

IPO Note: Yatra Online Ltd.

Industry: Travel & Tourism

Date: September 14, 2023

Issue Snapshot		Issue Break up		
Company Name	Yatra Online Ltd.	QIB ex Anchor	30%	1,63,73,240
Issue Opens	September 15, 2023 to September 20, 2023	Anchor Investor	45%	2,45,59,859
Price Band	Rs. 135 to Rs. 142	HNI<Rs. 10 Lakhs	5%	27,28,873
Bid Lot	105 Equity Shares and in multiples thereof.	HNI>Rs. 10 Lakhs	10%	54,57,747
The Offer	Public issue of 5,45,77,465 Equity shares of Face value Rs. 1 each, (Comprising of fresh issue of 4,23,94,366 Equity Shares* (Rs. 602 cr.) and Offer for Sale of 1,21,83,099 Equity Shares (Rs. 173.0 cr.*) by Selling Shareholder).	RII	10%	54,57,747
		Total Public	100%	5,45,77,465
Issue Size	Rs. 766.5 – 775.0 Crore	Equity Share Pre Issue (Nos. Cr.)	11.5	
IPO Process	100% Book Building	Fresh Share (Nos. Cr.)	4.2	
Face Value	Rs. 1.00	OFS Share (Nos. Cr.)	1.2	
Exchanges	NSE & BSE	Equity Share Post Issue (Nos. Cr.)	15.7	
BRLM	SBI Capital Markets Ltd., DAM Capital Advisors Ltd. and IIFL Securities Ltd.	Market Cap (Rs. Cr.)	2,228.2	
Registrar	Link Intime India Private Ltd	Equity Dilution	27.0%	
		Stake Sale by OFS	7.8%	

Objects of the Offer

Offer for Sale

The Company will not receive any proceeds of the Offer for Sale by the Selling Shareholder. (up to 11,751,739 equity shares by THCL Travel Holding Cyprus Limited and up to 431,360 equity shares by Pandara Trust – Scheme I)

Fresh Issue

- Strategic investments, acquisitions and inorganic growth (Rs. 150 cr.);
- Investment in customer acquisition and retention, technology, and other organic growth initiatives (Rs. 392 cr.); and
- General corporate purposes.

Company Highlights

- Yatra Online Ltd. (YOL) is an online travel agency which spans the entire value chain of travel and hospitality covering B2C and B2B segments. It is India's largest 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 terms of gross booking revenue and operating revenue, for FY23. It has the largest number of hotel and accommodation tie-ups amongst key domestic OTA players with over 2,105,600 tie-ups, as of March 31, 2023 (Source: CRISIL Report).
- Given the size and growth dynamics of the Indian travel market, YOL has strategically focused both on the corporate and consumer markets. It is the leading corporate travel service provider in India with 813 large corporate customers and over 49,800 registered SME customers and the third largest consumer online travel company (OTC) in the country in terms of gross booking revenue for FY23 (Source: CRISIL Report).
- YOL's go-to-market strategy spans the entire value chain of travel and hospitality covering B2C (business to consumer) and B2B (business to business which includes business to enterprise and business to agents), and this combination enables it to target India's most frequent and high spending travellers, namely, educated urban consumers, in a cost-effective manner. Over 800 large corporate customers of the Company employ over 7 million people who along with their families form a large part of the consuming upper middle class of India. In addition, YOL's travel agent network provides additional scale to its business by leveraging an integrated technology platform in order to aggregate consumer demand from over 29,800 travel agents in above 1,000 cities across India as of March 31, 2023.
- The company is also providing customers with various offerings via its multiple mobile applications. YOL also provide access through the platform to hotels, homestays, and other accommodations, with about 105,600 hotels in 1,490 cities and towns in India, as on FY23 and more than 2 million hotels globally, which is the highest hotel inventory amongst key Indian OTA players.

- Yatra has developed a common technology platform approach that enables a consistent user experience across multiple channels and different products, supporting the go-to-market strategy across the B2C and B2B channels. The customer "touchpoints" include their mobile applications, website and call centres as well as 'embedded' teams within some of their B2B clients. In addition, through the platform, the company address the needs of a large fragmented market of travel agents, empowering over 29,800 agents in above 1,000 cities across India as of March 31, 2023.
- In order to further strengthen customer loyalty and provide an incentive to the employees of the corporate customers to transact with them as B2C customers, Yatra operates a proprietary eCash loyalty program that enables travellers that book through the platform to accumulate and redeem points, where applicable. The eCash loyalty program acts as a surrogate and fills the loyalty gap that exists across product categories such as air travel ("Air") and hotels ("Hotel") in the travel market in India. The company currently have about 7 million eCash registered users on their platform.
- The company business is based on a common technology platform that serves the customers through multiple mobile applications as well as the website www.yatra.com. Common technology platform is a common user interface platform that ensures a single common user view across various channels and a single customer/client interface on both the web and mobile interfaces so that users have a consistent experience irrespective of the channel via which they come to them. This approach drives user familiarity with the service and encourages cross sell and repeat usage by the customers, which further enhances customer loyalty for the business.

View

- Yatra is a leading, full-service online travel company in India and one of the well-recognised travel brands in the country, addressing the needs of both leisure and business travellers. The strength of the brand is reflected in the fact that over 90% of the total traffic has come from direct and organic traffic for FY23. To further strengthen the brand, the company has, from time to time, signed up some of India's leading celebrities as their brand ambassadors in the past. As on March 31, 2023, mobile applications have been downloaded over 2.6 crore times.
- Yatra has served over 1.4 crore cumulative travel customers as of March 31, 2023, with over half of them having signed up for eCash loyalty program. Company's websites, and mobile applications have been designed to provide customers with flexibility in choosing travel options. The company recorded a booking success rate of 97.8% on their websites and mobile applications in the B2C channel for domestic transactions during FY23.
- Yatra has designed a unique "go-to-market" strategy that is a mix of B2C and B2B. This comprehensive approach creates a robust network effect resulting in cross-sell between business and leisure travellers, which addresses the entire travel market in India. B2C distribution channel focuses on the growing Indian middle-class population and increasing travel requirements, B2B channel includes corporate travel and company's travel agent business.
- Yatra intends to grow the customer base by continuing to provide business and leisure travellers, a seamless and integrated technology platform that meets all their travel needs. The corporate customers collectively employ 7 million workers who form part of a vibrant, fast-growing customer base with disposable income. The cross-pollination enables the company to service this audience in a cost-effective way while ensuring increasing ARPU (Average Revenue Per User).
- Company's corporate travel business commenced operations in 2013 and now provides an end-to-end SaaS-based travel solution to corporates. As of March 31, 2023, the company had over 800 large corporate customers and over 49,800 SME customers. The B2B is expected to grow on gross revenue basis at a CAGR of 15-16 % between FY23 to FY28 to reach Rs. 89-93 billion in FY28 from Rs. 42-46 billion in FY23. The company has launched a freight forwarding business through Yatra Online Freight Services Pvt Ltd (Yatra Freight) to further expand the corporate service offerings.
- On the financial front, in FY23, revenue were up by 91.9% to Rs 380.2 crore compared to FY22. OPM increased from -4.5% to 9.6%, which led to an increase in operating profit to Rs 36.7 crore. Eventually, net profit stood at Rs 7.6 crore as against net loss of Rs 30.8 crore in FY22.
- In terms of the valuations, on the higher price band, YOL demands Market Cap/Sales multiple of 5.86x.

Financial Statement

(In Rs. Cr)	FY21	FY22	FY23
Share Capital	11.1	11.2	11.5
Net Worth	123.5	100.9	169.5
Long Term Borrowings	0.3	0.4	24.0
Other Long Term Liabilities	109.2	38.4	25.1
Short-term borrowings	12.8	35.4	129.1
Other Current Liabilities	317.1	372.6	333.5
Fixed Assets	148.1	116.1	118.9
Non Current Assets	199.4	47.1	56.5
Current Assets	361.8	384.6	505.9
Total Assets	562.9	547.8	681.3
Revenue from Operations	125.5	198.1	380.2
Revenue Growth (%)		57.9	91.9
EBITDA	(22.4)	(8.9)	36.7
EBITDA Margin (%)	(17.9)	(4.5)	9.6
Net Profit	(118.9)	(30.8)	7.6
Net Profit Margin (%)	(94.7)	(15.5)	2.0
Earnings Per Share (Rs.)	(11.1)	(2.8)	0.7
Return on Networth (%)	(96.3)	(30.5)	4.5
Net Asset Value per Share (Rs.)	11.5	9.0	15.0

Source: RHP, Ashika Research

Cash Flow Statement

(In Rs. Cr)	FY21	FY22	FY23
Cash flow from Operations Activities	104.1	(83.4)	(153.1)
Cash flow from Investing Activities	(21.1)	(8.4)	(16.7)
Cash flow from Financing Activities	6.5	20.1	138.4
Net increase/(decrease) in cash and cash equivalents	89.5	(71.8)	(31.3)
Cash and cash equivalents at the beginning of the year	57.5	147.2	75.9
Cash and cash equivalents at the end of the year	147.2	75.9	46.9

Source: RHP

Comparison with Listed Industry Peers

Co Name	Net Sales (Rs. Cr.)	OPM (%)	D/E (x)	ROCE (%)	RONW (%)	P/E (x)	P/BV (x)	EV/EBIDTA (x)	MCap/Sales (x)	Market Cap (Rs. Cr.)
Yatra Online Ltd.	380.2	9.6	0.2	4.5	1.0	292.0	2.9	63.7	5.9	2228.2
Easy Trip Planners Ltd.	448.8	27.9	0.2	51.0	44.3	53.4	17.1	37.2	14.0	6784.7

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