

Steady operating performance

Yatra surprised positively in 2Q on top line with 151% YoY (121% organic) revenue growth versus JMFe of 89% YoY, led by strong traction for H&P and MICE business, that also offset the continued weakness in B2C bookings. EBITDA margin however, was down 67bps QoQ to 3.9%, a miss on JMFe of 6.0%, due to sharp rise in employee expenses and Globe Travels M&A related costs. While EBITDA was still better than expected, lower other income led to a miss on PAT. Management commentary continued to suggest B2E segment will drive growth. We raise revenue estimates by 30-42% over FY25-27 as we bake in 2Q topline out performance in addition to incremental revenue from Globe Travels consolidation. However, we cut earnings by 7-15% as we expect weaker margins and lower other income. We also cut our target PER multiple to 30x from 35x earlier due to declining share of B2C.

- **Steady operating performance:** Consol. gross bookings in 2Q stood at INR 17.6bn (flattish YoY, +6.7% QoQ), broadly in-line JMFe. Air segment bookings declined 10.2% YoY due to 17% decline in passengers booked, while realisation was up 8.2%. The decline was primarily due to reduced volumes in the B2C segment, which were once again affected by macros as well as direct competition with domestic suppliers. H&P bookings were strong at 68.9% YoY (+52.6% QoQ due to favourable seasonality in corporate travel and MICE business). Consol. revenue grew 151% YoY (+134.5% QoQ) to INR 2.4bn, due to 9.6%/372% YoY increase in the Air and H&P segments, respectively. Organic growth was also strong at 121% YoY. Air segment saw sequential improvement of 15bps in gross take-rates to 6.7% (-21bps YoY), whereas H&P segment take-rates were lower by 197bps YoY (-63bps QoQ) at 10.9%, the decline was primarily attributable to the increase of MICE business in revenue mix. EBITDA margin expanded 12.9ppts YoY to 3.9% (-67bps QoQ) but was below JMFe due to sharp rise in staff costs and M&A related costs. PAT stood at INR 73mn, below JMFe of INR 81mn, due to lower than expected other income.
- **EPS estimates lowered basis margins cut, TP reset down to INR 135:** We reduce our GBR estimates by 3-7% over FY25-27, due to continued weakness in Air segment, however, our Consol. revenue estimates are up by 30-42% due to consolidation of Globe Travels and growing contribution from MICE. Margins could remain under pressure investments in staff costs continue and accordingly, we lower our EBITDA margin forecasts by c.240-260bps. In addition we also lower other income forecasts. This leads to EPS estimates cut by 7-15%. We lower our target PER multiple to 30x from 35x earlier due to declining contribution of B2C bookings. Roll-forward to Dec'25 for a revised TP of INR 135.
- **Management Commentary:** 1) H&P gross take rate are likely to come down to ~10% in the near term due to growing share of corporate business. In fact, in the long term take rates could be ~9-10%. 2) Management expects Adj. EBITDA margin (as a % of revenue after service costs) which stood at 14.5% in 2Q to expand to ~20% over the next 3-4 quarters. 3) Globe Travels GBR consists of ~60%/40% Air/H&P business respectively. 4) GBR at a consol. level comprises of ~60% B2B/corporate travel business, while the remaining is attributable to B2C segment. B2B segment proportion is further expected to

Financial Summary	(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	3,802	4,223	8,070	9,997	11,302
Sales Growth (%)	91.9	11.1	91.1	23.9	13.1
EBITDA	367	147	387	693	972
EBITDA Margin (%)	9.6	3.5	4.8	6.9	8.6
Adjusted Net Profit	101	9	305	469	783
Diluted EPS (INR)	0.9	0.1	1.9	3.0	5.0
Diluted EPS Growth (%)	0.0	-92.4	2,765.2	54.0	66.9
ROIC (%)	10.1	-5.6	1.6	5.3	9.1
ROE (%)	7.5	0.2	4.0	5.9	9.1
P/E (x)	126.2	1,667.9	58.2	37.8	22.7
P/B (x)	7.5	2.4	2.3	2.1	2.0
EV/EBITDA (x)	49.8	96.7	42.5	23.2	15.7
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

Source: Company data, JM Financial. Note: Valuations as of 13/Nov/2024

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	135
Upside/(Downside)	19.3%
Previous Price Target	160
Change	-15.6%

Key Data – YATRA IN

Current Market Price	INR113
Market cap (bn)	INR17.7/US\$0.2
Free Float	36%
Shares in issue (mn)	156.9
Diluted share (mn)	156.9
3-mon avg daily val (mn)	INR53.4/US\$0.6
52-week range	194/103
Sensex/Nifty	77,691/23,559
INR/US\$	84.4

Price Performance

%	1M	6M	12M
Absolute	-10.0	-20.7	-18.5
Relative*	-5.7	-25.7	-31.9

* To the BSE Sensex

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

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inch upwards with the consolidation of Globe Travels, which is focused on MICE business. B2B contribution within Air segment has reached upwards of 50%, while it is ~65% in H&P segment. 5) The contribution of travel agents stands at ~10-12%/5-7% of GBR/revenue respectively. 6) Yatra has entered into a partnership with DW Travels, a Dubai based travel management company, wherein it will provide its tech solution to the company's clients and earn revenue on a per transaction basis.

- **Focus on growing corporate customer base and MICE business:** Yatra is a leading player in the Corporate Travel Management segment with ~1,272 corporate customers (as of 2QFY25). The company continues to focus on driving volume growth in this segment as the customer base is relatively sticky, as compared to B2C customers where high discounting and marketing costs affect profitability. It added 29 new corporate accounts in 2Q with an annual billing potential of INR 1.21bn, indicating continued traction in the B2E space. Additionally, it also added ~360 corporate clients with the acquisition of Globe Travels, with minimal overlap between the customer bases, as Yatra primarily serves larger clients in sectors such as IT and Consulting, while Globe Travels caters to a mid-tier clientele.

Exhibit 1. Consolidated key financials - 2QFY25

All numbers are in INR mn	2QFY24	3QFY24	4QFY24	FY24	1QFY25	2QFY25	Comments
GBR	17,504	18,605	19,943	75,884	16,509	17,609	
Change (YoY)	10.2%	17.8%	11.8%	12.6%	-16.8%	0.6%	
Adjusted revenues	1,491	1,614	1,723	6,463	1,368	1,499	
Customer inducement and acquisition costs	709	779	866	3,104	564	562	
Service cost as per IFRS	160	269	219	864	204	1,428	▪ Gross booking revenue (GBR) was flat on YoY basis (+6.7% QoQ) to INR 17.6bn.
Reported revenues	941	1,103	1,077	4,223	1,008	2,364	
Change (YoY)	14.2%	23.1%	-9.6%	11.1%	-8.5%	151.1%	▪ Consol. reported revenue during the quarter grew by 151.1% YoY (+134.5% QoQ) to INR 2.4bn, a beat on JMFe/Cons. by c.90%/114%.
Total operating expense	867	798	822	3,212	758	844	
EBITDA	-85	36	36	147	46	92	▪ Net take rate in Air Ticketing stood at 3.2% vs. 3.1%/2.7% in 1QFY25/2QFY24 respectively. In Hotels and packages, take rate stood at 46.5% vs. 16.0%/16.6% in 1QFY25/2QFY24 respectively.
EBITDA margin	-9.0%	3.3%	3.3%	3.5%	4.6%	3.9%	
Adj. EBITDA	106	100	155	534	105	136	
Adj. EBITDA margin	11.2%	9.1%	14.4%	12.7%	10.4%	5.7%	▪ EBITDA margin (as a % of reported revenue) was up 12.9ppts YoY to 3.9%, a miss on JMFe of 6.0% and Cons. of 5.8%, primarily due to negative operating leverage.
Depreciation & amortization	48	47	53	197	61	74	
EBIT	-133	-11	-18	-50	-15	18	
EBIT margin	-14.1%	-1.0%	-1.6%	-1.2%	-1.5%	0.8%	▪ However, the reported EBITDA of INR 92mn was ahead of our estimate by 23% and of Cons. by 44%.
Other income	-29	33	71	37	58	55	
Profit before tax	-162	22	54	-13	43	73	
Income tax expense	9	11	-2	32	3	0	
PAT	-171	11	56	-45	40	73	▪ Reported PAT stood at INR 73mn vs loss of INR 103mn in 2QFY24, a miss on JMFe/ of INR 81mn.
Change (YoY)	-997.4%	na	-44.6%	Na	-32.5%	na	
Adj. PAT	-103	11	56	9	40	73	
Change (YoY)	-1006.0%	na	-46.4%	-91.0%	-11.9%	na	
Diluted EPS (INR)	-1.48	0.07	0.36	-0.34	0.26	0.47	
Change (YoY)	-960.8%	na	-59.6%	Na	-50.7%	na	

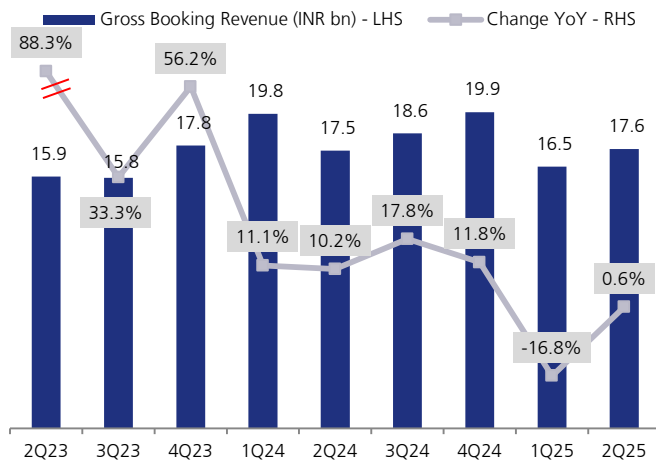
Source: Company, JM Financial

Exhibit 2. Key execution metrics

	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	Comments
Air Passengers booked (in 000's)	1,320	1,725	1,825	1,660	1,659	1,801	1,330	1,377	
Change (YoY)	4.2%	52.9%	41.5%	31.1%	25.7%	4.4%	-27.1%	-17.0%	▪ Air passenger bookings declined 17.0% YoY.
Hotel Room Nights Booked (in 000's)	398	425	491	440	362	399	417	461	
Change (YoY)	16.4%	34.1%	-16.1%	6.8%	-9.0%	-6.1%	-15.1%	4.8%	▪ Hotel room night bookings was up 4.8% YoY.

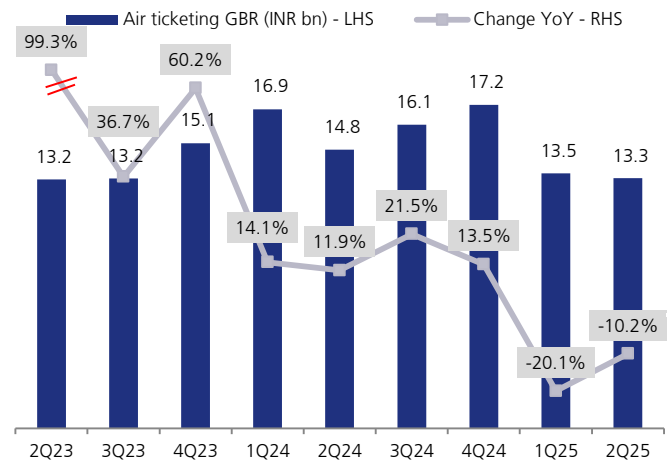
Source: Company, JM Financial

Exhibit 3. Quarterly GBR and growth trend



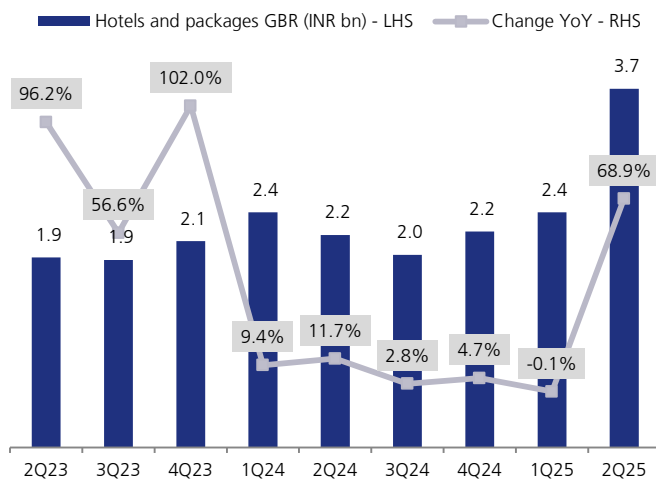
Source: Company, JM Financial

Exhibit 4. Quarterly Air Ticketing GBR and growth trend



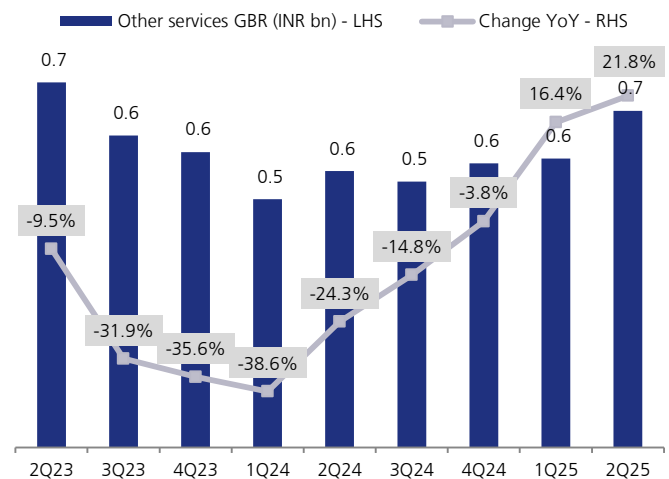
Source: Company, JM Financial

Exhibit 5. Quarterly Hotels & Packages GBR and growth trend



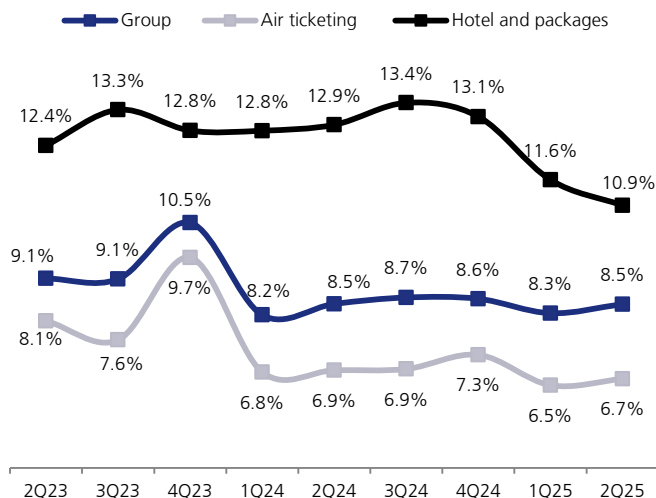
Source: Company, JM Financial

Exhibit 6. Quarterly Other Services GBR and growth trend



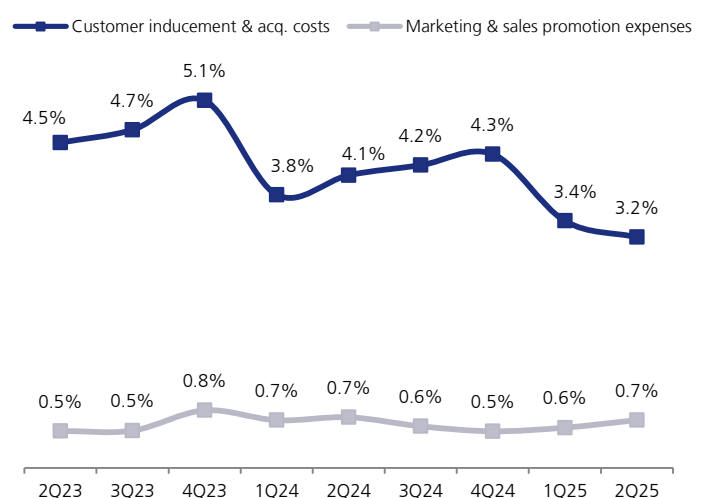
Source: Company, JM Financial

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

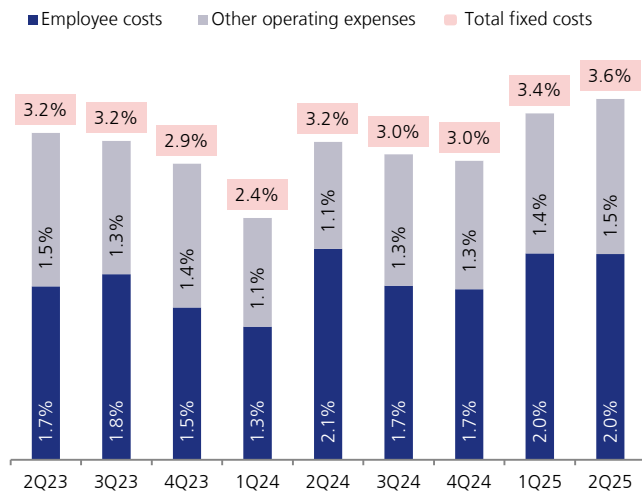


Source: Company, JM Financial

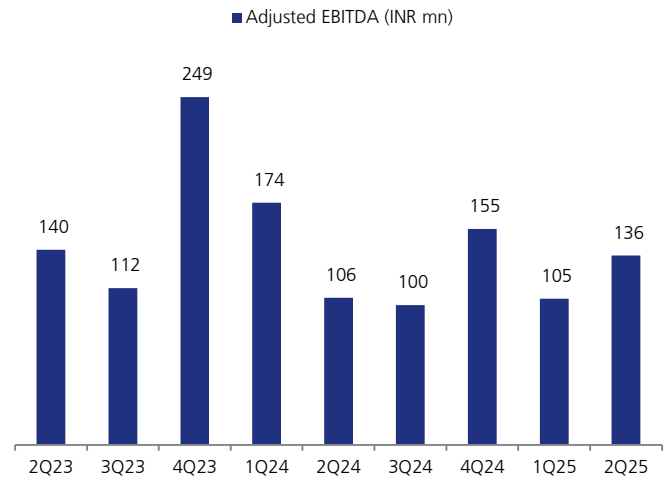
Exhibit 8. Discounts & A&P expenses as a % of GBR



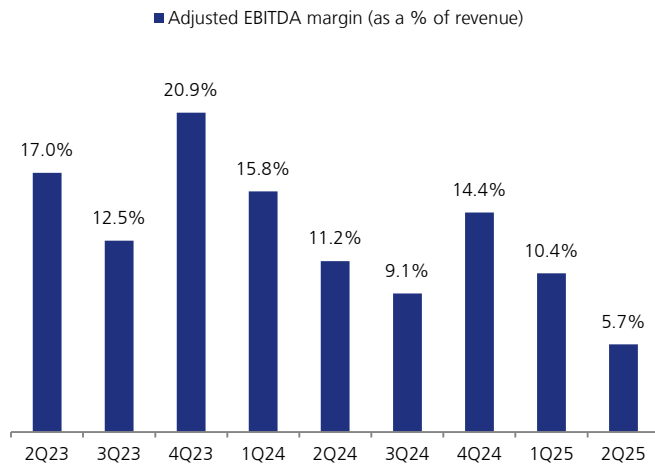
Source: Company, JM Financial

Exhibit 9. Fixed costs as a % of GBR

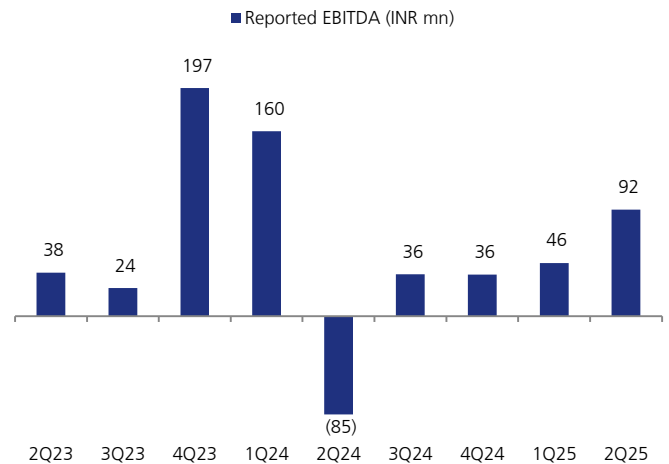
Source: Company, JM Financial

Exhibit 10. Adjusted EBITDA trend

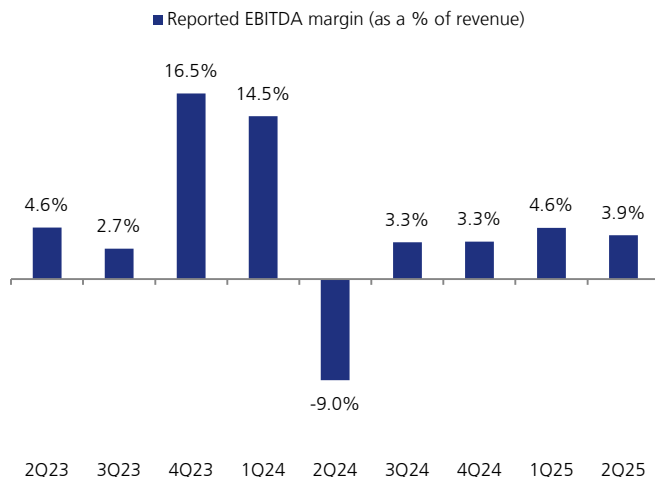
Source: Company, JM Financial

Exhibit 11. Adjusted EBITDA margin (as a % of revenue) trend

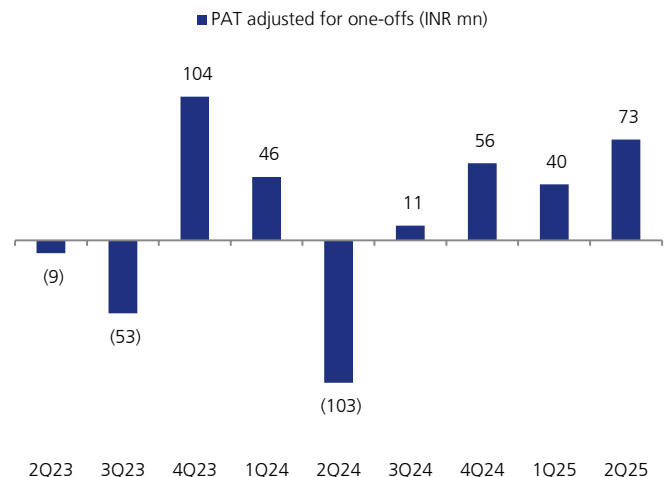
Source: Company, JM Financial

Exhibit 12. Reported EBITDA trend

Source: Company, JM Financial

Exhibit 13. Reported EBITDA margin (as a % of revenue) trend

Source: Company, JM Financial

Exhibit 14. Adjusted PAT trend

Source: Company, JM Financial

Maintain BUY; target price revised to INR 135

Exhibit 15. What has changed in our assumptions?

	Old			New			Change		
	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
Gross Booking Revenues (INR mn)	75,313	88,988	1,00,757	73,101	82,765	93,380	-2.9%	-7.0%	-7.3%
Reported Revenue (INR mn)	5,699	7,684	8,706	8,070	9,997	11,302	41.6%	30.1%	29.8%
EBITDA (INR mn)	419	714	979	387	693	972	-7.7%	-2.9%	-0.8%
EBITDA margin (%)	7.4%	9.3%	11.3%	4.8%	6.9%	8.6%	-256bp	-236bp	-265bp
EBIT (INR mn)	169	450	704	92	384	649	-45.5%	-14.7%	-7.8%
EBIT margin (%)	3.0%	5.9%	8.1%	1.1%	3.8%	5.7%	-182bp	-202bp	-235bp
PAT (INR mn)	357	582	838	305	469	783	-14.6%	-19.5%	-6.6%
EPS (INR)	2.27	3.71	5.34	1.94	2.99	4.99	-14.6%	-19.5%	-6.6%

Source: 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	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	3,802	4,223	8,070	9,997	11,302
Sales Growth	91.9%	11.1%	91.1%	23.9%	13.1%
Other Operating Income	0	0	0	0	0
Total Revenue	3,802	4,223	8,070	9,997	11,302
Cost of Goods Sold/Op. Exp	0	0	0	0	0
Personnel Cost	1,090	1,286	1,426	1,520	1,619
Other Expenses	2,345	2,790	6,257	7,784	8,711
EBITDA	367	147	387	693	972
EBITDA Margin	9.6%	3.5%	4.8%	6.9%	8.6%
EBITDA Growth	0.0%	-59.9%	163.0%	79.3%	40.2%
Depn. & Amort.	183	197	295	309	323
EBIT	184	-50	92	384	649
Other Income	-61	37	239	137	201
Finance Cost	0	0	0	0	0
PBT before Excep. & Forex	123	-13	331	521	851
Excep. & Forex Inc./Loss(-)	-1	0	0	0	0
PBT	122	-13	331	521	851
Taxes	45	32	26	52	68
Extraordinary Inc./Loss(-)	25	54	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	76	-45	305	469	783
Adjusted Net Profit	101	9	305	469	783
Net Margin	2.7%	0.2%	3.8%	4.7%	6.9%
Diluted Share Cap. (mn)	112.7	134.6	156.9	156.9	156.9
Diluted EPS (INR)	0.9	0.1	1.9	3.0	5.0
Diluted EPS Growth	0.0%	-92.4%	2,765.2%	54.0%	66.9%
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

Cash Flow Statement (INR mn)					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Profit before Tax	122	-13	331	521	851
Depn. & Amort.	183	197	295	309	323
Net Interest Exp. / Inc. (-)	162	40	-239	-137	-201
Inc (-) / Dec in WCap.	-1,905	-1,357	-1,321	-118	-46
Others	34	-194	120	135	150
Taxes Paid	-126	-97	-26	-52	-68
Operating Cash Flow	-1,531	-1,424	-841	659	1,008
Capex	-154	-267	-230	-283	-269
Free Cash Flow	-1,685	-1,691	-1,071	376	739
Inc (-) / Dec in Investments	0	0	0	0	0
Others	11	-2,040	335	233	297
Investing Cash Flow	-143	-2,307	105	-50	28
Inc / Dec (-) in Capital	620	6,021	0	0	0
Dividend + Tax thereon	0	0	0	0	0
Inc / Dec (-) in Loans	1,148	-911	0	0	0
Others	-384	-447	-216	-231	-246
Financing Cash Flow	1,384	4,663	-216	-231	-246
Inc / Dec (-) in Cash	-290	932	-952	378	790
Opening Cash Balance	759	469	1,401	449	827
Closing Cash Balance	469	1,401	449	827	1,617

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Shareholders' Fund	1,695	7,475	7,780	8,249	9,031
Share Capital	115	157	157	157	157
Reserves & Surplus	1,581	7,318	7,623	8,092	8,874
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	1,531	638	638	638	638
Def. Tax Liab. / Assets (-)	-4	-6	-6	-6	-6
Total - Equity & Liab.	3,222	8,107	8,412	8,881	9,663
Net Fixed Assets	1,189	1,310	2,526	2,499	2,446
Gross Fixed Assets	298	522	548	621	672
Intangible Assets	1,143	1,237	2,470	2,421	2,369
Less: Depn. & Amort.	252	449	492	542	596
Capital WIP	0	0	0	0	0
Investments	560	2,758	1,478	1,478	1,478
Current Assets	5,053	8,095	8,730	9,653	11,434
Inventories	0	0	0	0	0
Sundry Debtors	3,866	4,502	5,112	5,319	5,938
Cash & Bank Balances	469	1,401	449	827	1,617
Loans & Advances	3	11	11	11	11
Other Current Assets	715	2,181	3,159	3,497	3,868
Current Liab. & Prov.	3,579	4,056	4,322	4,750	5,694
Current Liabilities	1,636	1,947	2,290	2,450	3,098
Provisions & Others	1,943	2,109	2,032	2,300	2,595
Net Current Assets	1,474	4,039	4,408	4,903	5,740
Total - Assets	3,222	8,107	8,412	8,881	9,663

Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Margin	2.7%	0.2%	3.8%	4.7%	6.9%
Asset Turnover (x)	0.6	0.4	0.6	0.8	0.8
Leverage Factor (x)	4.5	2.1	1.6	1.6	1.7
RoE	7.5%	0.2%	4.0%	5.9%	9.1%

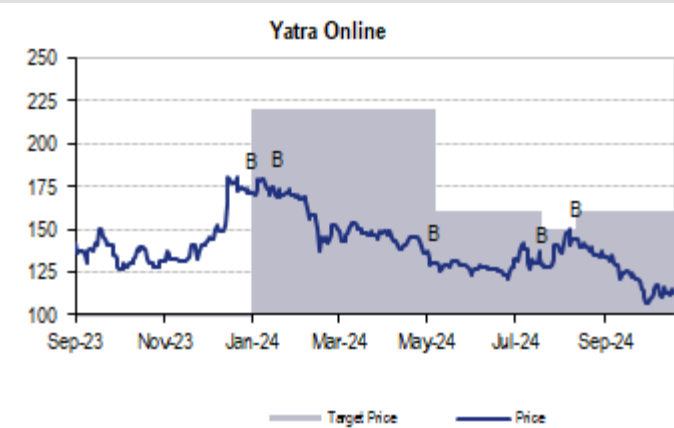
Key Ratios					
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
BV/Share (INR)	15.0	47.6	49.6	52.6	57.6
ROIC	10.1%	-5.6%	1.6%	5.3%	9.1%
ROE	7.5%	0.2%	4.0%	5.9%	9.1%
Net Debt/Equity (x)	0.3	-0.5	-0.2	-0.2	-0.3
P/E (x)	126.2	1,667.9	58.2	37.8	22.7
P/B (x)	7.5	2.4	2.3	2.1	2.0
EV/EBITDA (x)	49.8	96.7	42.5	23.2	15.7
EV/Sales (x)	4.8	3.4	2.0	1.6	1.4
Debtor days	371	389	231	194	192
Inventory days	0	0	0	0	0
Creditor days	147	155	99	88	102

Source: Company, JM Financial

History of Recommendation and Target Price

Date	Recommendation	Target Price	% Chg.
27-Jan-24	Buy	220	
14-Feb-24	Buy	220	0.0
1-Jun-24	Buy	160	-27.3
14-Aug-24	Buy	150	-6.3
7-Sep-24	Buy	160	6.7

Recommendation History



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Definition of ratings	
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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