Investec
Investec Bank plc (UK)

Yatra Online Ltd (YATR.NS)

Company Research
20 December 2023 23:07 HK

India | Travel & Leisure

BUY

Price: INR132
Target: INR215
Forecast Total Return: 62.9%

Market Cap: INR21bn
EV: INR16bn
Average daily volume: 1.4m

A journey you shouldn't miss

Yatra is one of India's oldest OTA (online travel agency) brands and is the largest enterprise OTA in the country. While Yatra lost market-share in B2C over time due to funding constraints, it has built the largest enterprise OTA biz. The enterprise OTA biz is 3x more profitable than the consumer business and is in its early phase of adoption by the industry. Yatra is 3x larger than MakeMyTrip in the enterprise business, which has a TAM of Rs1,004b, implying a potential revenue of c.Rs50b+ for OTAs overtime. The recent IPO helps Yatra gain market-share and grow this business faster, while making its consumer biz more competitive. We est 22%/60%/87% revenue/EBITDA/PAT CAGR from FY23-FY26E. We initiate at BUY with a TP of Rs215. Our TP is based on a P/E multiple of 22x on adjusted PAT (a 20% discount to MMT) (*see page 17 "Why look at adjusted EBITDA and adjusted PAT?").*

- **Yatra is the leader in enterprise OTA biz:** Yatra has been a pioneer in building the enterprise OTA biz in India. It works with 1 of 4 top 100 listed companies in India, 3 of the top 4 big accounting firms and 3 of the top 5 largest IT services companies. Enterprises are in the very early phase of the self-booking journey vs booking through offline travel agents. We believe this is exactly where consumers were in the late 2000s, providing significant room to grow from higher adoption.
- **IPO funding itself is a strong driver of growth and margin:** Yatra has historically struggled with a paucity of funding. Post the recent IPO fund raise of around Rs6,000m, Yatra is now well placed to invest in technology and supplier agreements that will help boost growth and margins. Yatra has historically had a tech refresh every 2-3 years in the B2C biz, however it has not been able to do this since FY19 due to a paucity of funding and a strategic choice to use the limited funds for the enterprise biz. This is set to change with investments in tech over the next 12 months.
- **Consumer biz is better poised to gain market share:** Yatra's consumer business accounts for c.58% of gross bookings. Post the India IPO, Yatra now can invest in better supplier agreements, which should translate into better air fares, hotel rates and higher margins. This in turn should lead to stronger growth/potential market share gains.
- **Expect a consistent beat and raise:** We believe our estimates are conservative and there is room to drive a consistent beat and raise cycle. We forecast 22%/60%/87% revenue/EBITDA/PAT CAGR from FY23-FY26E.

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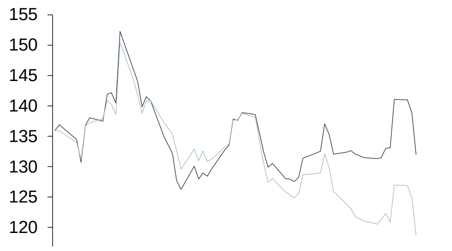
Financials and valuation — Year end: 30 March

	2022A	2023A	2024E	2025E	2026E
Revenue (INRm)	1,981	3,802	4,427	5,499	6,952
EBITDA (INRm)	-89	367	346	894	1,511
EBITA (INRm)	-370	184	160	722	1,350
PBT (normalised) (INRm)	-262	123	170	936	1,590
Net Income (normalised) (INRm)	-308	76	83	702	1,399
EPS (norm. cont.) - FD (INR)	(2.8)	0.7	0.6	4.5	8.9
FCFPS - FD (INR)	(7.6)	(13.8)	(10.4)	(7.4)	0.5
DPS (INR)	0.0	0.0	0.0	0.0	0.0
PE (normalised) (x)	(47.9)	194.9	233.9	29.5	14.8
EV/sales (x)	7.2	4.2	3.5	3.3	2.5
EV/EBITDA (x)	(161.5)	43.5	45.4	20.1	11.7
FCF yield (%)	(5.7)	(10.4)	(7.9)	(5.6)	0.3
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company accounts, Investec Equities estimates

Price Performance



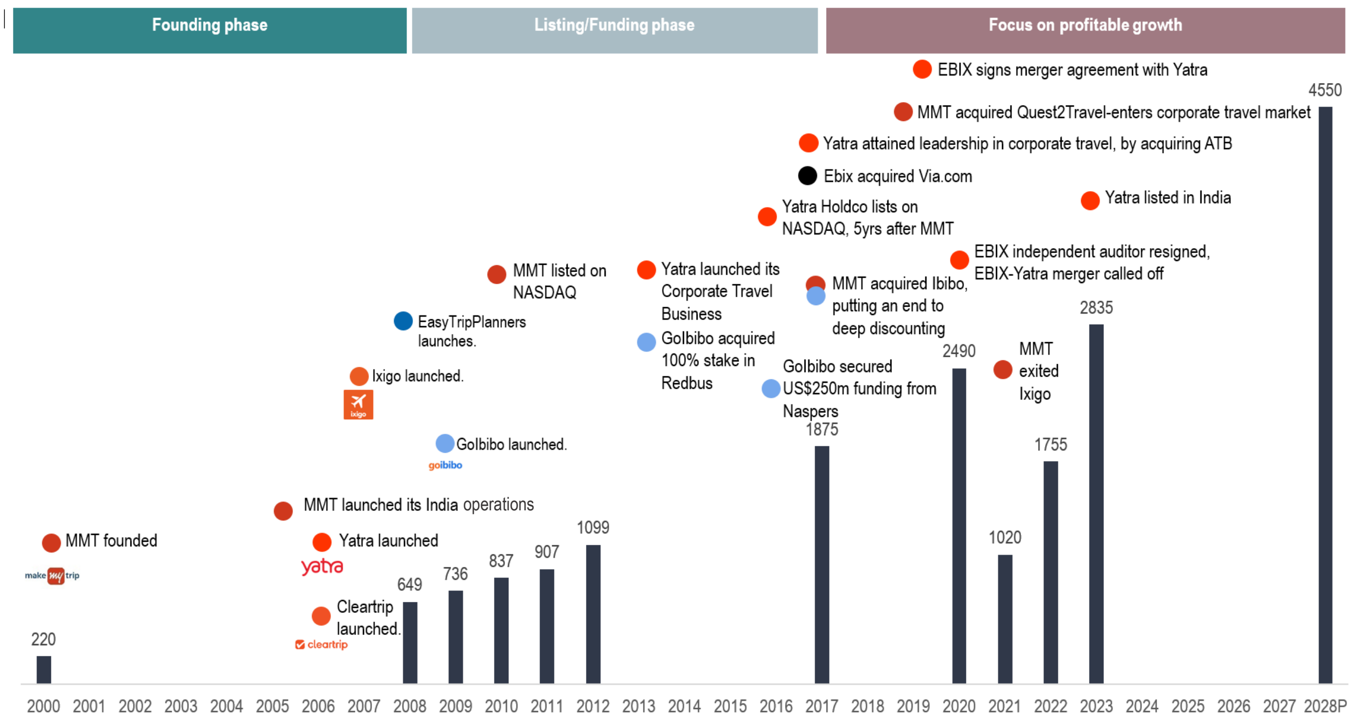
	1m	3m	12m
Price	3.1	(2.9)	(2.9)

Source: FactSet

Contents

Story in charts

Figure 1: Industry evolution



The bars represent the Indian travel market by gross bookings (Air + Hotels +Rail), Source: Crisil, Media reports, Investec Equities estimates

Figure 2: The B2B (Enterprise travel) market accounts for c.40% of the total travel spends on Air and Hotels

Air ticketing market size	No. of passengers (in mn)	Avg est yield (Rs)	Market size (Rs bn)
Domestic passengers	151	5,000	755
International	28	30,000	829
Total	**179**	**8,869**	**1584**

Hotels market size	Rooms (Nos)	Avg rate (Rs)	Market size (Rs bn)
Branded domestic	152,000	6,000	266
Unbranded	2,900,000	1,000	741
Total			**1,007**

B2B (Air + Hotels est)	In Nos	Revenue (Rs bn)	Travel & conveyance spends	Est Air + Hotels @ 70% (Rs bn)
Large enterprises	21,113	158,020	790	553
MSME	336,000	90,250	NA	451
Total				**1,004**

Enterprise spending accounts for c.40% of spends on Air and Hotels

Source: DGCA, FHRAI, MSME annual report, Ace Equity, Investec Equities estimates

Figure 3: Yatra is the largest Enterprise travel provider in India

	Large corporates	SME
Yatra Online*	813	49,800
MMT (Quest2Travel)	249	45,000

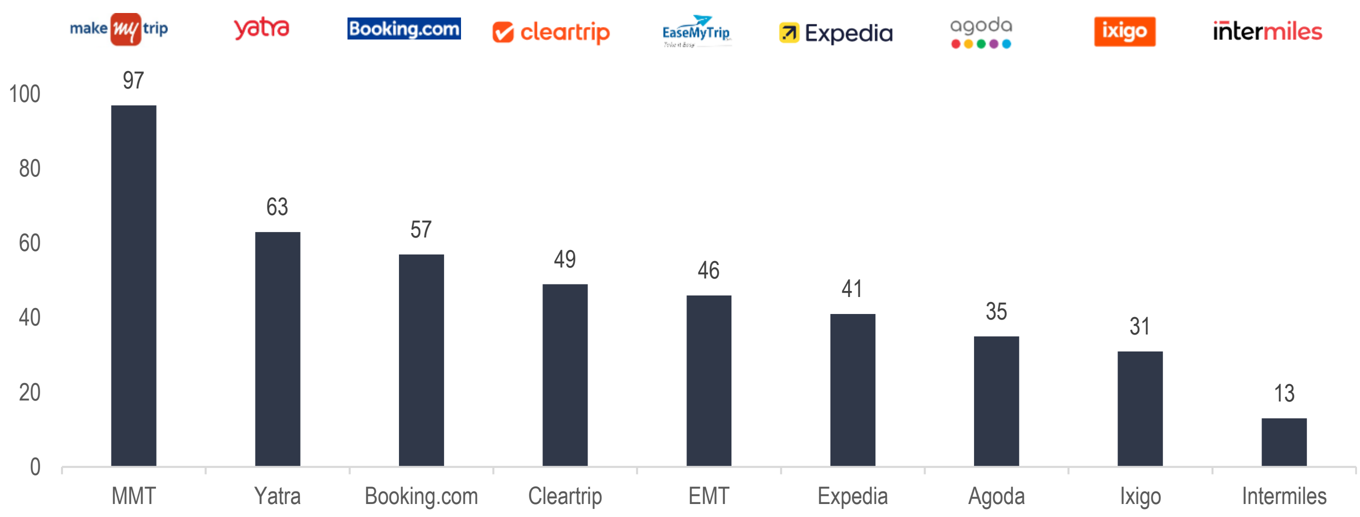
* Yatra & MMT customer count as of FY23, Source: RHP, Investec Equities research

Figure 4: Enterprise / corporate biz has better margins & RoCE's vs consumer

	B2C	B2B
Gross Booking Value	100	100
Take Rate	10.2%	5.1%
Take Rate (INR)	10.2	5.1
Promotion+ Marketing Costs	6.6	0.5
Payment Gateway Charges	1.3	0.48
People and Other costs	1.7	2.5
Depreciation	0.1	0.1
EBIT	**0.6**	**1.5**
EBIT Margin (% of Take Rate)	**5.4%**	**28.9%**
Cost of capital	0.0	0.7
PBT	0.6	0.8
PBT%	**5.4%**	**15.1%**
Capital employed		
Fixed assets	0.70	0.70
Working capital	1.7	4.5
Capital employed	2.4	5.2
RoCE%	**17.5%**	**21.2%**

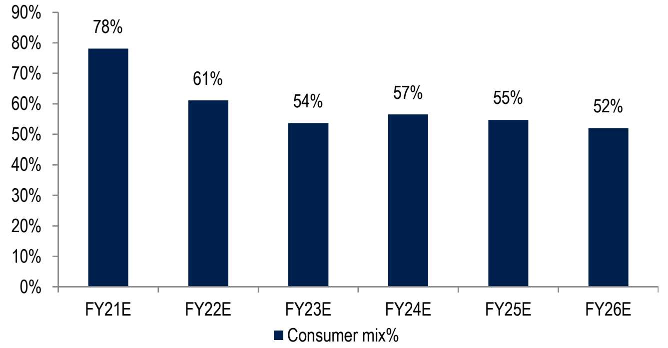
Source: Investec Equities estimates

Figure 5: Yatra is one of the oldest OTA brands with high brand recall



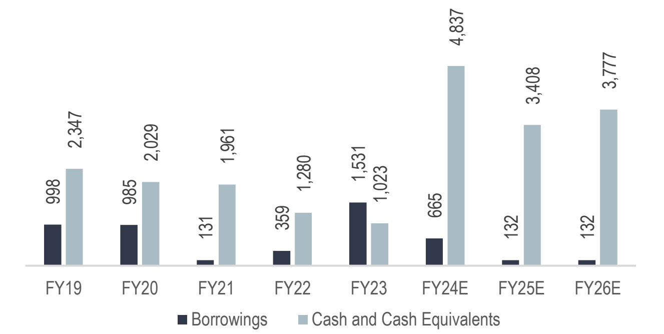
Source: Company presentation based on brand survey done in FY20-FY21; Investec Equities research

Figure 6: Consumer still accounts for c.54% of Yatra's gross bookings



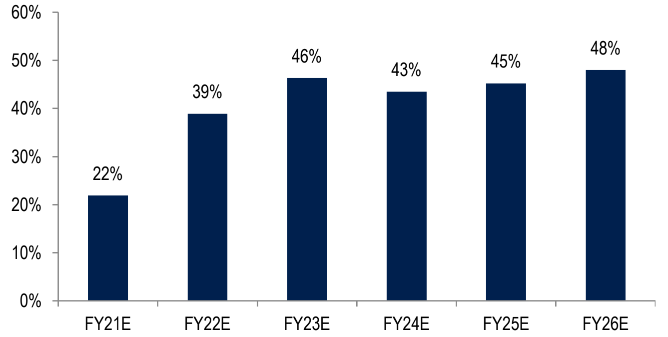
Source: Investec Equities estimates

Figure 7: Yatra is now well capitalised post India IPO



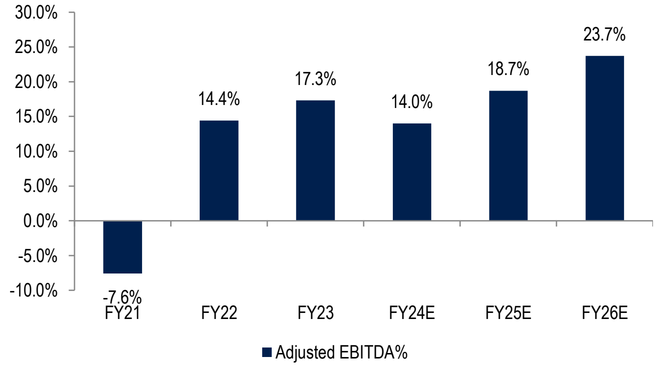
Source: Company, Investec Equities estimates

Figure 8: Increasing B2B mix …



(B2B includes enterprise & travel agents) Source: Investec Equities estimates

Figure 9: … and supplier deals to boost margin accretion



Source: Company, Investec Equities estimates

Figure 10: Expect c.60% EBITDA CAGR from FY23-FY26E

	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	CAGR FY23-FY26E
EBITDA%	*-18.7%*	*6.9%*	*-17.9%*	*-4.5%*	*9.6%*	*7.8%*	*16.3%*	*21.7%*	*60.3%*
Adj EBITDA%	*-18.5%*	*7.5%*	*-7.6%*	*14.4%*	*17.3%*	*14.0%*	*18.7%*	*23.7%*	*35.8%*
EBIT%	*-26.0%*	*-10.1%*	*-95.5%*	*-18.7%*	*4.8%*	*3.6%*	*13.1%*	*19.4%*	*94.4%*

Source: Investec Equities estimates, Adj EBITDA%: adjusted for ESOP costs, listing fees and reversal of liability no longer required to be paid

Figure 11: Valuations highly supportive

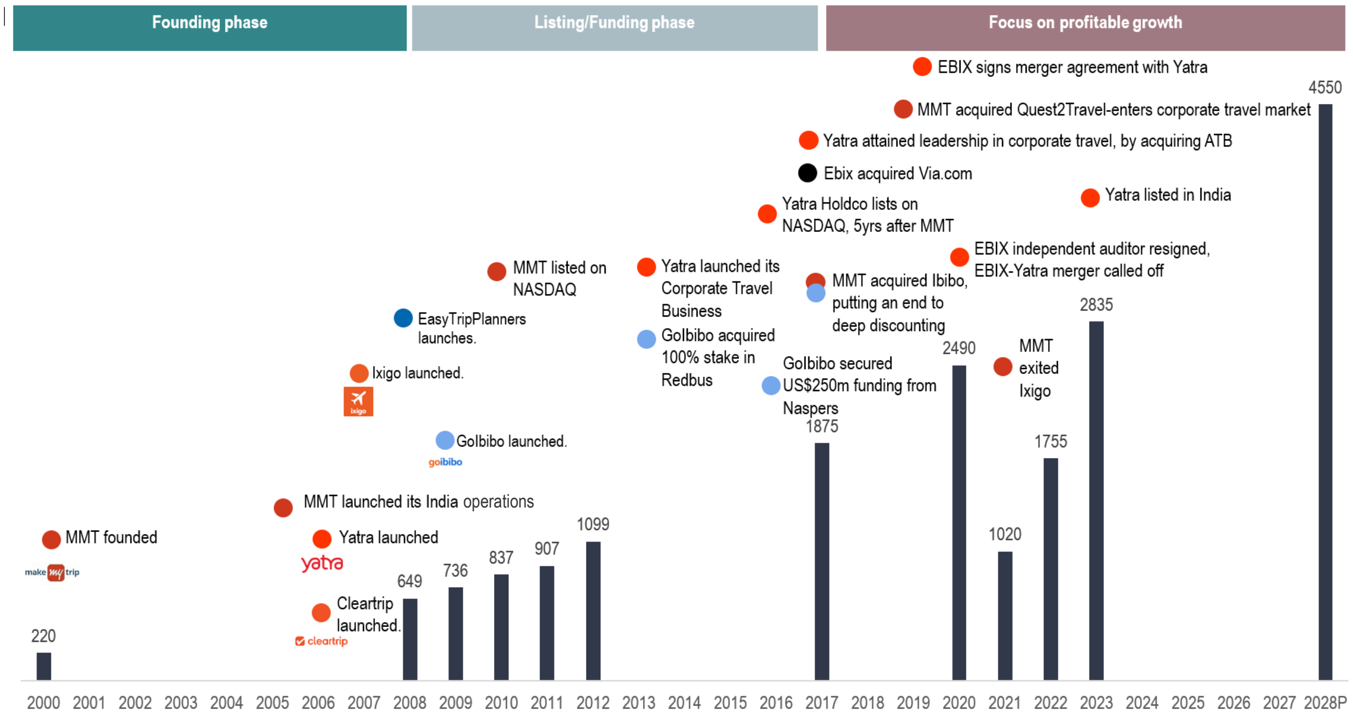
			CAGR% (FY23-FY26E)			P/E (x)			EV/EBITDA (x)		
	MCAP (Rs mn)	EV (Rs mn)	Adj-Revenue	EBITDA	PAT	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
MMT	413,780	391,087	22%	51%	99%	50	37	28	40	27	21
EMT	67,958	68,180	19%	17%	20%	38	33	28	32	26	22
Yatra	**20,752**	**16,580**	**18%**	**60%**	**87%**	**234**	**30**	**15**	**48**	**19**	**11**

Source: Bloomberg as on 20 Dec 2023, Investec Equities estimates

Industry evolution

The evolution of the OTA industry can be divided into three phases: i) The launch of OTAs in the country, ii) listing / fund raises by OTA's and iii) consolidation leading to a focus on profitable growth. We delve into each of these phases in detail.

Figure 12: Industry evolution



The bars represent the Indian travel market by gross bookings (Air + Hotels +Rail), Source: Crisil, Media reports, Investec Equities estimates

Phase 1 – The launch of new OTAs in the country

The internet boom in 2000 fuelled the beginning of the Online Travel Agency business. The travel ticketing business was historically done by offline travel agents. MMT (MakeMyTrip) was the first India focussed OTA launched in 2000 in the US with a view of serving NRIs. The company later started its business in India as an online travel agency. This was quickly followed by Yatra, Cleartrip, Ixigo, Easytrip planners and GoiBiBo. The ability to use the internet and technology to acquire customers at scale without geographic boundaries fuelled the initial OTA boom. The OTA business initially was largely driven by Air ticketing. Hotel listings were built over time considering the highly fragmented nature of the industry. Adding active users to individual platforms was the primary driver during this phase involving high customer acquisition costs. This phase of customer acquisition continued into phase 2.

Phase 2 – Listing and funding phase leads to divergent market-shares

This phase drove the divergence in market shares between OTAs. MMT (MMYT US, Not Rated) was the first to IPO with its listing on the NASDAQ in 2010 giving it a funding advantage vs peers (raised US$70m followed by multiple follow-on offerings) leading to a rapid expansion in market share. Yatra' IPO was delayed due to the bankruptcy of Kingfisher (amongst 3 of the largest airlines in India at that time). Yatra listed on the Nasdaq only in 2016 (raised US$92m) and had lost market share by then due to a paucity of funding. In the same year GoiBiBo raised US$250m from Naspers and this spurred competitive intensity (led by a consumer grab in the hotels segment). This was followed by MMT acquiring GoiBiBo putting an end to the hyper competitive intensity.

Figure 13: Overall OTA relative market share in 2009

Market share based on gross bookings	2009
MMT	48%
Yatra	24%
Cleartrip	18%
Others	28%

Source: MMT prospectus, PhoCus Wright, Investec Equities research

Figure 14: Evolution of Air ticketing market share

mn	FY17	FY18	FY19	FY20	FY21	FY22	FY23
Total Passengers travelled	125	147	167	164	59	95	161
Yatra Market Share %	8.2%	9.0%	9.1%	7.5%	6.7%	5.9%	5.2%
MMT Market Share%	16.5%	22.6%	23.7%	25.6%	25.5%	26.0%	27.3%

Source: DGCA, Investec Equities estimates

Note: MMT reports "Flight segments" meaning a flight between two cities, whether or not such flight is part of a larger or longer itinerary while Yatra reports number of PNRs issued. We have adjusted Yatra's numbers to calculate the market share.

Phase 3 – All OTAs now focus on profitable growth

Post Covid and the consolidation before Covid, all OTAs have highlighted their intent to drive profitable growth. We believe OTAs aren't in a position to burn capital for customer acquisition considering most have not made a single year of profits since 2006. This is now changing and is visible on improving profitability for OTAs. Moreover, note that the OTA penetration is significant vs earlier years and there is increasing acceptance to pay for convenience vs earlier.

Figure 15: Focus on profitability driving an improving margin trajectory

	FY20	FY21	FY22	FY23
MMT	-8,853	-2,843	-325	3,883
EBITDA%	-24.4%	-23.5%	-1.4%	8.1%
Yatra	467	-224	-89	367
EBITDA%	6.9%	-17.9%	-4.5%	9.6%
EMT	102	753	1,325	1,759
EBITDA%	7.2%	40.8%	54.4%	56.3%
Ixigo	-44	33	-123	351
EBITDA%	-4.0%	2.4%	-3.2%	7.0%

Source: Investec Equities estimates

Yatra's emergence as the largest Enterprise OTA

Corporate or B2B is a loosely used term in the travel industry. This usually includes revenue from travel agents and enterprises. In most cases its revenue from travel agents. Yatra's B2B business derives revenue from both travel agents and enterprises unlike just travel agents for most other OTA's.

Why are enterprises an important vertical for airlines and hotels?
Enterprises account for c.40% of all travel spends in India. They fill the most expensive seats on an airline (including last minute bookings and business class seats), consume food and beverage and also aid occupancy in hotels. Hence enterprises / corporates are a very important vertical for any airline or hotel.

Figure 16: The Enterprise travel market accounts for c.40% of the total travel spends on Air and Hotels

Air ticketing market size	No. of passengers (in mn)	Avg est yield (Rs)	Market size (Rs bn)	
Domestic passengers	151	5,000	755	
International	28	30,000	829	
Total	**179**	**8,869**	**1584**	
Hotels market size	**Rooms (Nos)**	**Avg rate (Rs)**	**Market size (Rs bn)**	
Branded domestic	152,000	6,000	266	
Unbranded	2,900,000	1,000	741	
Total			**1,007**	
B2B (Air + Hotels est)	**In Nos**	**Revenue (Rs bn)**	**Travel & conveyance spends**	**Est Air + Hotels @ 70% (Rs bn)**
Large enterprises	21,113	158,020	790	553
MSME	336,000	90,250	NA	451
Total				**1,004**

Source: DGCA, FHRAI, MSME annual report, Ace Equity, Investec Equities estimates

Enterprise spending accounts for c.40% of spends on Air and Hotels

Yatra's emergence as the largest Enterprise OTA
Yatra began investments in building Enterprise OTA platform in 2013, in the midst of hyper competition in the consumer segment. The company later acquired Air Travel Bureau in 2017. Yatra today has 813 large enterprise customers and is adding c.90 large enterprises annually. MMT entered the Enterprise travel market in 2019 post the acquisition of Quest2Travel. The table below shows that Yatra has 3x the number of large enterprise customers vs MMT.

Figure 17: Yatra is the largest Enterprise travel provider in India

Number (#)	Large corporates	SME
Yatra Online*	813	49,800
MMT (Quest2Travel)	249	45,000

Source: Investec Equities estimates
Companies' annual reports, investor presentations, earnings calls, CRISIL Research
[1] MakeMyTrip: Includes 249 active accounts for Q2T (Quest to Travel, targeting large corporates) and more than 45,000 active accounts on MyBiz programme (targeting SMEs) as per March 2023 investor presentation

Enterprise biz has better margins and RoCEs vs consumer
The table below highlights the unit economics of the B2C biz (consumer) vs the B2B biz (Enterprise).

Note that the take rates assumed below are blended for both Air ticketing and Hotel bookings. While the consumer business has higher take rates, the business also has higher promotion and marketing costs vs the B2B biz. Hence, the resultant margins are significantly lower than the Enterprise business.

The Enterprise biz is more annuity in nature because of the integrations with the ERP systems of the enterprise, thereby making this biz more sticky.

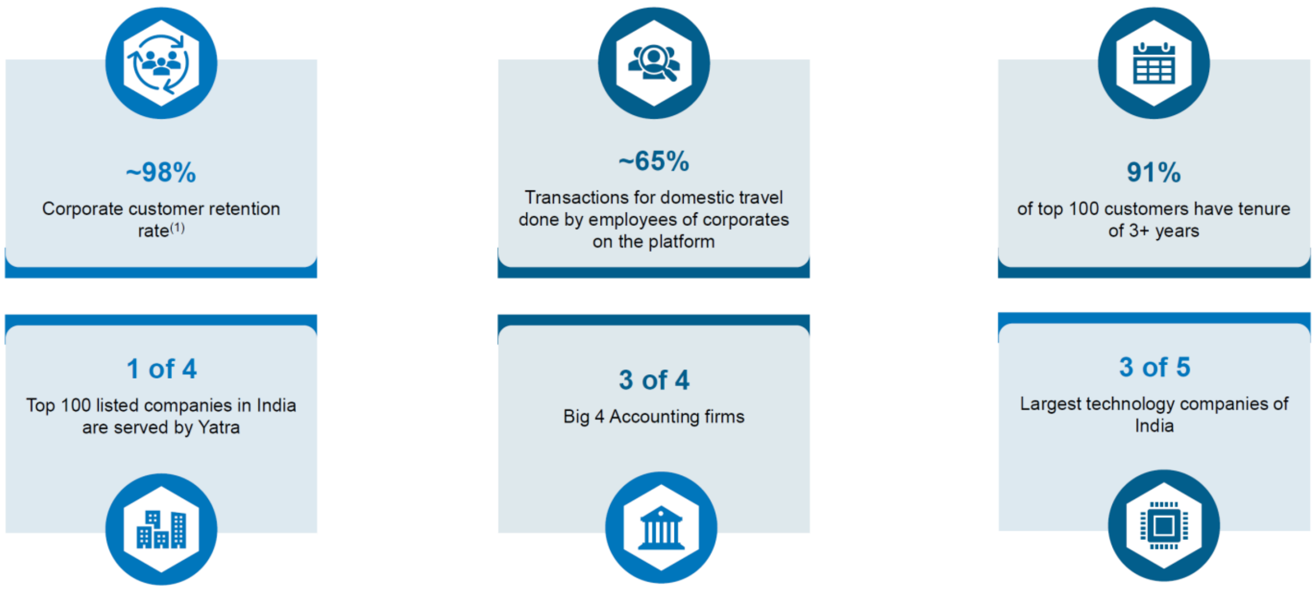
Also note that margins and RoCEs in the consumer business are more volatile as limited seat capacity for Airlines (the largest segment) would lead to lower incentives by suppliers and vice versa. However, on the Enterprise side margins are more stable and are only impacted by economic weakness driving lower spends by corporates and consequently negative operating leverage. The enterprise business had only 35%-40% of employees of enterprises using the self-booking platform pre-Covid. This has now increased to 65% and will lead to lower people costs in the enterprise business over time as this proportion increases leading to potentially better margins.

Figure 18: Enterprise biz has better margins & RoCEs vs consumer

	B2C	Enterprise
Gross Booking Value (Value of the Air ticket / Hotel room)	100	100
Take Rate %	10.2%	5.1%
Take Rate (INR) (commission + fees + incentives)	10.2	5.1
Promotion+ Marketing Costs	6.6	0.5
Payment Gateway Charges	1.3	0.5
People and Other costs	1.7	2.5
Depreciation	0.1	0.1
EBIT	**0.6**	**1.5**
EBIT Margin (% of Take Rate)	**5.4%**	**28.9%**
Cost of capital	0.0	0.7
PBT	0.6	0.8
PBT%	**5.4%**	**15.1%**
Capital employed		
Fixed assets	0.7	0.7
Working capital	1.7	4.5
Capital employed	2.4	5.2
RoCE%	**17.5%**	**21.2%**

Source: Investec Equities estimates

Figure 19: Yatra has a blue-chip customer base with very low churn



Source: Company, Investec Equities Research

Using a captive base to drive lower customer acquisition costs
As highlighted above customer acquisition (promotion) costs significantly drive down returns on the consumer business. The enterprise customers of Yatra have c.7m employees, who use the platform for their business bookings. Yatra is looking to capture this captive audience for their personal bookings, which could reduce customer acquisition costs over time. The customer benefits from lower prices, while Yatra benefits with higher margins due to limited / no customer acquisition costs.

What value does an Enterprise OTA provide?

A good enterprise OTA needs to provide four fundamental vectors of value:

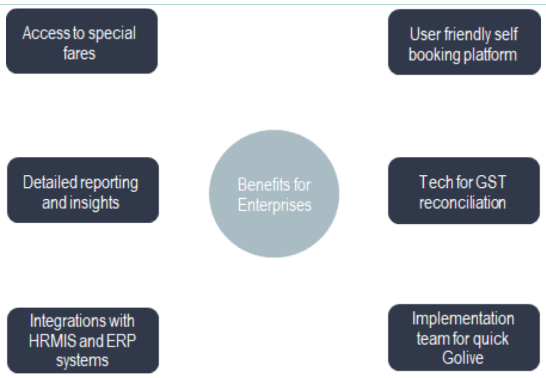
1) **Better negotiated rates for Air tickets and Hotel bookings**: Enterprise customers are an important vertical for Airlines and Hotels as they provide higher yields and are sticky in nature vs the consumer segment. A large Enterprise OTA has the ability to negotiate and provide better rates across a wider selection of airlines and hotels vs what a corporate can do on its own or an offline travel agent. This is primarily driven by the high volumes that a corporate OTA like Yatra enjoys.

2) **Ability to book Air, Hotels, cabs etc. on a single platform:** An Enterprise OTA like Yatra is able to provide a wide selection of Air and Hotels on a single platform. A single platform approach allows better visibility and control over total spends and also helps reduce the size of the travel desk at enterprises.

3) **Enable employees of enterprises to self-book air tickets and hotel rooms:** This is a significant value add as this helps reduce costs for an enterprise by reducing the size of the travel desk significantly. However, this requires the OTA to integrate its booking engine with the HRMS and finance systems of the enterprise. The integrations help create better workflows and automations to eliminate manual interventions while providing tight control on costs. Every enterprise will have specific requirements and the ability to provide these customizations seamlessly is key to a successful enterprise OTA.

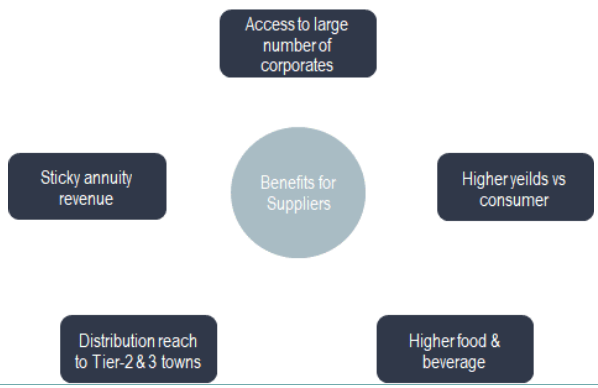
4) **Enable cost savings, provide full visibility on travel spends and compliances:** Travel costs are a key area of cost control for CFOs. A good enterprise OTA will be able to provide high visibility on travel spends and highly competitive rates that help better control costs. In addition, it will also be able to provide granular costs by department and also provide tighter control for better compliances.

Figure 20: OTA benefits for an Enterprise



Source: Company, Investec Equities estimates

Figure 21: Enterprise OTA benefits for Suppliers

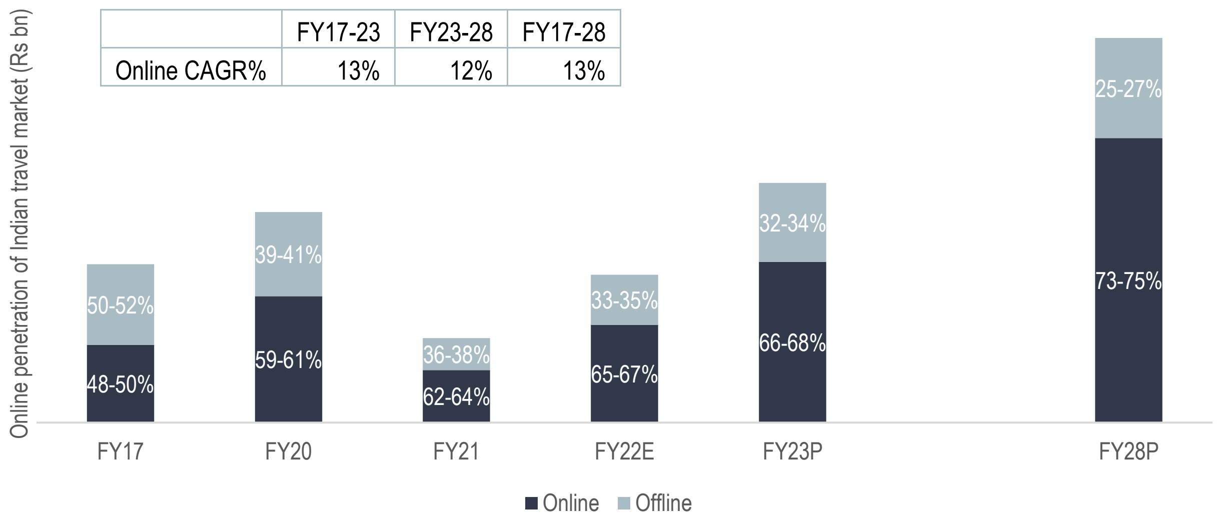


Source: Company, Investec Equities estimates

Understanding business dynamics

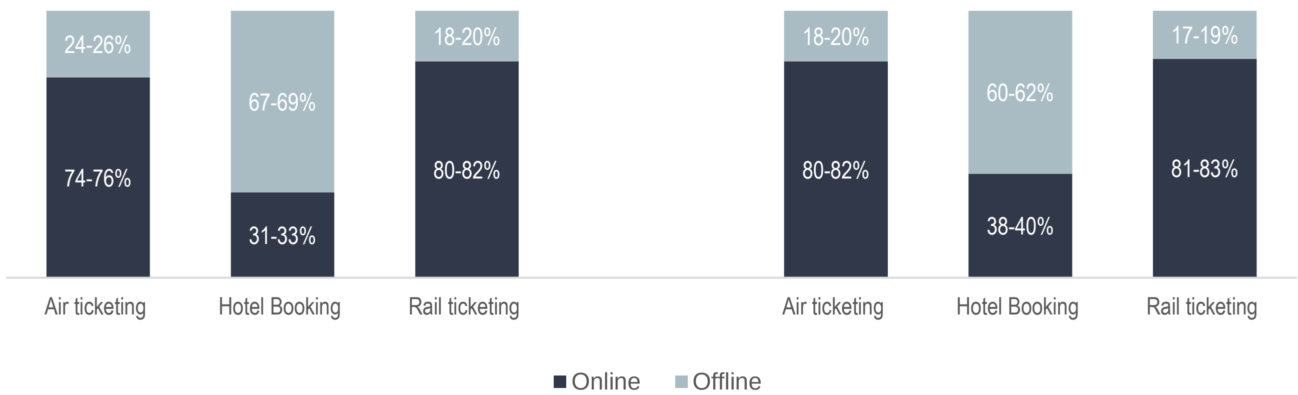
The large primary segments for an OTA are Air ticketing and Hotels followed by Rail, Cabs and bus bookings. The chart below shows and increasing trend of online penetration of travel bookings driving a 12-13% revenue CAGR. Air and Rail ticketing have high levels of online penetration; however, this has been relatively easy to achieve vs Hotels due to a limited number of suppliers in both segments. Hotels, however, is heavily fragmented driving a slower increase in penetration.

Figure 22: Online penetration of travel bookings on the rise



Source: RHP, Investec Equities estimates

Figure 23: Increasing online penetration across segments



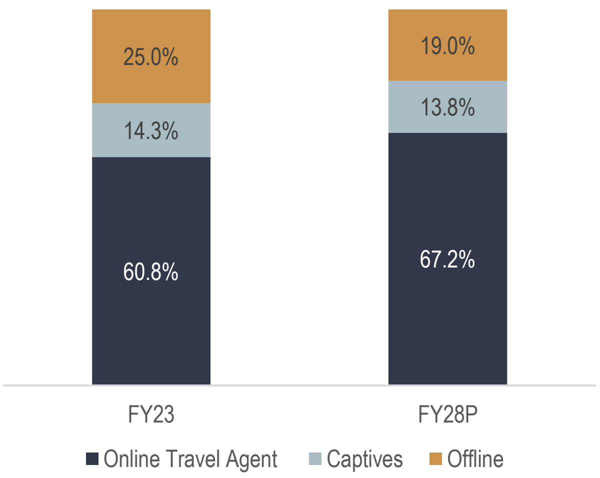
Source: RHP, Investec Equities estimates

Air ticketing

Air ticketing as an industry has limited number of suppliers. There are 14 scheduled airlines in India, of which Indigo and Tata group own 78% of the fleet. The limited number of suppliers has hastened the online adoption of Air ticketing.

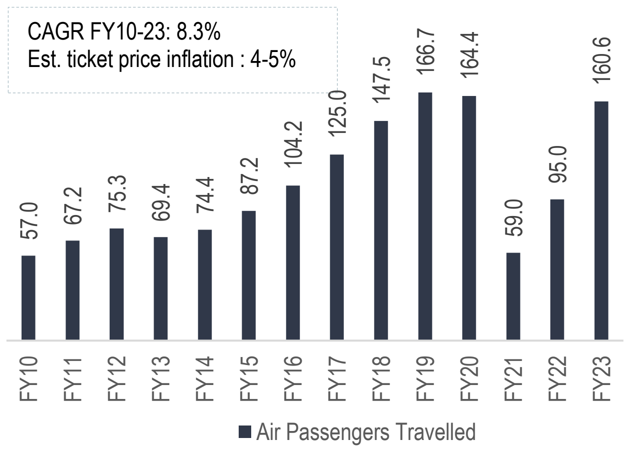
Air passenger growth has been at 8.3% CAGR since FY10 and we estimate ticket price inflation at 4-5% annually leading to a 12-13% revenue growth CAGR in Air ticketing gross revenue.

Figure 24: Air ticketing market shares



Source: Crisil, RHP, Investec Equities research

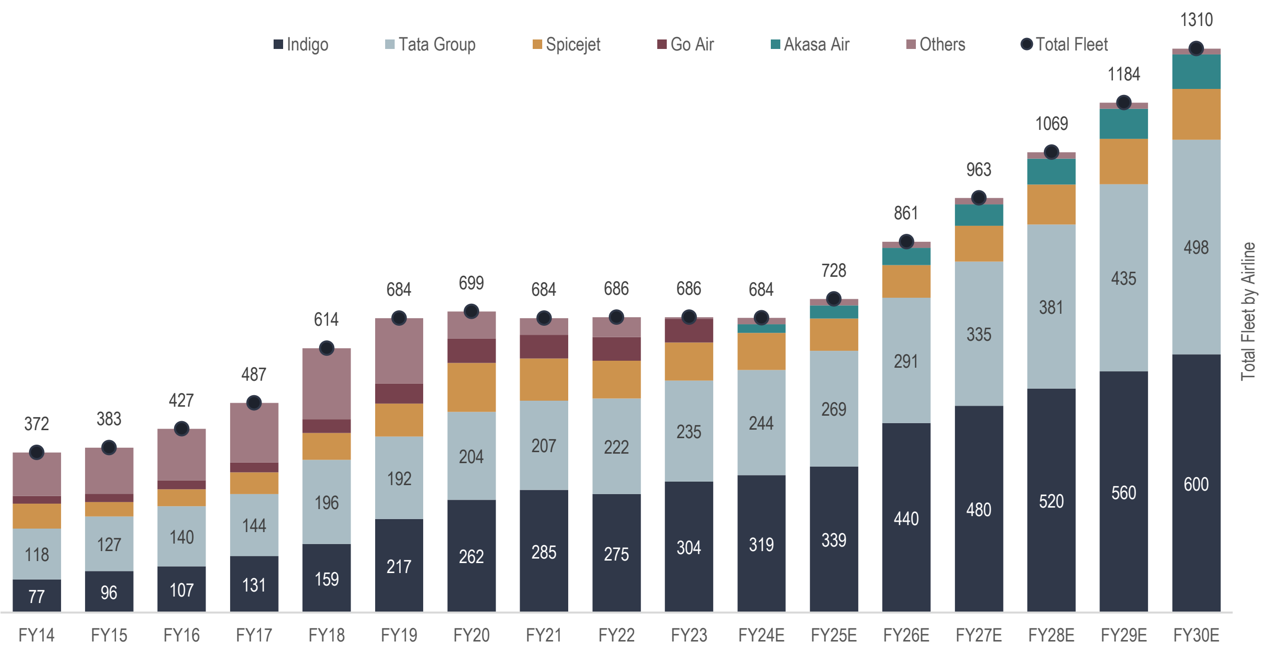
Figure 25: Air passenger growth



Source: DGCA, Investec Equities research

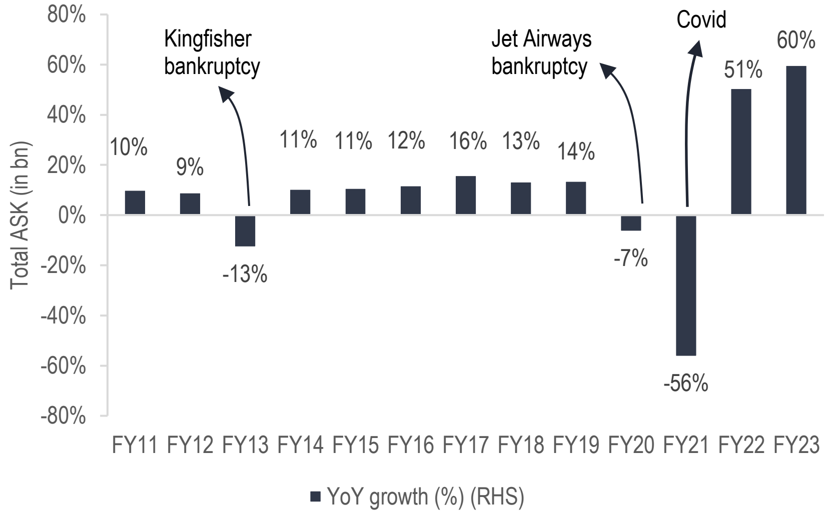
Margins in the Air ticketing business are usually better when there is an expansion in supply. We expect the fleet to grow at a 11.5% CAGR from FY24-FY30E based on new aircraft orders by various airlines. That said a better measure of capacity is ASK (Available seat kilometres) (*See Figure 25*). We note that the correlation of take rates with capacity has been high from FY11 to FY15, however there is no correlation from FY15 to FY23. This is due to an increase in convenience fee through the period by OTAs. That said we believe convenience fees are unlikely to increase over the next 2-3 years at least and hence we will now see increased correlation with capacity.

Figure 26: Fleet capacity likely to grow at a 11.5% CAGR (FY24-FY30E)



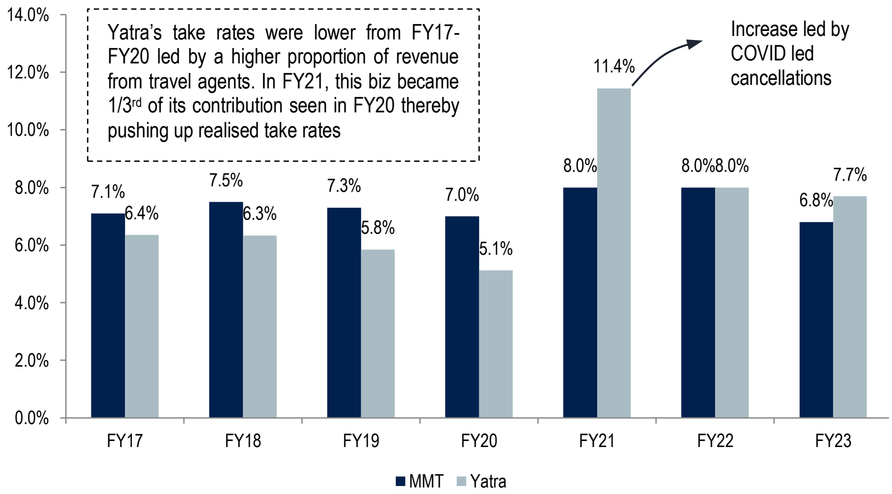
Source: Investec Equities estimates

Figure 27: Change (YoY%) in available seat kilometres (ASK)



Source: DGCA, Investec Equities research

Figure 28: Air take rates%: MMT vs Yatra



Source: Company, Yatra USA, Investec Equities research

Key components of airline take-rates

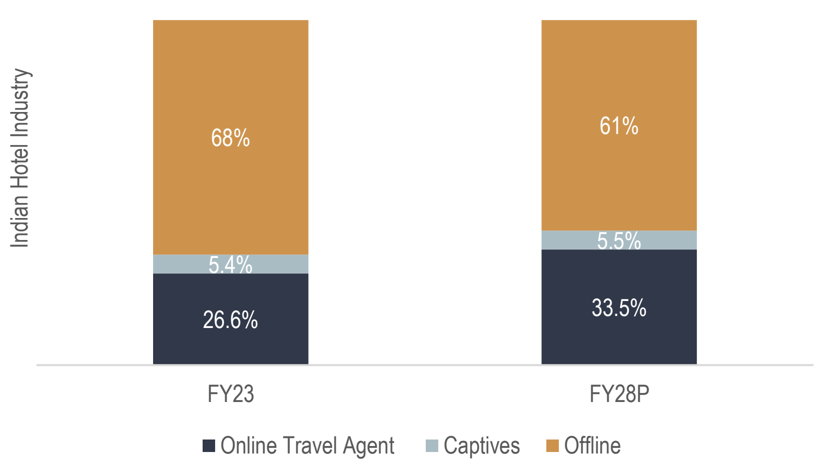
Airline take rates broadly have five components: i) Commission from airline, ii) commission from GDS, iii) convenience fee, iv) volume incentives and v) incentives from advances to suppliers. Of the above, the level of volume incentives and incentives from advances to suppliers are volatile based on the industry's demand supply situation. As highlighted above, we expect significant increase in airline capacities from FY26E onwards.

While corporate take rates are lower, margins are higher considering there are no customer promotion costs. Moreover, margins are more stable when compared to the consumer business, which is highly impacted by the airline industry's demand supply dynamics.

Hotel bookings

Hotels is highly fragmented with 152,000 branded domestic hotels and 2.9m unbranded hotels. The high fragmentation has impeded online penetration. That said online penetration has been increasing (see figure 22). Figure 29 below highlights the share of bookings between OTA's, Captives and Offline channels.

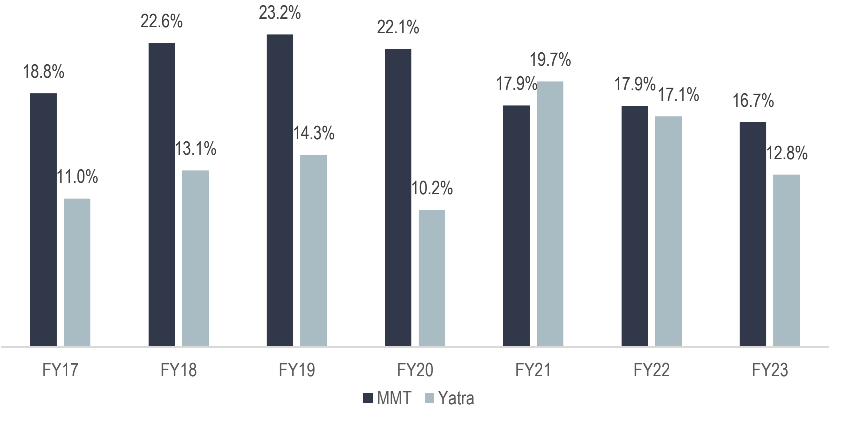
Figure 29: Hotel bookings market shares



Source: RHP, Investec Equities estimates

Hotels have higher take rates vs Air ticketing. However higher fulfilment costs restrict consumer margins. That said margins for the Enterprise segment are meaningfully better. Yatra's lower take rates for Hotels vs MMT is possibly driven by a relatively higher corporate, travel agent and packages mix.

Figure 30: Hotels & Packages take rates



Source: Company, MMT Annual Reports, Investec Equities Research

Financial Analysis

Expect 22% revenue growth CAGR from FY23-FY26E

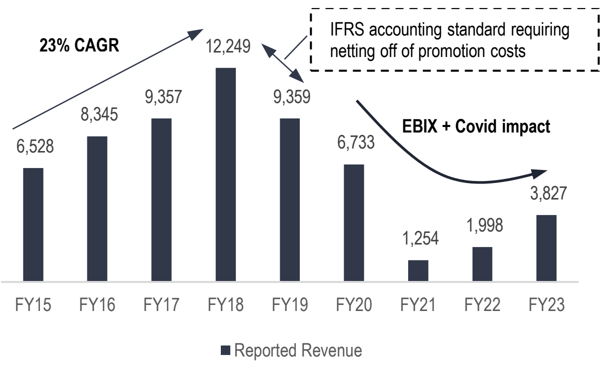
We believe Yatra can deliver a 22% revenue growth CAGR from FY23-FY26E. Note that Yatra has been able to consistently execute in the past prior to the proposed merger with EBIX and Covid. The headwinds from both these negative catalysts are now behind. The charts below highlight Yatra's revenue and gross bookings performance, which has been weak since FY20.

Context to weak performance from FY20-FY23

EBIX made a hostile takeover attempt in FY19, which was accepted by the Yatra board (implied a value of US$336m at that time). The merger agreement to consummate the transaction limited Yatra's ability to spend on marketing and promotions leading to a decline in the consumer business. (*"we may be required to reduce our level of spending on marketing and sales to levels that may not have occurred at the same level but for the Merger due to contractual restrictions contained in the Merger Agreement" - Source FY19 20F filing*)

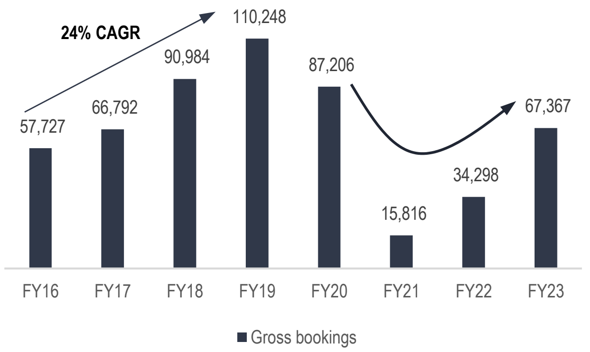
The above led to a revenue decline in FY20. EBIX could not file its financials with the SEC due to the resignation of its auditor thereby delaying the merger. Yatra decided to exit the merger agreement as there was no line of sight to closure and it was hurting its ability to do business.

Figure 31: Yatra delivered a 23% revenue CAGR from FY15-FY18



Source: Yatra USA, Company, Investec Equities estimates

Figure 32: Gross bookings grew at a 24% CAGR from FY15-FY19

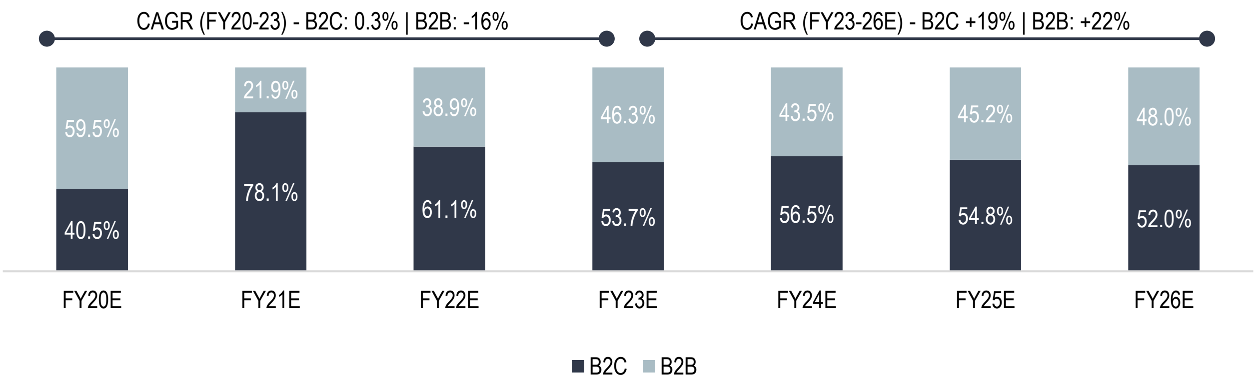


Source: Yatra USA, Company, Investec Equities estimates

Expect 19% / 22% revenue growth CAGR across B2C / B2B

Post the India IPO Yatra is now well placed to invest in technology and drive better supplier agreements leading to better growth. Overall, we believe Yatra has been able to deliver in the past and is now well placed to deliver strong growth led by both the B2B (B2B includes enterprise and travel agents) and consumer business.

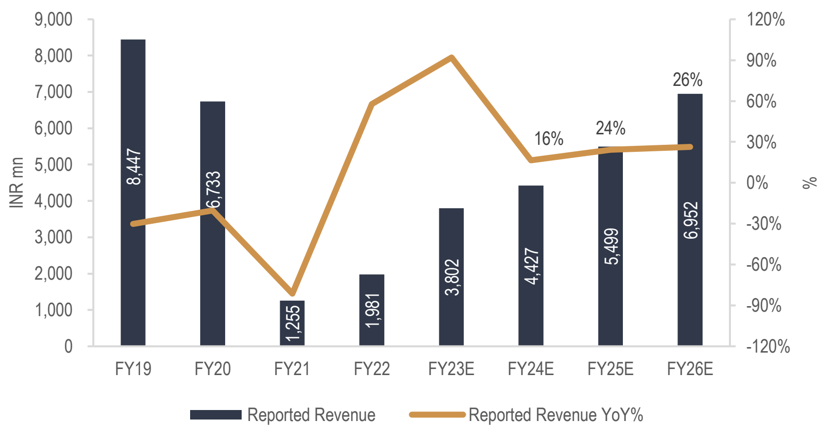
Figure 33: Air Ticketing and Hotels & Packages GBV mix | We expect B2B grow at a CAGR of 20.3% from FY23-26E



Source: Investec Equities estimates

Better supplier agreements should lead to better rates and margins in both the Air and Hotels driving market share gains. On the Enterprise side Yatra has significant room to increase wallet share in existing clients, while adding new customers. We also see room to increase the proportion of Hotel revenue from corporates, which is a higher margin business. Currently only 18% of Yatra's enterprise clients use Yatra for their Hotel bookings.

Figure 34: Forecast 22% revenue growth CAGR from FY23-FY26E



Source: Investec Equities estimates

Forecast 60% EBITDA CAGR from FY23-FY26E

Yatra's EBITDA% should benefit from i) improving margins from a better business mix in favour of the enterprise biz, ii) benefits from better supplier agreements and iii) operating leverage.

Figure 35: Forecast c.60% EBITDA CAGR from FY23-FY26E

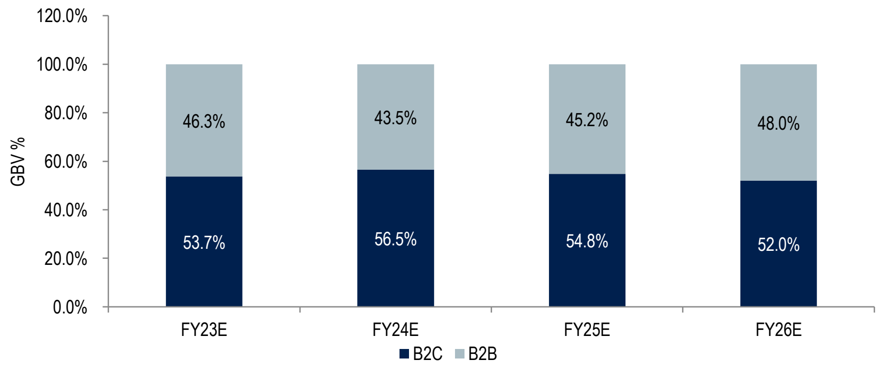
	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E	CAGR FY23-FY26E
EBITDA%	-18.70%	6.90%	-17.90%	-4.50%	9.60%	7.80%	16.30%	21.70%	60.30%
Adj EBITDA%	-18.50%	7.50%	-7.60%	14.40%	17.30%	14.00%	18.70%	23.70%	35.80%
EBIT%	-26.00%	-10.10%	-95.50%	-18.70%	4.80%	3.60%	13.10%	19.40%	94.40%

Source: Company, Investec Equities estimates, Adj EBITDA%: adjusted for ESOP costs, listing fees and reversal of liability no longer required to be paid

i) Improving margins from a better business mix in favour of the corporate biz

As highlighted in Figure 18: Unit economics, the corporate business has c.5x the margins of the consumer business. We expect the proportion of revenue from the corporate business to increase by 450bps from FY24-FY26E. This leads to lower customer promotion costs and consequently better margins.

Figure 36: Better corporate mix to aid margins (GBV)



Source: Investec Equities estimates

ii) benefits from better supplier agreements

Yatra is likely to benefit from better supplier agreements post the funding from its IPO. This should aid better air fares and incentives driving higher take rates and growth.

Figure 37: Objects of the recently concluded IPO

Objects of the IPO	Rs mn
Total Fresh Issue	**6,020**
Strategic investments, acquisitions and inorganic growth	1,500
Investment in customer acquisition, retention, technology and other organic growth initiatives	3,920
Marketing and Business Promotion	*3,400*
Technology Infrastructure	*520*
General Corporate Purposes	600

Source: RHP, Investec Equities Research

iii) operating leverage

Yatra saw a sharp revenue decline post the proposed EBIX merger/COVID and revenues are yet to reach pre-EBIX merger levels. The company also halved its headcount during Covid with higher automation and benefits of increasing self-booking adoption by corporates. Prior to Covid, the adoption of self-booking was between 35-40%. It is now at 65%. In addition, the company should also see operating leverage on its other expenses.

Why look at adjusted EBITDA and adjusted PAT?

We would traditionally not adjust for ESOP costs as we believe this is a cost to the company. Yatra's case is unique as there is no cash flow impact and the dilution is for US shareholders. Indian shareholders only benefit from a tax shield with no negative impact on financials or stock dilution.

Yatra Online Inc. (Yatra USA) holds c. 65% in Yatra Online India (Yatra) through its wholly owned subsidiaries 1) Travel Holding Cyprus Limited (THCL) and 2) Asia Consolidated DMC Pte Ltd (Asia Consolidated). Over the years, Yatra USA had granted stock options to its employees.

As on Jun'23, the outstanding RSUs (Restricted Stock Units) and PSUs (Performance Stock Units) stood at c.3.5mn units with the last tranche of RSUs vesting on Sept'26 (FY27) and the vesting for PSUs linked to the performance of Yatra USA's 20 day volume weighted average share price with trigger prices set between $1.8-10 across various schemes. Accordingly, the vesting of such share units in Yatra USA will have no bearing on the Indian entity and remains an anti-dilutive event for Yatra India's shareholders (but dilutive for US shareholders).

However, in order to ensure effective tax planning, Yatra USA has allocated the cost of such share-based payments to the Indian entity. Note that there is no cashflow impact for India. Accordingly, we believe EBITDA and PAT should be adjusted for such share-based payments. We also adjust it for listing expenses as it is one-off in nature.

Figure 38: ESOP Costs

ESOP Cost	FY21	FY22	FY23	Q1FY24	Q2FY24
Yatra India	65	193	134	11	97
% of revenue	5.2%	9.7%	3.5%	1.0%	10.3%

Source: RHP, Investec Equities estimates

Debt reduction to aid improving PAT%

Debt reduction is not an objective of the IPO proceeds, However, investments in customer acquisition, retention, technology, and other organic growth initiatives are. With investments in the above from IPO proceeds, management in our view has more room to direct existing cashflow towards debt reduction. We forecast debt to decline from Rs1,531m in FY23 to Rs132m in FY25E. Consequently, we expect finance costs to decline from Rs234m in FY23 to Rs65m in FY25. Adjusted PAT will also be aided by carry forward of c. INR 2,586mn tax losses available to Yatra, thereby reducing the company's ETR%.

Figure 39: Adjusted PAT

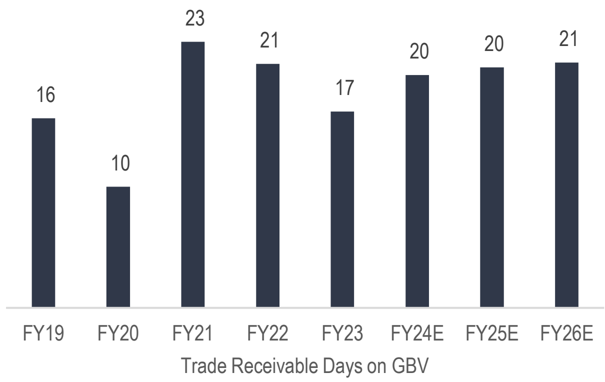
	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Adjusted PAT Margin%	(25.3%)	(10.5%)	(89.6%)	(3.0%)	6.2%	7.1%	15.2%	22.1%
Adjusted PAT YoY%		(66.9%)	59.0%	(94.7%)	(496.3%)	33.6%	167.7%	83.2%

Source: Investec Equities estimates

Understanding Working Capital

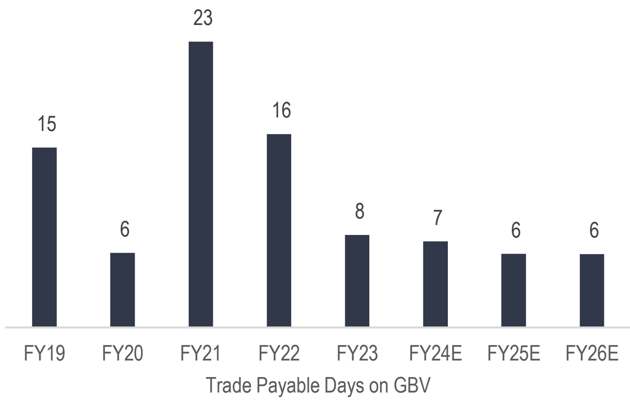
The working capital intensity for OTA players is driven by its B2C: B2B mix. The working capital requirement for B2B biz is higher, in-line with higher margins earned from the segment. Within the B2B biz, Yatra offers c. 25-30 days of credit on GBV to its large enterprise clients while the B2C biz requires only c.2.5 days. We expect trade receivable days to increase as the B2B mix increases for Yatra. Further, the working capital requirements are likely to increase as Yatra strengthens agreements with air and hotel suppliers, however this will also aid higher margins. Yatra enjoys c. 6-7 days of credit from such suppliers. Trade payable in FY21 were high led by high levels of customer refunds during Covid.

Figure 40: Trade receivable trends (Days)



Source: Company, Investec Equities estimates

Figure 41: Trade payable trends (Days)



Source: Company, Investec Equities estimates

Expect RoCEs to improve with increasing margins

Over the years, led by paucity of funds, EBIX merger falling through and COVID, Yatra has not been able to garner the expected RoCEs. Not that this has been any different for other OTAs. The industry as a whole is now focussed on profitable growth. Going forward, with the optimal deployment of IPO proceeds aiding growth and margins, we expect RoCEs to trend upwards for Yatra.

Figure 42: Return ratios

	FY19	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
ROE	(91.1%)	(33.3%)	(96.3%)	(30.5%)	4.5%	1.1%	8.3%	14.2%
ROCE	(60.6%)	(18.2%)	(51.6%)	(22.3%)	3.3%	0.9%	5.9%	11.3%
ROIC	(163.9%)	(37.5%)	(255.2%)	(82.9%)	4.7%	1.9%	9.5%	17.5%

Source: Investec Equities estimates

Valuations

The key standouts for Yatra as a business are as follows:

1) **Yatra is the largest B2E OTA in the country:** Yatra is India's largest enterprise travel business, and this business is c.3x more profitable than the consumer business. That said, RoCEs are only marginally better than consumer biz due to higher working capital requirements. However, we note that the variability on margins and earnings should be lower than the consumer business, which is impacted by demand supply dynamics in the airline and hotel industry. The enterprise/corporate travel business is also more sticky with no customer acquisition costs.
2) **The B2E OTA business is where consumer was in the late 2000s:** The consumer business saw a transition from travel agents to OTAs over the past two decades. The B2E OTA business has just begun this transition. Overall, we believe this is a Rs1,004b travel spend opportunity with room for multiple players. That said Yatra already has a head start with technology and a relatively large customer base.
3) **Post IPO funding Yatra is well placed to drive the consumer biz as well:** Yatra is now well placed to have stronger supplier agreements that will aid lower fares and hotel rates while ensuring higher margins for the business. The IPO also enables refreshing tech for the consumer business.
4) **Additional optionality in the biz from freight:** Yatra has a freight business, where a corporate can leverage multiple service providers for their ocean, air and land transport needs. The solution helps corporates find the lowest cost provider with the optimal cost to ETA ratio. This business is currently very small and not meaningful. However, it could provide optionality over a 5-year period.
5) **We forecast a 22%/60%/87% revenue/EBITDA/PAT CAGR from FY23-FY26E.**

We initiate coverage at **BUY with a TP of Rs215.** Our target price discounts our **FY26E adjusted EPS by 22x (20% discount to MMT trading at ~28x FY26E)**. The adjusted EPS is the earnings adjusted for ESOP cost and listing expenses *(see "Why look at adjusted EBITDA and adjusted PAT?")* We believe our estimates are conservative, leading to a potential beat and raise going forward.

Key risks

- Higher than anticipated tightness in airline supply leading to lower Air take rates.
- An economic downturn impacting corporate spend on travel.
- Delays in tech refresh

Figure 43: Valuations highly supportive

			CAGR% (FY23-FY26E)			P/E (x)			EV/EBITDA (x)		
	MCAP (Rs mn)	EV (Rs mn)	Adj-Revenue	EBITDA	PAT	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
MMT	413,780	391,087	22%	51%	99%	50	37	28	40	27	21
EMT	67,958	68,180	19%	17%	20%	38	33	28	32	26	22
Yatra	**20,752**	**16,580**	**18%**	**60%**	**87%**	**234**	**30**	**15**	**48**	**19**	**11**

Source: Bloomberg as on 20 Dec 2023, Investec Equities estimates

Proforma Financials

Figure 44: Proforma Financials

Rs mn	FY20	FY21	FY22	FY23	FY24E	FY25E	FY26E
Gross bookings	87,206	15,816	34,298	67,367	76,278	92,841	115,033
- Growth%	-20.9%	-81.9%	116.9%	96.4%	13.2%	21.7%	23.9%
Reported revenue	6,733	1,255	1,981	3,802	4,427	5,499	6,952
- Growth%	-20.3%	-81.4%	57.9%	91.9%	16.5%	24.2%	26.4%
Adjusted revenue	5,787	2,044	3,142	5,999	6,519	8,002	9,946
- Growth%	-32.5%	-64.7%	53.7%	90.9%	8.7%	22.7%	24.3%
- Take rate%	6.6%	12.9%	9.2%	8.9%	8.5%	8.6%	8.6%
EBITDA	467	-224	-89	367	346	894	1511
- EBITDA%	6.9%	-17.9%	-4.5%	9.6%	7.8%	16.3%	21.7%
Adjusted EBITDA	504	-96	284	657	618	1029	1646
- Adjusted EBITDA%	7.5%	-7.6%	14.4%	17.3%	14.0%	18.7%	23.7%
PBT	-667	-1,122	-293	122	170	936	1,590
PAT	-707	-1,189	-308	76	83	702	1,399
Adjusted PAT	-707	-1,124	-59	234	313	837	1,534

Source: Investec Equities estimates, Adj EBITDA%: adjusted for ESOP costs, listing fees and reversal of liability no longer required to be paid

Comparison with competitors

Figure 45: Peer comparison

FY23	Yatra	MMT	EMT	Ixigo(FY22)
Gross Booking	67,367	528,971	80,506	56,136
Reported Revenue	3,802	47,775	4,488	3,796
Adjusted Revenue	5,999	52,462	6,648	4,515
EBITDA	367	3,883	1,759	-123
EBITDA Margin%	9.6%	8.1%	39.2%	-3.2%
PAT	76	-900	1,341	-211

Source: Investec Equities estimates

Figure 46: Expenses as a % of GBV

	INR mn				% of GBV			
FY23 Expenses as a % of GBV	**MMT**	**Yatra**	**EMT**	**Ixigo (FY22)**	**MMT**	**Yatra**	**EMT**	**Ixigo (FY22)**
Personnel Costs	10,631	956	524	952	2.0%	1.4%	0.7%	1.7%
Service Costs	14,305	645	101	-	2.7%	1.0%	0.1%	0.0%
Customer Promotion (added to revenue)	18,992	2,842	2,362	719	3.6%	4.2%	2.9%	1.3%
Marketing/Branding	8,185	336	-	575	1.5%	0.5%	0.0%	1.0%
Other Costs	10,771	1,340	2,104	2,392	2.0%	2.0%	2.6%	4.3%
- Payment Gateway Charges	4,660	398	543	219	0.9%	0.6%	0.7%	0.4%
- Other Costs	6,111	943	1,561	2,173	1.2%	1.4%	1.9%	3.9%

Source: Investec Equities estimates

Figure 47: Trade Receivable and Payable Days on GBV for peers

Particulars	Trade Receivables	Days	Trade Payables	Days
Yatra	3,066	17	1,385	8
MMT	5,660	4	7,381	5
EMT	1,559	7	726	3
Ixigo (FY22)	86	1	445	3

Source: Yatra, MMT and EMT FY23 financials, Ixigo DRHP, Investec Equities estimates

Figure 48: B2B client metrics for peers

Particulars	Number of large corporate clients	Number of other corporate clients (MSMEs)	Total number of corporate clients
Yatra	~813	~49,800	~50,613
MMT[1]	249	~45,000	~45,249
Cleartrip.	NA	NA	NA
EMT Ltd.	NA	NA	NA

Source: Investec Equities estimates
Companies' annual reports, investor presentations, earnings calls, CRISIL Research
[1] MakeMyTrip: Includes 249 active accounts for Q2T (Quest to Travel, targeting large corporates) and more than 45,000 active accounts on MyBiz programme (targeting SMEs) as per March 2023 investor presentation

ESG

Environmental Parameters

Yatra has not presented Business Responsibility and Sustainability Report (BRSR) for FY23. We believe the Company will start reporting on certain parameters, going forward, in its BRSR.

Figure 49: Environmental Parameters

Environmental	Yatra
ISO / TCFD / UN PRI Certified /signatories' plants?	Good
Penalized by Pollution Control Board/NGT?	Good
Impact on local communities because of operations / services? Known instances of litigations / protests, etc. result of internal / external variables	Good
Greenhouse gas emissions: Does the company disclose CO2, SOx/NOx, dust, VOC, emissions and has it taken steps to reduce it?	Good
Energy intensity: has it been reducing. Any mitigation variables to offset fossil fuel usage - wind / hydro / solar, etc.	Good
Water / plastic positive	Good
Produces any hazardous/ toxic waste, treatment measures and compliance benchmarks	Good
Techno-economic parameters - disclosures and steps taken to improve it	Good

Source: Investec Equities estimates

Social Parameters

Attrition Rate: Attrition rate of employees stood at 59%, 48% and 61% for FY21, FY22 and FY23. We believe this is slightly on the higher side, thereby rating the Company "Mediocre" on this front.

Other Social Parameters: Workforce diversity and Health & Safety data has not been disclosed.

Gender diversity: Not disclosed hence rated poor.

Health & safety and diversity policy: Not disclosed hence rated poor.

Figure 50: Social Parameters

Social	Yatra
No. of fatalities (including / excluding third party, within / beyond the factory & office premises) - disclosures and steps taken to improve it	Good
Attrition rate; exploitation of employees (minimum / average salary levels)	Mediocre
Lost time due to injuries - - disclosures and steps taken to improve it; is it declining?	Good
Metrics on workforce diversity - gender, ethnicity, mix, etc.	Poor
CSR spends as % of PAT (does it comply with statutory norms; quality of spends)	Good
Adverse impact on local communities because of operations / services?	
Known instances of litigations / protests, etc. result of internal / external variables	Good
Does the co. have Health & Safety policy & diversity (gender, specially abled, ethnicity, etc.) policy	Poor
Any policy that discourages illegal procurement or harmful effects on Land?	Good
Any other variables	Good

Source: Investec Equities estimates

Governance Parameters

Figure 51: Corporate Governance Ranking

Company\Metric	**Yatra Online Limited**
Cash Flow Conversion	Poor
Depreciation policy	Good
Debtors days	Mediocre
Provisions	Good
Investment income	Good
Contingent liabilities as % of net worth	Mediocre
Cash Interest paid/ CFO	Good
Exceptional Items & One offs	Good
Quarterly segmental reporting of revenues	Good
Changes in accounting policy in past 3 years	Good
Changes in estimates (re-statements)	Good
Auditor remuneration	Mediocre
Changes in auditor	Good
Auditors qualifications	Good
Directors' remuneration as % of PAT	Mediocre
Directors' remuneration v. peers	Mediocre
Independence of board	Good
Independence of audit committee	Good
Loans and Advances to Related Parties	Good
Insider trading analysis	Good
Promoter back-ground check	Good
Historic approach to minority shareholders	Good
Guidance to market	Good
Disclosure of key news to minority shareholders	Good
Accounting and auditing	Good
Board, management and related party transactions	Good
Promoter background and insider trading	Good
Approach towards minority investors	Good
Accounting and corporate governance (CG) rating	Good
Accounting, CG & approach towards minority investor rating	Good

Source: Investec Equities estimates

Cash Flow Conversion: As discussed earlier, the OTA players have not made a single year of profits since 2006 due to high capital burn for customer acquisition. Accordingly, the historical revenue recognition and cash flow conversion has remained poor. However, post COVID and consolidation before Covid, all OTA's have highlighted their intent to drive profitable growth.

Debtor Days: Given Yatra's higher share of corporate biz, its debtor days continue to remain higher vs peers which has a higher share of consumer biz.

Auditor Remuneration: Yatra's audit remuneration as a % of revenue stood at 0.26%, 1.15% and 0.47% for FY21, FY22 and FY23. We believe this is above industry average and thereby we rate the Company's auditor remuneration policy "Mediocre". However, we believe the remuneration could be elevated ahead of Yatra's listing and the same would reduce going forward.

Director's remuneration (excluding share-based payments): Yatra has a high quality of BoD. Due to paucity of funds and other challenges, the Company has not made profits historically and accordingly, the metrics for director's remuneration are rated "Mediocre".

Figure 52: Key Management Personnel

Yatra India			
Name	**Designation**	**Description**	**Remuneration (FY23) INR mn**
Dhruv Shringi	Whole-time Director and CEO	He holds a master's degree in BA from INSEAD. He was previously associated with Fords Motor Company, Arthur Anderson & Co., Ebookers.Com Plc as well as with the Internet and Mobile Association of India as its vice chairman.	37.3
Murlidhara Lakshmikantha Kadaba	Non-Executive Director	He holds a bachelor's degree in engineering from the University of Mysore and a PGPIM from XLRI, Jamshedpur. He was associated with American Express Bank Limited, Citibank N.A. and Reliance Industries Limited.	0.5
Neelam Dhawan	Non-Executive Director	She holds a bachelor's degree in arts and a master's degree in BA from the University of Delhi. She was previously associated with HP Enterprise India Private Limited as Vice President, Solutions Sales, and with HP India Sales Private Limited, Hewlett-Packard India Private Limited, Microsoft India Private Limited as their MD.	0.3
Deepa Misra Harris	Independent Director	She was employed with Indian Hotels Company Limited for over three decades and resigned in 2015 as the senior vice president of sales and marketing with expertise in hospitality, travel and luxury category. She is currently serving as an independent non-executive director on the board of Jubilant FoodWorks Limited, ADF Foods Limited, TCPL Packaging Limited and Prozone Realty Limited.	0.3
Rohit Bhasin	Independent Director	He was associated with PWC Private Limited and Standard Chartered Bank. He is also currently serving as the independent director of Tanla Platforms Limited, Tanla Digital Labs Private Limited, Tanla Digital (India) Private Limited, Karix Mobile Private Limited, Indira IVF Hospital Private Limited, Dr. Lal Pathlabs Limited and Star Health and Allied Insurance Company Limited.	0.8
Ajay Narayan Jha	Independent Director	He was a member of the IAS. During his service, he was the Finance Secretary with the GOI. He was also a member of the 15th Finance Commission, constituted by the President of India He is serving as an Independent Director on the Board of JK Cements Limited, India Shelter Finance Corporation Limited and SBL Private Limited.	0.6

Source: Investec Equities estimates

Summary Financials (INRm)

Year end: 30 March

Income Statement	2022	2023	2024E	2025E	2026E
Revenue	**1,981**	**3,802**	**4,427**	**5,499**	**6,952**
EBITDA	**-89**	**367**	**346**	**894**	**1,511**
Depreciation and amortisation	-281	-183	-185	-173	-161
Operating profit	**-370**	**184**	**160**	**722**	**1,350**
Other income	108	-61	9	215	240
Net interest	0	0	0	0	0
Share-based-payments	0	0	0	0	0
PBT (normalised)	**-262**	**123**	**170**	**936**	**1,590**
Impairment of acquired intangibles	0	0	0	0	0
Non-recurring items/exceptionals	-73	-1	0	0	0
PBT (reported)	**-334**	**122**	**170**	**936**	**1,590**
Taxation	15	45	87	234	191
Minorities & preference dividends	-42	0	0	0	0
Discontinued/assets held for sale	0	0	0	0	0
Net Income (normalised)	-308	76	83	702	1,399
Attributable profit	-308	76	83	702	1,399
EPS (reported)	(2.8)	0.7	0.6	4.5	8.9
EPS (norm., cont.) – FD (INR)	(2.8)	0.7	0.6	4.5	8.9
EPS (norm., cont., IAS19R adj.) – FD	-	-	-	-	-
DPS (INR)	0.0	0.0	0.0	0.0	0.0
Average number of group shares - FD (m)	112	113	146	157	157
Average number of group shares (m)	112	113	146	157	157
Total number of shares in issue (m)	112	113	146	157	157

Cash Flow	2022	2023	2024E	2025E	2026E
Operating profit	**-370**	**184**	**160**	**722**	**1,350**
Depreciation & amortisation	281	183	185	173	161
Other cash and non-cash movements	158	134	0	0	0
Change in working capital	-933	-1,905	-1,721	-1,689	-1,126
Operating cash flow	**-864**	**-1,405**	**-1,375**	**-794**	**385**
Interest	-	-	-	-	-
Tax paid	30	-126	-87	-234	-191
Dividends from associates and JVs	-	-	-	-	-
Cash flow from operations	**-834**	**-1,531**	**-1,462**	**-1,029**	**194**
Maintenance capex	-11	-20	-61	-126	-123
Free cash flow	**-845**	**-1,551**	**-1,523**	**-1,154**	**71**
Expansionary capex	0	0	0	0	0
Exceptionals and discontinued operations	-	-	-	-	-
Other financials	-178	-531	203	258	298
Acquisitions	0	0	0	0	0
Disposals	-	-	-	-	-
Net share issues	83	620	6,000	0	0
Dividends paid	0	0	0	0	0
Change in net cash	**-941**	**-1,462**	**4,680**	**-896**	**369**
Net cash/(debt)	400	-1,062	3,618	2,722	3,091
FCFPS - FD (INR)	(7.6)	(13.8)	(10.4)	(7.4)	0.5

Balance Sheet	2022	2023	2024E	2025E	2026E
Property plant and equipment	252	247	177	112	74
Intangible assets	910	942	887	905	905
Investments and other non current assets	471	565	565	565	565
Cash and equivalents	759	469	4,283	2,854	3,223
Other current assets	3,087	4,590	6,489	8,056	9,813
Total assets	**5,478**	**6,812**	**12,401**	**12,492**	**14,579**
Total debt	-359	-1,531	-665	-132	-132
Preference shares	0	0	0	0	0
Other long term liabilities	-384	-251	-445	-488	-546
Provisions & other current liabilities	-3,726	-3,335	-3,514	-3,392	-4,022
Pension deficit and other adjustments	0	0	0	0	0
Total liabilities	**-4,468**	**-5,117**	**-4,624**	**-4,012**	**-4,700**
Net assets	**1,009**	**1,695**	**7,778**	**8,480**	**9,879**
Shareholder's equity	385	1,071	7,154	7,856	9,255
Minority interests	624	624	624	624	624
Total equity	**1,009**	**1,695**	**7,778**	**8,480**	**9,879**
Net working capital	-171	2,936	5,759	8,480	10,647
NAV per share (INR)	9.0	15.0	53.2	54.0	63.0

Source: Company accounts, Investec Equities estimates

Calendarised Valuation

Year end: 30 March

	2022	2023	2024E	2025E
Calendar PE (x)	(823.0)	223.0	37.3	16.8
Calendar Price/NAVPS (x)	9.7	3.0	2.4	2.2
EV/sales (x)	4.6	3.7	3.3	2.7
EV/EBITDA (x)	60.8	44.9	22.9	13.0
FCF yield (%)	(9.3)	(8.5)	(6.2)	(1.1)
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company accounts, Investec Equities estimates

Ratios and Metrics

Year end: 30 March

Ratios and metrics	2022	2023	2024E	2025E	2026E
Revenue growth (y-on-y) (%)	57.9	91.9	16.5	24.2	26.4
EBITDA growth (y-on-y) (%)			(5.7)	158.8	68.9
Net income (normalised) growth (yoy)			8.2	750.5	99.2
EPS (normalised) growth (y-on-y) (%)			(16.7)	693.0	99.2
FCFPS growth (y-on-y) (%)					
NAVPS growth (y-on-y) (%)	(21.4)	66.4	253.4	1.7	16.5
DPS growth (y-on-y) (%)	-	-	-	-	-
Interest cover (x)	ns	ns	ns	ns	ns
Net debt/EBITDA (x)	4.5	2.9	(10.5)	(3.0)	(2.0)
Net debt/equity (%)	(39.5)	62.7	(46.5)	(32.1)	(31.3)
Net gearing (%)	(65.7)	38.5	(87.0)	(47.3)	(45.5)
Dividend cover (x)	n.m.	n.m.	n.m.	n.m.	n.m.
EBITDA margin (%)	(4.5)	9.6	7.8	16.3	21.7
EBITA margin (%)	(18.7)	4.8	3.6	13.1	19.4
ROE (%)	(79.9)	7.1	1.2	8.9	15.1
ROCE (%)	(26.5)	8.4	1.9	7.9	12.8
NWC/revenue (%)	(8.6)	77.2	130.1	154.2	153.1
Tax rate (normalised) (%)	5.8	(37.0)	(51.3)	(25.0)	(12.0)
Tax rate (reported) (%)	4.5	(37.3)	(51.3)	(25.0)	(12.0)

Source: Company accounts, Investec Equities estimates

Target Price Basis

Valued at 22x 1-yr forward PE

Risks

Higher than anticipated tightness in airline supply leading to lower Air take rates.

An economic downturn impacting corporate spend on travel.

Delays in tech refresh

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	Expected total return	All stocks		Corporate stocks	
	12m performance	Count	% of total	Count	% of total
Buy	greater than 10%	298	79%	111	37%
Hold	0% to 10%	61	16%	0	0%
Sell	less than 0%	17	5%	0	0%

Source: Investec Equities estimates

Stock ratings for Indian stocks — Stock ratings for research produced by Investec Bank plc

	Expected total return	All stocks		Corporate stocks	
	12m performance	Count	% of total	Count	% of total
Buy	greater than 15%	136	56%	0	0%
Hold	5% to 15%	72	30%	0	0%
Sell	less than 5%	36	15%	0	0%

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	Expected total return	All stocks		Corporate stocks	
	12m performance	Count	% of total	Count	% of total
Buy	greater than 15%	44	56%	13	30%
Hold	5% to 15%	13	16%	2	15%
Sell	less than 5%	22	28%	7	32%

Source: Investec Equities estimates

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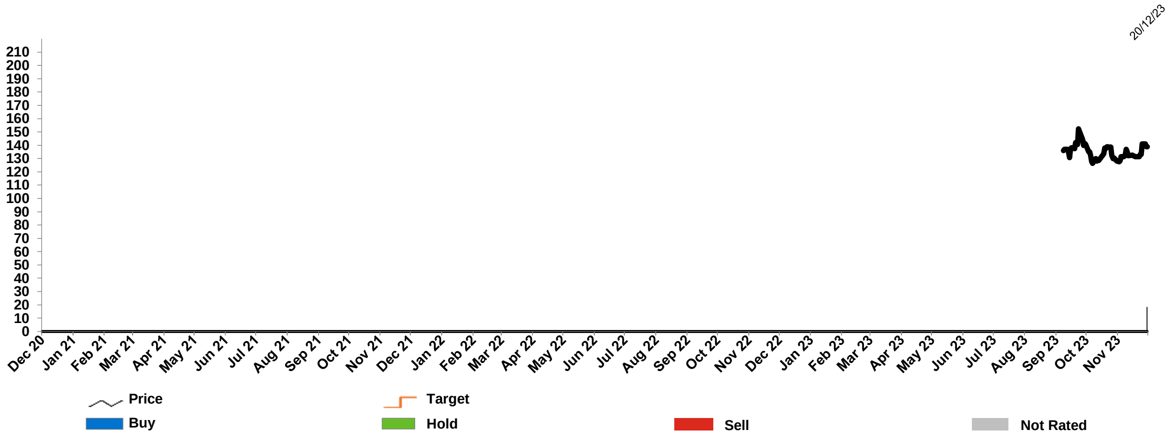
Yatra Online Ltd (YATR.NS) – Rating Plotter as at 20 Dec 2023



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