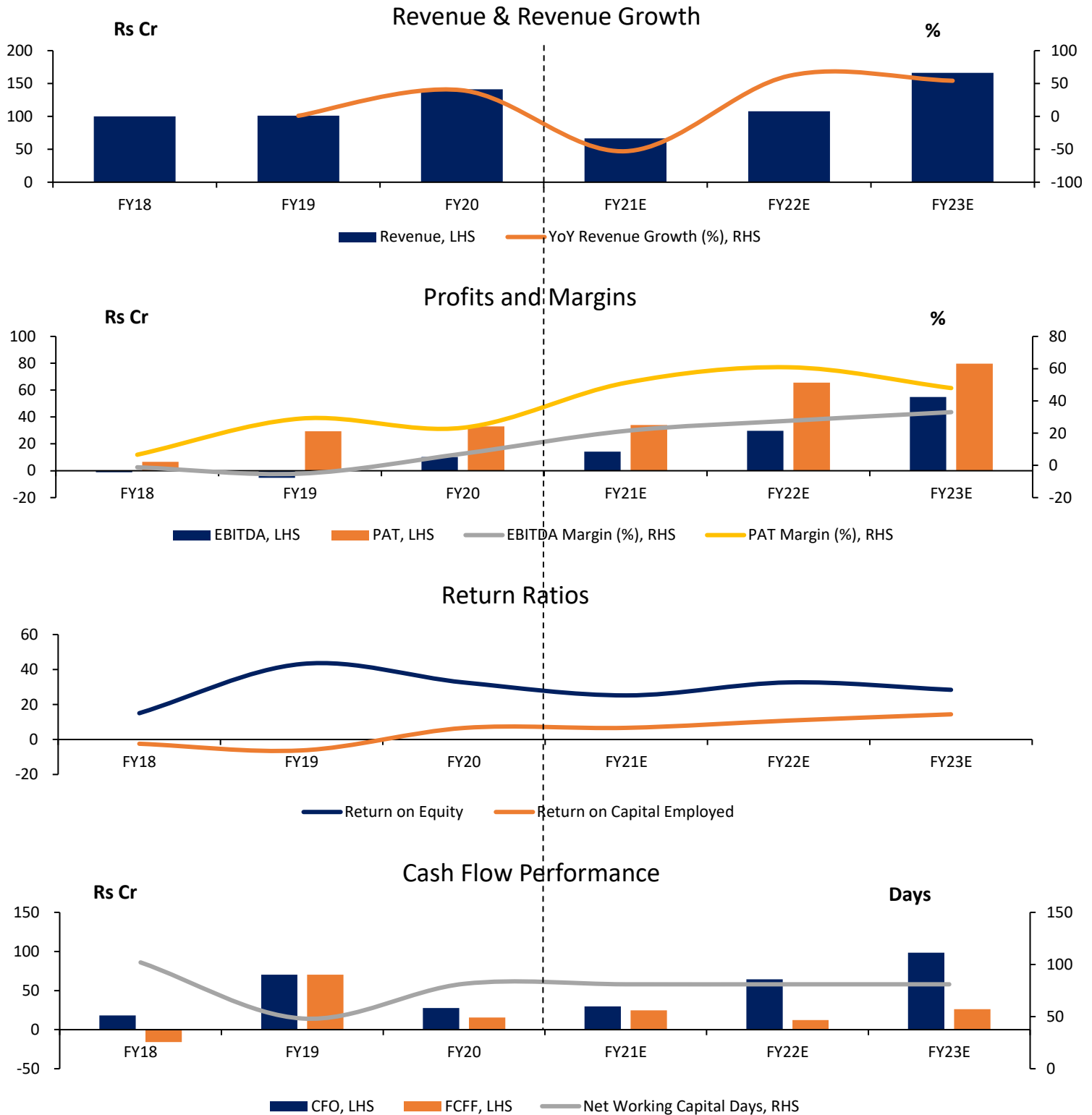
Claims written back is a part of other income and represents the cancellation fees charged. The proceeds from cancellation fees are received 2 years post accrual. Hence, we have assumed a significant Rs 50 cr revenue from this stream in FY22 given the fact that cancellations during COVID were at a peak.

- ❖ **Total revenue is expected to grow at a CAGR of 5.5% over FY20-23 to Rs. 166 cr. EBITDA over the same period is expected to grow at 75% CAGR to Rs 55 cr with margin expansion of 2580bps to 33.0% in FY23. PAT is expected to grow at 34.2% to Rs 80 cr**

with margin expansion of 2470bps to 42.1% over FY20-23. ROE in FY23 is forecasted to be 28.4% and ROCE to be 14.4%.

Valuation

At the higher price band of Rs 187 per share, Easy Trip Planners Ltd is valued at 25.5X FY23 earnings. We recommend a subscribe.



Source: Company Reports and Ventura Research

Issue Structure and Offer Details

The proposed issue size of Easy Trip Planners IPO is Rs.510 cr of which the entire amount is OFS. The offer for sale of Rs 255 cr is by promoter Nishant Pitti and Rs 255 cr is by promoter Rikant Pitti. The price band for the issue is in the range of Rs.186-187 and the bid lot is 80 shares and multiples thereof.

Issue Structure		
Category	No. of shares offered	No of shares Offered
QIB	At least 2,04,54,545	At least 75% of Issue
Non-Institutional Bidders	Not more than 40,90,909	Not more than 15% of Issue
Retail	Not more than 27,27,272	Not more than 10% of Issue
Total		

* No of shares based on higher price band of Rs.187

Source: Company Reports & SEBI

Shareholding Pattern		
Category	Pre-issue	Post-issue
Promoters	100.0%	74.9%
Institutions	0.0%	18.8%
Public	0.0%	6.3%

Source: Company Reports and SEBI

Financial Projections

Figures in Rs Cr	FY19	FY20	FY21E	FY22E	FY23E	Figures in Rs Cr	FY19	FY20	FY21E	FY22E	FY23E
Income Statement						Per Share Data & Yields					
Net Revenue	101.1	141.4	66.6	107.8	166.2	Adjusted EPS	2.7	3.0	3.1	6.0	7.3
<i>YoY Growth (%)</i>	<i>1.0</i>	<i>39.8</i>	<i>-52.9</i>	<i>61.7</i>	<i>54.2</i>	Adjusted BVPS	6.3	9.3	12.5	18.5	25.8
Service Cost	0.0	3.8	0.6	1.5	2.2	CFO per share	6.5	2.6	2.7	5.9	9.1
<i>YoY Growth (%)</i>	<i>-</i>	<i>-</i>	<i>-83.6</i>	<i>138.0</i>	<i>49.6</i>	CFO Yield (%)	3.5	1.4	1.5	3.2	4.8
Employee benefits expense	22.0	30.2	18.5	22.6	26.0	FCF per share	6.5	1.4	2.3	1.1	2.4
<i>YoY Growth (%)</i>	<i>38.3</i>	<i>37.1</i>	<i>-38.9</i>	<i>22.6</i>	<i>15.0</i>	FCF Yield (%)	3.5	0.8	1.2	0.6	1.3
Other Operating Expenses	84.3	97.2	33.3	53.9	83.1	Solvency Ratio (X)					
<i>YoY Growth (%)</i>	<i>-1.3</i>	<i>15.3</i>	<i>-65.7</i>	<i>61.7</i>	<i>54.2</i>	Net Debt to Equity	-1.3	-1.2	-1.1	-1.1	-1.1
EBITDA	-5.2	10.2	14.2	29.8	54.9	Net Debt to EBITDA	16.6	-12.3	-10.2	-7.1	-5.4
<i>YoY Growth (%)</i>	<i>-338.8</i>	<i>297.1</i>	<i>39.1</i>	<i>109.1</i>	<i>84.3</i>	Interest Coverage Ratio	-1.8	2.9	4.1	8.8	16.4
<i>Margin (%)</i>	<i>-5.1</i>	<i>7.2</i>	<i>21.4</i>	<i>27.6</i>	<i>33.0</i>	Working Capital Ratios					
Depreciation & Amortization	0.5	0.7	0.7	0.7	0.9	Payable Days	103	69	69	69	69
EBIT	-5.7	9.5	13.6	29.1	54.0	Receivable Days	151	150	150	150	150
<i>YoY Growth (%)</i>	<i>-296.6</i>	<i>268.5</i>	<i>42.5</i>	<i>113.9</i>	<i>85.9</i>	Net Working Capital Days	48	81	81	81	81
<i>Margin (%)</i>	<i>-5.6</i>	<i>6.7</i>	<i>20.4</i>	<i>27.0</i>	<i>32.5</i>	Return Ratios (%)					
Other Income	50.0	39.7	35.3	61.9	55.8	Return on Equity	43.2	32.6	25.2	32.6	28.4
Finance Cost	3.2	3.3	3.3	3.3	3.3	Return on Capital Employed	-6.2	6.6	6.7	10.8	14.4
PBT	41.2	45.9	45.6	87.7	106.6	Return on Invested Capital	23.4	-29.5	-97.4	-213.5	-233.7
<i>YoY Growth (%)</i>	<i>291.1</i>	<i>11.5</i>	<i>-0.6</i>	<i>92.2</i>	<i>21.5</i>	Valuation (X)					
<i>Margin (%)</i>	<i>40.7</i>	<i>32.5</i>	<i>68.5</i>	<i>81.4</i>	<i>64.1</i>	P/E	69.3	61.6	59.5	31.0	25.5
Tax	11.8	12.9	11.5	22.1	26.9	P/BV	29.9	20.1	15.0	10.1	7.2
<i>Tax Rate (%)</i>	<i>28.8</i>	<i>28.1</i>	<i>25.2</i>	<i>25.2</i>	<i>25.2</i>	EV/EBITDA	-374.5	186.2	132.4	61.1	31.6
PAT	29.3	33.0	34.1	65.6	79.7	Cash Flow Statement					
<i>YoY Growth (%)</i>	<i>343.5</i>	<i>12.5</i>	<i>3.4</i>	<i>92.2</i>	<i>21.5</i>	Profit Before Tax	41.2	45.9	45.6	87.7	106.6
<i>Margin (%)</i>	<i>29.0</i>	<i>23.3</i>	<i>51.2</i>	<i>60.9</i>	<i>48.0</i>	Add: Depreciation	0.5	0.7	0.7	0.7	0.9
Balance Sheet						Add: Finance Cost	3.1	3.0	3.3	3.3	3.3
Share Capital	21.7	21.7	21.7	21.7	21.7	Less: Interest Income	-7.4	-8.9	0.0	0.0	0.0
Total Reserves	46.2	79.5	113.6	179.2	259.0	Change in other assets & liabilities	-30.8	-18.1	-25.2	3.8	27.4
Shareholders' Fund	67.9	101.3	135.4	201.0	280.7	Change in working capital	74.9	10.9	16.8	-9.1	-13.0
Financial Liabilities	0.3	0.0	0.0	0.0	0.0	Less: Tax Paid	-11.3	-5.7	-11.5	-22.1	-26.9
Contract Liability	33.2	38.7	30.0	30.0	30.0	Cash Flow from Operations	70.2	27.7	29.6	64.3	98.3
Long Term Provisions	1.3	1.8	1.8	1.8	1.8	Net Capital Expenditure	-1.1	-3.1	-3.0	-1.0	-2.0
Total Liabilities	102.6	141.7	167.1	232.7	312.4	Change in other investments	-46.1	-59.2	14.5	4.5	-7.4
Gross Block	7.5	8.5	11.5	12.5	14.5	Add: Dividend & Interest Income	5.1	7.8	0.0	0.0	0.0
Less: Accumulated Depreciation	0.3	0.7	1.3	1.8	2.5	Cash Flow from Investing	-42.1	-54.5	11.5	3.5	-9.4
Net Block	7.1	7.8	10.2	10.6	12.0	Change in Short Term Borrowings	0.0	6.5	10.3	-17.1	0.0
Goodwill	0.0	1.6	1.6	1.6	1.6	Payment of lease liabilities	0.0	-0.2	0.0	0.0	0.0
Intangible Assets	0.0	0.1	0.2	0.1	0.2	Less: Interest Paid	-1.7	-0.1	-3.3	-3.3	-3.3
Investment Property	8.4	2.3	2.3	2.2	2.2	Cash Flow from Financing	-1.7	6.2	7.0	-20.4	-3.3
Intangibles under development	0.0	0.3	0.3	0.3	0.3	Net Cash Flow	26.3	-20.7	48.1	47.4	85.6
Long Term Loans	0.0	6.5	6.7	6.5	8.3	Opening Balance of Cash	7.7	34.1	13.4	61.6	109.0
Other Non Current Financial Assets	0.0	15.0	20.0	14.0	18.3	Closing Balance of Cash	34.0	13.4	61.6	109.0	194.6
Deferred Tax Assets (net)	2.7	3.1	3.1	3.1	3.1						
Other Non Current Assets	0.0	0.0	0.0	0.0	0.0						
Net Current Assets	84.4	104.9	122.9	194.3	266.5						
Total Assets	102.6	141.7	167.1	232.7	312.4						

Source: Company Reports & Ventura Research

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