

Mixed bag: Strong top line growth offset by weak margins

Yatra reported mixed results in 3Q, as better-than expected expansion in GBR and revenue was offset by weaker-than expected margins. Consol. GBR growth was strong at 17.8% YoY and ahead of JMFe of 13.4%. Growth was driven by the Air segment (+21.5% YoY), on the back of 26% YoY growth in domestic air passengers, c.3x the industry. This indicates the company gained meaningful market share despite corporate business being impacted due to muted spends by IT/TeS clients. On the other hand, the performance of Hotels & Packages (H&P) segment was muted (+2.8% YoY). Consol. Revenue growth of 23.1% YoY was robust and well ahead of JMFe due to healthy gross take-rates across Air and H&P segments. Adj. EBITDA margin, however, was well below expectation at 9.1% (-410bps YoY) vs. JMFe of 14.8% on account of sharp rise in service costs (due to festive season) and a one-off expense. The company closed 26 new corporate accounts with annual billing potential of INR 2.24bn, indicating continued traction in the B2E space. Gross debt was down by 51% QoQ to INR 850mn, which should help improve PAT profitability hereon.

- Air segment drives strong top line growth:** Gross booking revenue (GBR) in 3Q increased by 17.8% YoY (+6.3% QoQ) to INR 18.6bn, a beat of c.4% on JMFe. Growth was led by the Air ticketing segment, which grew 21.5% YoY (+9.0% QoQ) to INR 16.1bn, a beat on JMFe by 6.8%. However, H&P segment expanded only 2.8% YoY (-9.3% QoQ) to INR 2.0bn, missing JMFe by 11%. The management noted that this muted performance in H&P, despite an uptick in leisure and personal travel, was attributable to weakness in corporate travel bookings. Nevertheless, Consol. Revenue was up 23.1% YoY (+17.2% QoQ) to INR 1.1bn, led by 18.6%/17.9% growth in Air and H&P segments, respectively.
- Adj. EBITDA margin was below expectation:** While top line was well ahead of JMFe, operating margin was below our estimate. The management noted that 3Q typically sees higher contribution from the packages business that, in turn, drives up its service costs (1.4% of GBR in 3Q vs. 0.9%/1.2% in 2QFY24/3QFY23). Further, other operating costs too increased to 1.3% of GBR (vs. 1.1%/1.2% in 2QFY24/3QFY23) due to one-off increase in legal and professional expenses. Consequently, Adj. EBITDA margin of 9.1% was below JMFe by 567bps, whereas Adj. EBITDA of INR 100mn (-15.1% YoY, -5.1% QoQ) missed JMFe by 32%. During the quarter, reported EBITDA was INR 36mn (flatish QoQ), while margin stood at 3.3% (-86bps QoQ). Management commentary suggests that a slight trade-off in profitability in lieu of market share gains is possible in the near term. Having said that, we expect scale leverage to help drive 500bps+ Adj. EBITDA margin improvement over FY23-26.
- Maintain 'BUY', TP unchanged at INR 220:** We forecast Yatra's Adj. EBITDA to expand at a CAGR of c.28% over the next 3 years. Further, recapitalisation has helped Yatra repay some of its high-cost debt and that should lead to significant savings in finance expenses. As a result, we expect Yatra's Adj. PAT to improve from ~INR 100mn in FY23 to INR 867mn in FY26. We maintain 'BUY' with an unchanged Mar'25 TP of INR 220, basis unchanged PER of 40x.

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	220
Upside/(Downside)	26.8%
Previous Price Target	220
Change	0%

Key Data – YATRA IN

Current Market Price	INR174
Market cap (bn)	INR27.2/US\$0.3
Free Float	36%
Shares in issue (mn)	156.9
Diluted share (mn)	134.6
3-mon avg daily val (mn)	INR121.8/US\$1.5
52-week range	194/125
Sensex/Nifty	71,823/21,840
INR/US\$	83.0

Price Performance

%	1M	6M	12M
Absolute	-1.9	0.0	0.0
Relative*	-0.8	0.0	0.0

* To the BSE Sensex

Financial Summary

	(INR mn)				
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	1,981	3,802	4,261	5,076	6,090
Sales Growth (%)	57.9	91.9	12.1	19.1	20.0
EBITDA	-89	367	211	726	1,095
EBITDA Margin (%)	-4.5	9.6	4.9	14.3	18.0
Adjusted Net Profit	-179	101	65	546	867
Diluted EPS (INR)	-1.6	0.9	0.5	3.5	5.5
Diluted EPS Growth (%)	0.0	0.0	-46.3	623.5	58.7
ROIC (%)	0.0	10.1	0.1	9.8	14.8
ROE (%)	-16.0	7.5	1.4	7.0	10.1
P/E (x)	-108.3	194.3	361.7	50.0	31.5
P/B (x)	19.2	11.6	3.1	3.4	3.0
EV/EBITDA (x)	-297.3	75.9	113.6	34.0	21.4
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 14/Feb/2024

JM Financial Research is also available on:
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Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Exhibit 1. Consolidated: Key financials - 3QFY24

All numbers are in INR mn	2QFY23	3QFY23	4QFY23	FY23	1QFY24	2QFY24	3QFY24	Comments
GBR	15,886	15,798	17,830	67,373	19,832	17,504	18,605	
Change (YoY)	88.3%	33.3%	56.2%	96.5%	11.1%	10.2%	17.8%	
Adjusted revenues	1,452	1,442	1,873	5,999	1,635	1,491	1,614	
Customer inducement and acquisition costs	715	739	906	2,842	750	709	779	▪ Gross booking revenue (GBR) grew by 17.8% YoY (6.3% QoQ) to INR 18.6bn.
Service cost as per IFRS	87	194	225	645	216	160	269	▪ Consol. reported revenue during the quarter grew by 23.1% YoY (+17.2% QoQ), a beat on of JMFe by ~10%.
Reported revenues	824	897	1,191	3,802	1,102	941	1,103	
Change (YoY)	-	-	-	91.9%	23.8%	14.2%	23.1%	▪ Net take rate in Air Ticketing stood at 2.8% vs 2.7%/2.6% in 2QFY24/3QFY23 respectively. In Hotels and packages, take rate stood at 20.1% vs 16.6%/19.7% in 2QFY24/3QFY23 respectively.
Total operating expense	699	665	782	2,790	726	867	798	
EBITDA	38	37	184	367	160	-85	36	
EBITDA margin	4.6%	4.1%	15.4%	9.6%	14.5%	-9.0%	3.3%	
Adj. EBITDA	140	118	251	657	177	106	100	
Adj. EBITDA margin	17.0%	13.2%	21.1%	17.3%	16.0%	11.2%	9.1%	▪ EBITDA margin (as a % of reported revenue) of 3.3% was a miss on JMFe of 8.7% due to a sharp jump in service costs (+69% QoQ/39% YoY) and other expenses (+30% QoQ/24% YoY). Employee benefit expenses, however, were roughly in line with JMFe.
Depreciation & amortization	47	50	37	183	48	48	47	
EBIT	-9	-13	147	184	111	-133	-11	
EBIT margin	-1.1%	-1.4%	12.3%	4.8%	10.1%	-14.1%	-1.0%	
Other income	2	-18	-44	-61	-38	-29	33	
Profit before tax	-7	-30	103	122	73	-162	22	▪ Consequently, the reported EBITDA of INR 36mn was a miss on JMFe by ~59%.
Income tax expense	8	13	15	45	13	9	11	
PAT	-16	-43	88	76	60	-171	11	
Change (YoY)	-	-	-	na	25.6%	-997.4%	na	▪ The company reported PAT of INR 11mn, a miss on JMFe of INR 47mn, mainly on account of a substantial miss at EBITDA levels.
Adj. PAT	-9	-39	90	101	46	-103	11	
Change (YoY)	-	-	-	na	-22.6%	-1006.0%	na	
Diluted EPS (INR)	-0.14	-0.39	0.77	0.68	0.52	-1.48	0.07	
Change (YoY)	-	-	-	na	22.7%	-960.8%	na	

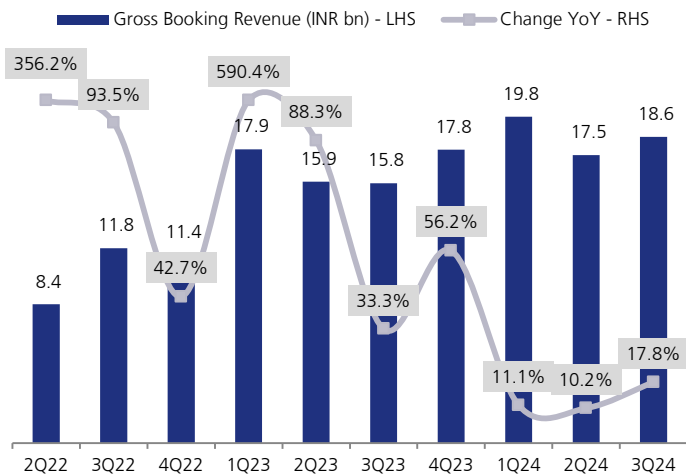
Source: Company, JM Financial

Exhibit 2. Key execution metrics

	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	Comments
Air Passengers booked (in 000's)	1,290	1,266	1,320	1,725	1,825	1,660	1,659	
Change (YoY)	210.8%	41.3%	4.2%	52.9%	41.5%	31.1%	25.7%	▪ Air passenger bookings improved 25.7% YoY.
Hotel Room Nights Booked (in 000's)	585	412	398	425	491	440	362	
Change (YoY)	735.7%	42.6%	16.4%	34.1%	-16.1%	6.8%	-9.0%	▪ Hotel room night bookings declined 9% YoY.

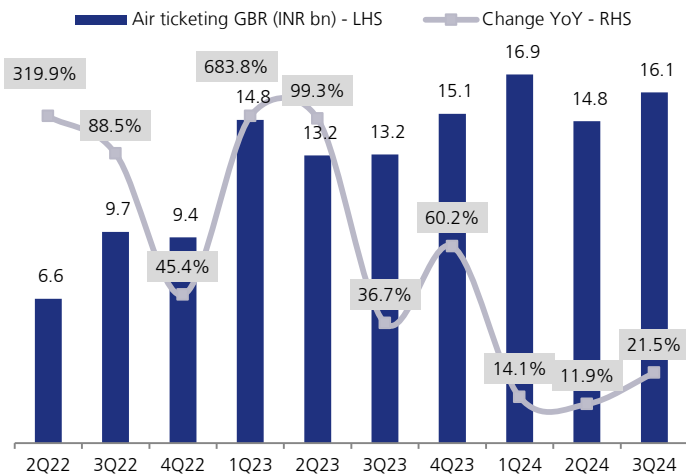
Source: Company, JM Financial

Exhibit 3. Quarterly GBR and growth trend



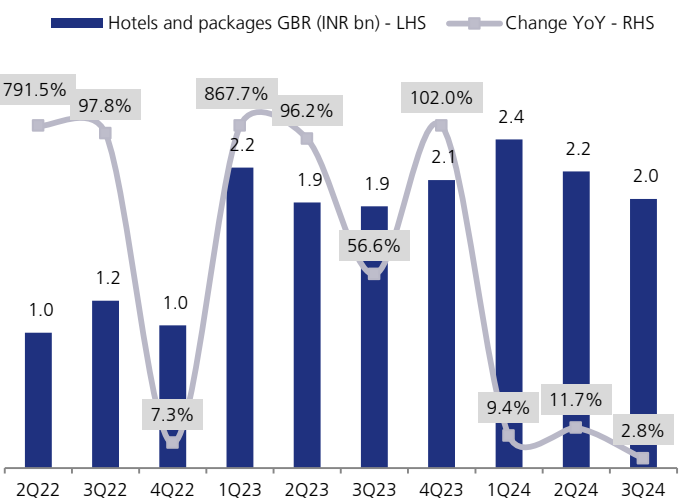
Source: Company, JM Financial

Exhibit 4. Quarterly Air Ticketing GBR and growth trend



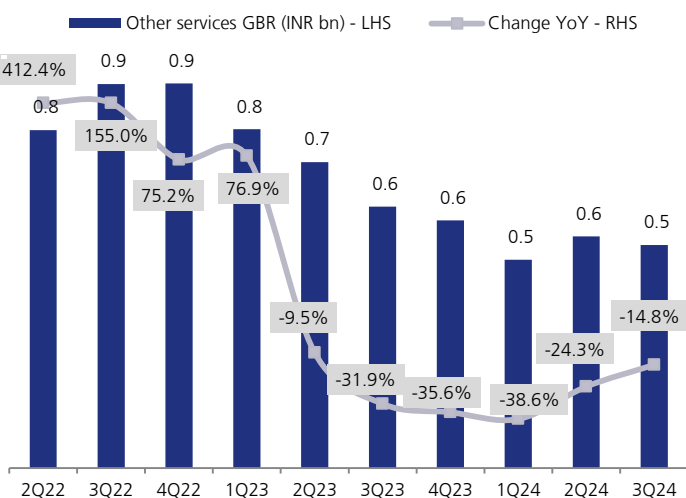
Source: Company, JM Financial

Exhibit 5. Quarterly Hotels & Packages GBR and growth trend



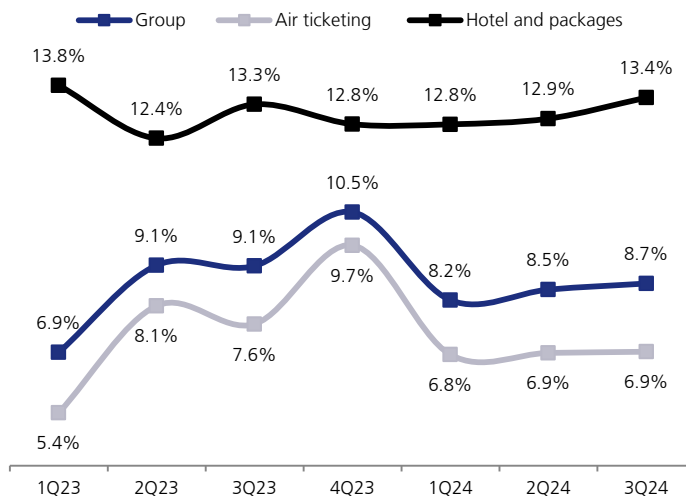
Source: Company, JM Financial

Exhibit 6. Quarterly Other Services GBR and growth trend



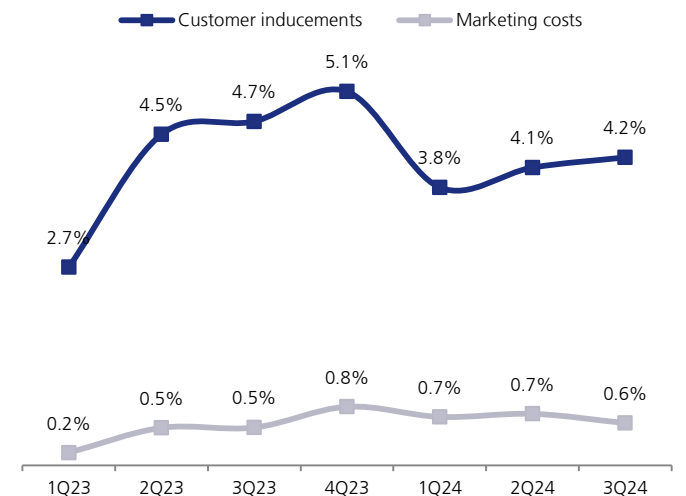
Source: Company, JM Financial

Exhibit 7. Gross take rate (Adj. revenue as a % of GBR)



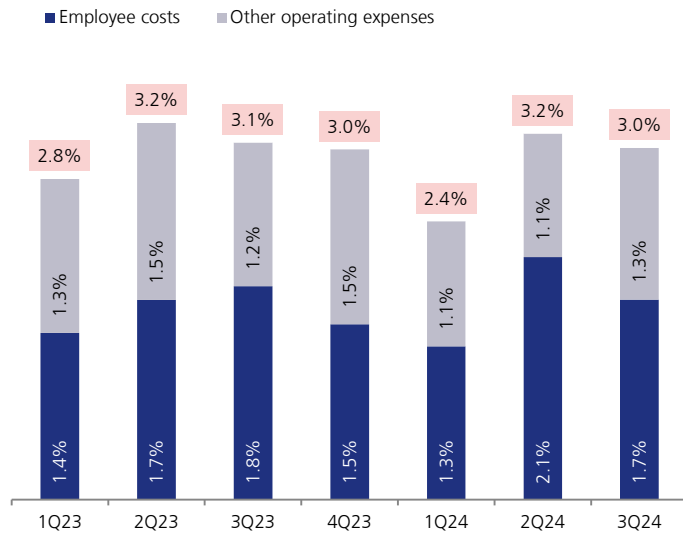
Source: Company, JM Financial

Exhibit 8. Discounts & A&P expenses as a % of GBR



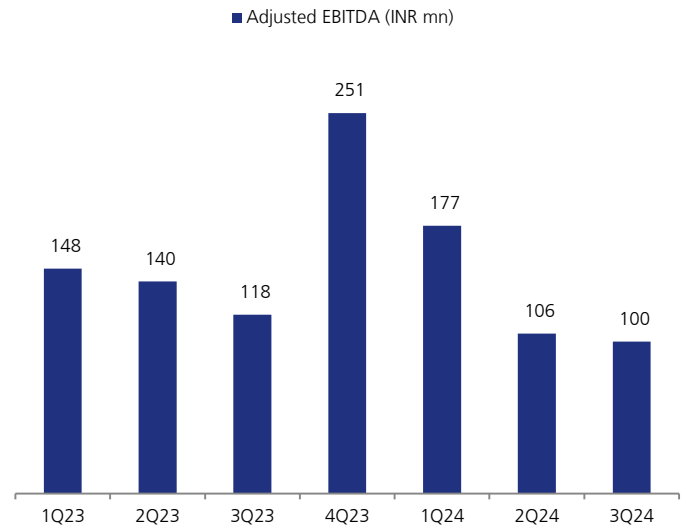
Source: Company, JM Financial

Exhibit 9. Fixed costs as a % of GBR



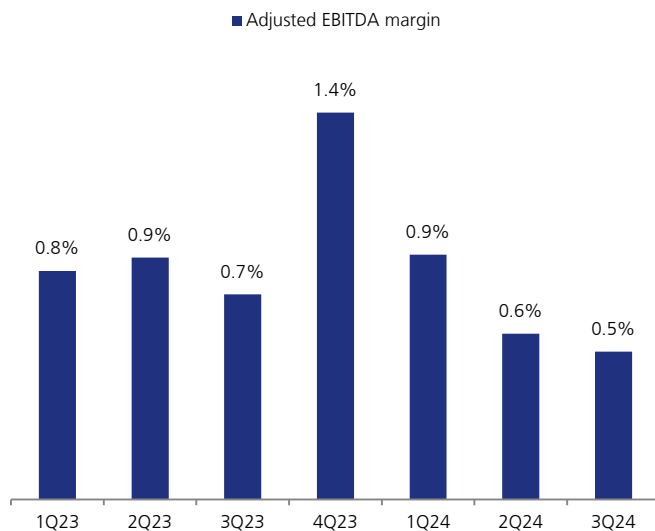
Source: Company, JM Financial

Exhibit 11. Adjusted EBITDA trend



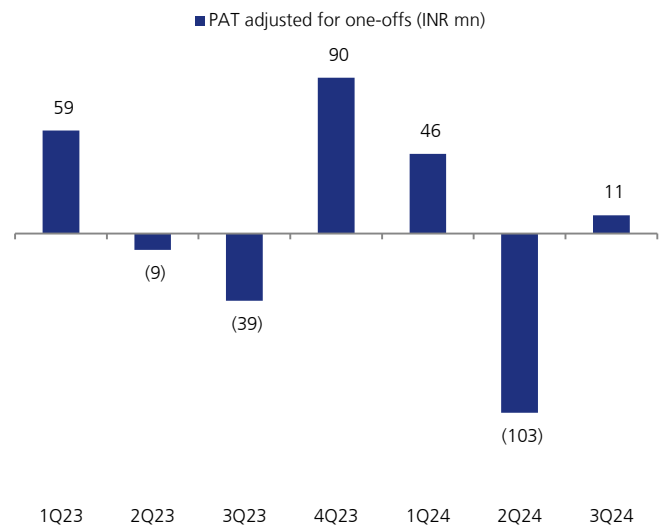
Source: Company, JM Financial

Exhibit 10. Adjusted EBITDA margin (as a % of GBR) trend



Source: Company, JM Financial

Exhibit 12. Adjusted PAT trend



Source: Company, JM Financial

Maintain BUY; target price unchanged at INR 220

Exhibit 13. What has changed in our assumptions?

	Old			New			Change		
	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E	FY24E	FY25E	FY26E
Gross Booking Revenues (INR mn)	74,195	86,000	99,493	76,277	88,315	1,02,039	2.8%	2.7%	2.6%
Reported Revenue (INR mn)	4,107	5,093	6,102	4,261	5,076	6,090	3.8%	-0.3%	-0.2%
EBITDA (INR mn)	321	744	1,084	211	726	1,095	-34.4%	-2.3%	0.9%
EBITDA margin (%)	7.8%	14.6%	17.8%	4.9%	14.3%	18.0%	-288bp	-29bp	20bp
EBIT (INR mn)	129	577	914	20	559	924	-84.7%	-3.1%	1.0%
EBIT margin (%)	3.1%	11.3%	15.0%	0.5%	11.0%	15.2%	-267bp	-31bp	18bp
PAT (INR mn)	52	568	866	11	546	867	-79.9%	-3.8%	0.1%
EPS (INR)	0.39	3.62	5.52	0.08	3.48	5.52	-79.7%	-3.8%	0.1%

Source: Company, 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	FY22A	FY23A	FY24E	FY25E	FY26E
Net Sales	1,981	3,802	4,261	5,076	6,090
Sales Growth	57.9%	91.9%	12.1%	19.1%	20.0%
Other Operating Income	0	0	0	0	0
Total Revenue	1,981	3,802	4,261	5,076	6,090
Cost of Goods Sold/Op. Exp	0	0	0	0	0
Personnel Cost	976	1,090	1,297	1,457	1,602
Other Expenses	1,093	2,345	2,754	2,892	3,393
EBITDA	-89	367	211	726	1,095
EBITDA Margin	-4.5%	9.6%	4.9%	14.3%	18.0%
EBITDA Growth	0.0%	0.0%	-42.5%	244.8%	50.7%
Depn. & Amort.	281	183	191	168	171
EBIT	-370	184	20	559	924
Other Income	108	-61	41	84	96
Finance Cost	0	0	0	0	0
PBT before Excep. & Forex	-262	123	60	642	1,019
Excep. & Forex Inc./Loss(-)	-73	-1	0	0	0
PBT	-334	122	60	642	1,019
Taxes	15	45	50	96	153
Extraordinary Inc./Loss(-)	129	25	54	0	0
Assoc. Profit/Min. Int.(-)	42	0	0	0	0
Reported Net Profit	-308	76	11	546	867
Adjusted Net Profit	-179	101	65	546	867
Net Margin	-9.1%	2.7%	1.5%	10.8%	14.2%
Diluted Share Cap. (mn)	111.6	112.7	134.6	156.9	156.9
Diluted EPS (INR)	-1.6	0.9	0.5	3.5	5.5
Diluted EPS Growth	0.0%	0.0%	-46.3%	623.5%	58.7%
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

Balance Sheet		(INR mn)			
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Shareholders' Fund	1,009	1,695	7,575	8,121	8,988
Share Capital	112	115	157	157	157
Reserves & Surplus	897	1,581	7,418	7,964	8,831
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	359	1,531	842	842	842
Def. Tax Liab. / Assets (-)	2	-4	-4	-4	-4
Total - Equity & Liab.	1,370	3,222	8,414	8,960	9,827
Net Fixed Assets	1,161	1,189	1,252	1,321	1,401
Gross Fixed Assets	290	298	381	442	510
Intangible Assets	1,139	1,143	1,149	1,189	1,236
Less: Depn. & Amort.	268	252	278	309	345
Capital WIP	0	0	0	0	0
Investments	521	560	560	560	560
Current Assets	3,786	5,053	11,011	12,158	13,666
Inventories	0	0	0	0	0
Sundry Debtors	2,387	3,866	6,583	8,418	8,635
Cash & Bank Balances	759	469	3,670	2,929	4,161
Loans & Advances	3	3	3	3	3
Other Current Assets	638	715	754	807	867
Current Liab. & Prov.	4,098	3,579	4,409	5,078	5,800
Current Liabilities	1,784	1,636	2,149	2,467	2,788
Provisions & Others	2,315	1,943	2,260	2,611	3,012
Net Current Assets	-313	1,474	6,602	7,079	7,866
Total - Assets	1,370	3,222	8,414	8,960	9,827

Source: Company, JM Financial

Cash Flow Statement		(INR mn)			
Y/E March	FY22A	FY23A	FY24E	FY25E	FY26E
Profit before Tax	-293	122	60	642	1,019
Depn. & Amort.	281	183	191	168	171
Net Interest Exp. / Inc. (-)	-2	162	-41	-84	-96
Inc (-) / Dec in WCcap.	-933	-1,905	-1,927	-1,218	445
Others	83	34	225	150	150
Taxes Paid	30	-126	-50	-96	-153
Operating Cash Flow	-834	-1,531	-1,541	-438	1,537
Capex	-100	-154	-255	-237	-251
Free Cash Flow	-934	-1,685	-1,795	-675	1,286
Inc (-) / Dec in Investments	0	0	0	0	0
Others	20	11	242	193	205
Investing Cash Flow	-80	-143	-13	-44	-46
Inc / Dec (-) in Capital	83	620	5,869	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	222	1,148	-688	0	0
Others	-104	-384	-426	-259	-259
Financing Cash Flow	201	1,384	4,755	-259	-259
Inc / Dec (-) in Cash	-713	-290	3,201	-741	1,232
Opening Cash Balance	1,472	759	469	3,670	2,929
Closing Cash Balance	759	469	3,670	2,929	4,161

Source: Company, JM Financial

Dupont Analysis		FY22A	FY23A	FY24E	FY25E	FY26E
Y/E March						
Net Margin		-9.1%	2.7%	1.5%	10.8%	14.2%
Asset Turnover (x)		0.4	0.6	0.4	0.4	0.4
Leverage Factor (x)		4.9	4.5	2.1	1.7	1.7
RoE		-16.0%	7.5%	1.4%	7.0%	10.1%

Key Ratios		FY22A	FY23A	FY24E	FY25E	FY26E
Y/E March						
BV/Share (INR)		9.0	15.0	56.3	51.8	57.3
ROIC		0.0%	10.1%	0.1%	9.8%	14.8%
ROE		-16.0%	7.5%	1.4%	7.0%	10.1%
Net Debt/Equity (x)		-0.9	0.3	-0.4	-0.3	-0.4
P/E (x)		-108.3	194.3	361.7	50.0	31.5
P/B (x)		19.2	11.6	3.1	3.4	3.0
EV/EBITDA (x)		-297.3	75.9	113.6	34.0	21.4
EV/Sales (x)		13.3	7.3	5.6	4.9	3.8
Debtor days		440	371	564	605	518
Inventory days		0	0	0	0	0
Creditor days		267	147	171	186	185

Source: Company, JM Financial

History of Recommendation and Target Price

Recommendation History

Date	Recommendation	Target Price	% Chg.
27-Jan-24	Buy	220	

APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

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Rating	Meaning
Buy	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
Sell	Price expected to move downwards by more than 10% from the current market price over the next twelve months.

* REITs refers to Real Estate Investment Trusts.

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