

Rating: SUBSCRIBE

Issue Offer

Issue size: INR 510 Cr
No. of shares: 27,419,354 – 27,272,727
Face value: INR 2

Issue Summary

Price Band (INR)	186-187
Face Value (INR)	2
Implied Market Cap (INR Cr)	2032 cr
Market Lot	80
Issue Opens on	March,08, 2021
Issue Close on	March 10, 2021
No. of share pre-issue	108,645,000
No. of share post issue	108,645,000
Listing	NSE / BSE

Issue Break-up (%)

QIB Portion	75%
NIB Portion	15%
Retail Portion	10%

Book Running Lead Managers

JM FINANCIAL
KFin Technologies Pvt. Ltd.

Registrar

KFin Technologies Pvt. Ltd.

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	100%	75%
Public & Others	-	25%

Objects of the issue

To achieve share listing benefits.

To sell up to [] equity shares aggregating up to Rs. 5100 million.

Easy Trip Planners Limited (“ETPL”) was incorporated on June 4, 2008. ETPL is ranked 2nd among the Key Online Travel Agencies in India in terms of booking volume in the 9 months ended December 31, 2020 and 3rd among the Key Online Travel Agencies in India in terms of gross booking revenues in Fiscal 2020. They were the only profitable online travel agency among the Key Online Travel Agencies in India in Fiscals 2018, 2019 and 2020, in terms of net profit margin.

Key Highlights

- ETPL offers a comprehensive range of travel-related products and services for end-to-end travel solutions:
- Airline tickets**, which consists of the sale of airline tickets as well as airline tickets sold as part of the holiday packages;
- Hotels and holiday packages**, which consists of standalone sales of hotel rooms as well as travel packages (which may include hotel rooms, cruises, travel insurance and visa processing)
- Other services**, which consists of rail tickets, bus tickets, taxi rentals and ancillary value added services such as travel insurance, visa processing and tickets for activities and attractions.
- As of December 31, 2020, they provided their customers with access to more than 400 international and domestic airlines, more than 1,096,400 hotels in India and international jurisdictions, almost all the railway stations in India as well as bus tickets and taxi rentals for major cities in India. In addition, as of December 31, March 31, 2020, they had 59,274 travel agents registered with them.
- They have historically financed their working capital requirements and the expansion of their business and operations primarily through funds generated from their operations, equity infusion from Promoters and debt financing.
- Company’s 3 distinct distribution channels, namely B2C, B2E and B2B2C channels, provide them with a diversified customer base and wide distribution network.
- The company has been providing customers with the option of no-convenience fee, such that customers are not required to pay any service fee in instances where there is no alternate discount or promotion coupon being availed.

Valuation and View:

At the upper price band of INR 187, issue has been offered at a PE of 59 (x) to its FY20 EPS of INR 3.19.

This is the only profitable company as comparison to its other unlisted peers during FY18-FY20. In terms of net profit margin considering the fact that the sector has been worst hit due to the pandemic and has not recovered to a great extent yet, the prospects for the near term may be challenging. The vaccination drive in India is a positive development. On a niche business model with its presence in internet domain, sharp recovery in travel & tourism going forward and massive expansion, **We assign a “SUBSCRIBE rating on the issue.**

Business Overview

ETPL operates in the travel products and services industry, which is highly competitive. Travellers have a range of options, both online and offline, to research, find, compare, plan and book air, packages, hotels and other travel product. Their competition varies by market, geographic areas and type of product. Their success depends upon their ability to compete effectively against numerous established and emerging competitors, including other online travel agencies, traditional offline travel companies, travel research companies, payment wallets, search engines and meta-search companies, both in India and abroad. The key players in the domestic online travel agency market include Cleartrip Pvt. Ltd., MakeMyTrip Ltd. and Yatra Online Inc. Large established internet search engines have also launched applications offering travel products in various destinations around the world. Some meta-search sites offer users the ability to make reservations directly on their websites, which may reduce the amount of traffic and transactions available to ETPL through referrals from these sites.

The strength of their brand, the quality of their services, their user-friendly websites (www.easemytrip.com and www.easemytrip.in), android and iOS based mobile applications (EaseMyTrip), their customer centric approach, as well as their efficient marketing programs have enabled them to develop significant market share in the domestic airline ticket business in India. In Fiscal 2019, GoAir and SpiceJet, recognized ETPL as amongst the top travel partners in terms of revenue and passenger count. The strength of their brand has increased significantly over the years. Visits to their websites (www.easemytrip.com and www.easemytrip.in) have increased at a CAGR of 51.17% from 22.58 million visits in Fiscal 2018 to 51.59 million visits in Fiscal 2020, and they recorded 28.20 million visits in the 9 months ended December 31, 2020. Downloads of their android and iOS based mobile applications increased at a CAGR of 64.13% from 1.57 million downloads as of March 31, 2018 to 4.24 million downloads as of March 31, 2020, and further increased to 5.47 million downloads as of December 31, 2020.

Comparison With Listed Peers:

As per offer documents, ETPL has no listed peers in India.

Competition

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Financial Performance

Particulars (INR in Cr.)	As at Dec' 31		As at Mar' 31	
	2020(09)	2020(12)	2019(12)	2018(12)
Share Capital	21.73	21.73	21.73	7.24
Reserves as stated	112.40	80.99	46.20	36.72
Net worth as stated	134.12	102.72	67.93	43.96
Revenue from Operations	49.25~	140.99	101.11	100.11
Revenue Growth (%)	*	39.44%	1.00%	*
EBITDA as stated	43.36~	51.32	44.81	12.28
PBT	41.84	47.52	41.18	10.53
Net Profit for the period#	31.11	34.65	23.99	0.03
EPS(INR)#	2.86^	3.19	2.70	0.61
RoNW (%) #	23.11%^~	32.58%~	35.32%	0.07%
NAV (INR)	12.16~	9.32~	6.25	60.72
PE	65	59	69	-

Source: RHP *Unconsolidated Summary, # for Total Operations, ^not annualized. ~Consolidated

Management

Board of Directors	Description
Nishant Pitti	Nishant Pitti is the Promoter, Whole-time Director and CEO of the company. He is one of the Promoters and has been associated with the company since its incorporation. He has approximately 12 years of experience in the travel and tourism sector. He is responsible for overall management of the company, business development and the financial aspect of the company's business.
Rikant Pittie	Rikant Pittie is the Promoter, Whole-time Director of the company and has been on the Board since August 8, 2011. He is also one of the Promoters and has been responsible for operations, sales, marketing, human resources and technology in the company. He has approximately 9 years of experience in the travel and tourism sector.
Prashant Pitti	Prashant Pitti is the Promoter, Whole-time Director of the company and has been on the Board since April 1, 2016. He was also previously on the Board for the period from June 3, 2010 to August 8, 2011. He is one of the Promoters and has been responsible for technology, infrastructure, branding and media management in the company. He has approximately 9 years of experience in the travel, tourism and construction sectors.

Covid-19 Impact on Company's Business

- The impact of COVID-19 has significantly reduced travel demand in terms of consumer sentiment and their ability to travel, which has caused airlines and hotels in India and around the world to operate at significantly reduced service levels.
- The COVID-19 pandemic has also resulted in significant weakness in the macroeconomic environment and heightened volatility in financial markets. In particular, such measures have led to unprecedented levels of cancellations and limited new air travel, hotel and holiday bookings.
- Accordingly, their financial and operating results for the fourth quarter of the Fiscal 2020 and the 9 months ended December 31, 2020 were impacted by these conditions in the domestic and global economy and the travel industry.
- However, with nationwide Government-imposed lockdown orders being gradually lifted since late May 2020, they have seen continued recovery in domestic travel demand, with significant sequential quarter on quarter improvements across all their lines of businesses.
- International travel demand recovery continues to remain muted as majority cross border restrictions are still in place.
- ETPL has largely automated their re-scheduling and cancellation of bookings and provided their customers greater flexibility to defer or cancel their travel plans. In order to further optimize and enhance their customer experience, they have developed chat-bots, which allows customers to make new airline tickets bookings, check airline ticket prices and receive airline ticket price alerts.
- They have also provided their customers the ability to modify their existing airline ticket bookings on an online messaging platform.
- Further, they have also undertaken certain cost reduction initiatives, including implementing salary reductions and work from home policies, renegotiating fixed costs such as rent, deferring non-critical capital expenditures, reducing their marketing and sales expenses and payment gateway costs, and renegotiating their supplier payments and contracts.
- They have also significantly reduced their outsourced teams at their call centres and their offline team managing corporate events. In addition, they are optimizing their IT infrastructure costs, their office costs and various other general and administrative expenses.
- They expect to continue to adapt their policies and cost reduction initiatives as the situation evolves.
- Although, travel restrictions and quarantine orders are gradually being eased and they are seeing increased travel activity within India and globally, it remains difficult to predict the duration of the long-term impact from the virus.

Key Risks

- The company has just around 6% market share and despite this, it is doing profitable business due to effective cost control. It's rising trade receivables and trade payables raise. At the same time, its bank deposits have declined by over 50%.

Competitive Strengths

- One of the leading online travel agencies in India with a customer focused approach, including the option of no-convenience fee
- Consistent track record of financial and operational performance with lean and cost efficient operations.

In-house advanced technology and analytics capabilities

- **In-house Advanced Technology Infrastructure:** The Company has a dedicated in-house technology team focused on developing a secure, advanced and scalable technology infrastructure and software.
- **Data Analytics Capabilities:** Company's technology infrastructure enables them to gather and analyse customer behaviour and related data based on past searches and purchasing history, to continuously improve their marketing and customer acquisition initiatives, as well as their inventory management processes.

Well-recognized brand with a targeted marketing strategy: Company's leading market position and operational history have led to recognition of the 'EaseMyTrip' brand in India, enabling them to target new customers and provide better leverage when contracting with airlines and hotel suppliers. In Fiscal 2020, they had the lowest marketing and sales promotion expense as a percentage of gross booking revenues among the Key Online Travel Agencies in India.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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