

Shift in business mix to B2E accelerates due to B2C weakness

Yatra reported weak set of numbers in 1Q across Bookings/Revenue/EBITDA/PAT. Consol. Gross bookings declined 16.8% YoY, missing JMFe by c.25%. P&L numbers were even weaker due to lower than expected take-rates and negative operating leverage. Management attributed the weak operating performance to increased competitive intensity in the B2C Air segment. As a result, the company's business mix has shifted to B2E segment on an accelerated basis. Going ahead, management expects B2E segment growth to be faster than B2C which in turn may affect its take-rates. On the other hand the shift could lead to lower discounts and marketing spends, thereby aiding margins. It also emphasised efforts to accelerate MICE and expense management solution. We lower our FY25-27 earnings forecasts by 13-31% as supply side issues and high competitive intensity are likely to continue to affect air ticketing segment in the near term while Hotels & Packages (H&P) segment is likely to see a slower-than-expected turnaround. We roll-forward to Sep'25 for a revised TP of INR 150, derived basis NTM PER of 35x (stock currently trades at PER of 38x/28x FY26/27).

- Weak operating performance once again:** Consol. Gross bookings declined 16.8% YoY (-17.2% QoQ). Air segment bookings declined by 20.1% YoY, due to 27.1% YoY decline in passengers booked, while realisation was up 9.6% YoY. Management noted that the decline was primarily due to reduced volumes in the B2C segment, as the company scaled back its discounts and marketing spends amidst an otherwise price competitive market. H&P bookings were yet again muted YoY, albeit, there was sequential growth of 8.8% due to seasonality. Consol. revenue declined by 8.5% YoY (-6.4% QoQ) to INR 1.01bn, due to 14.1%/14.6% YoY decrease in the Air and H&P segments respectively. Air segment saw sequential decline of 74bps in take-rates to 6.5% (-32bps YoY), whereas H&P segment take-rates were lower by 120bps YoY (-155bps QoQ) at 11.6%. Management attributed take-rate decline to change in majority business mix to B2E from B2C during the quarter. Employee expenses (as a % of GBR) increased from 1.7% in 4QFY24 to 2.0% in 1QFY25, as the company on-boarded a new team to focus on growing MICE business. Plus, top line decline meant that there was negative operating leverage also at play. Consequently, EBITDA margin declined 994bps YoY to 4.6% (+122bps QoQ). Adj. EBITDA margin (adjusted for ESOPs, unclaimed liabilities and adverse FX change) too was down 536bps YoY to 10.4% (-398bps QoQ). PAT for the quarter stood at INR 40mn, a miss on management's guidance of INR 200mn.
- Medium term outlook:** Going ahead, the company intends to focus on 1) winning back market share in the B2C segment through tech-enabled strategies, without significant burden on the P&L; and 2) growing the corporate customer base along with the newly launched MICE business. The company has also on-boarded a new team of ~80 people to focus on the latter. The management said that while MICE business contribution in 1Q was muted, early signs in 2Q are showing strong momentum. Further, it expects 25%/10-12% growth in B2E/B2C segments, respectively, while product-wise growth is expected to be c.10%/20% for Air/Hotels. The company is also taking efforts to optimise costs,

Financial Summary					(INR mn)
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E
Net Sales	3,802	4,223	4,254	4,930	5,677
Sales Growth (%)	91.9	11.1	0.7	15.9	15.1
EBITDA	367	147	344	565	797
EBITDA Margin (%)	9.6	3.5	8.1	11.5	14.0
Adjusted Net Profit	101	9	339	549	741
Diluted EPS (INR)	0.9	0.1	2.2	3.5	4.7
Diluted EPS Growth (%)	0.0	-92.4	3,090.7	61.7	35.0
ROIC (%)	10.1	-5.6	2.4	6.6	10.4
ROE (%)	7.5	0.2	4.4	6.8	8.5
P/E (x)	147.4	1,948.4	61.1	37.8	28.0
P/B (x)	8.8	2.8	2.7	2.5	2.3
EV/EBITDA (x)	57.9	117.0	47.0	30.0	19.3
Dividend Yield (%)	0.0	0.0	0.0	0.0	0.0

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

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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	150
Upside/(Downside)	13.4%
Previous Price Target	160
Change	-6.3%

Key Data – YATRA IN

Current Market Price	INR132
Market cap (bn)	INR20.8/US\$0.2
Free Float	36%
Shares in issue (mn)	156.9
Diluted share (mn)	156.9
3-mon avg daily val (mn)	INR48.9/US\$0.6
52-week range	194/120
Sensex/Nifty	78,956/24,139
INR/US\$	84.0

Price Performance

%	1M	6M	12M
Absolute	4.8	-21.5	0.0
Relative*	6.8	-28.6	0.0

* 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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including downsizing the overall team (~100 positions in the B2C business). Company also suggested that payment gateway charges as % of GTV could decline further if there is an increase in share of the B2E business in the business mix.

- **Cut estimates, TP reset down to INR 150 post roll-forward:** We have revised down our earnings estimates by 13-31% over FY25-27. However, we still see Yatra's Adj. EBITDA/PAT expanding at a CAGR of c.25%/23% over the next 3 years on the back of scale-up of its corporate business and likely pay-off of recent investments in the Hotels/MICE segment. This would be driven by revenue CAGR of 10% and average margin expansion by 200bps. Further, recapitalisation has helped Yatra repay some of its high-cost debt (gross debt down from INR 1.71bn in Jun'23 to INR 210mn in Jun'24), which should lead to significant savings in finance expenses. As a result, we expect Yatra's Adj. PAT to improve from ~INR 9mn in FY24 to INR 740mn in FY27. We roll-forward to Sep'25 for a revised TP of INR 150 (vs. INR 160 earlier).
- **Focus on growing corporate customer base and MICE business:** Yatra is a leading player in the Corporate Travel Management segment with ~849 corporate customers (as of 1QFY25). 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 34 new corporate accounts in 1Q with an annual billing potential of INR 2.03bn (average billing potential +77% sequentially), indicating continued traction in the B2E space. The management noted that it will increase focus on SME customers as well. Additionally, the company is also exploring strategic M&A opportunities to drive inorganic growth in the segment.

Exhibit 1. Consolidated: Key financials - 1QFY25

All numbers are in INR mn	FY23	1QFY24	2QFY24	3QFY24	4QFY24	FY24	1QFY25	Comments
GBR	67,373	19,832	17,504	18,605	19,943	75,884	16,509	
Change (YoY)	96.5%	11.1%	10.2%	17.8%	11.8%	12.6%	-16.8%	
Adjusted revenues	5,999	1,635	1,491	1,614	1,723	6,463	1,368	
Customer inducement and acquisition costs	2,842	750	709	779	866	3,104	564	<ul style="list-style-type: none"> Gross booking revenue (GBR) declined by 16.8% YoY (-17.2% QoQ) to INR 16.5bn.
Service cost as per IFRS	645	216	160	269	219	864	204	
Reported revenues	3,802	1,102	941	1,103	1,077	4,223	1,008	<ul style="list-style-type: none"> Consol. reported revenue during the quarter declined by 8.5% YoY (-6.4% QoQ) to INR 1.01bn, a miss on JMFe by 19% and Cons. by 13%.
Change (YoY)	91.9%	23.8%	14.2%	23.1%	-9.6%	11.1%	-8.5%	
Total operating expense	2,790	726	867	798	822	3,212	758	<ul style="list-style-type: none"> Net take rate in Air Ticketing stood at 3.1% vs. 2.7%/2.9% in 4QFY24/1QFY24 respectively. In Hotels and packages, take rate stood at 16.0% vs. 19.8%/18.7% in 4QFY24/1QFY24 respectively.
EBITDA	367	160	-85	36	36	147	46	
EBITDA margin	9.6%	14.5%	-9.0%	3.3%	3.3%	3.5%	4.6%	<ul style="list-style-type: none"> EBITDA margin (as a % of reported revenue) was down 994bps YoY to 4.6%, a miss on JMFe of 10.5% and Cons. of 8.8%, primarily due to negative operating leverage.
Adj. EBITDA	657	174	106	100	155	534	105	
Adj. EBITDA margin	17.3%	15.8%	11.2%	9.1%	14.4%	12.7%	10.4%	<ul style="list-style-type: none"> Consequently, the reported EBITDA of INR 46mn was a miss on our estimate by ~65% and on Consensus by 55%.
Depreciation & amortization	183	48	48	47	53	197	61	
EBIT	184	111	-133	-11	-18	-50	-15	<ul style="list-style-type: none"> Reported PAT of INR 40mn, was a decline by 12% YoY and a miss on JMFe/Cons. of INR 160mn/INR 142mn, mainly on account of a substantial miss at EBITDA levels.
EBIT margin	4.8%	10.1%	-14.1%	-1.0%	-1.6%	-1.2%	-1.5%	
Other income	-61	-38	-29	33	71	37	58	
Profit before tax	122	73	-162	22	54	-13	43	
Income tax expense	45	13	9	11	-2	32	3	
PAT	76	60	-171	11	56	-45	40	
Change (YoY)	na	25.6%	-997.4%	na	-44.6%	na	-32.5%	
Adj. PAT	101	46	-103	11	56	9	40	
Change (YoY)	na	-22.6%	-1006.0%	na	-46.4%	-91.0%	-11.9%	
Diluted EPS (INR)	0.68	0.52	-1.48	0.07	0.36	-0.34	0.26	
Change (YoY)	na	22.7%	-960.8%	na	-59.6%	na	-50.7%	

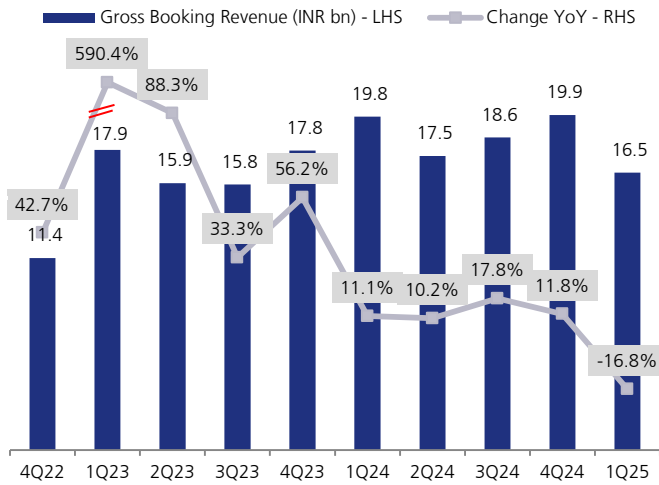
Source: Company, JM Financial

Exhibit 2. Key execution metrics

	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	Comments
Air Passengers booked (in 000's)	1,266	1,320	1,725	1,825	1,660	1,659	1,801	1,330	
Change (YoY)	41.3%	4.2%	52.9%	41.5%	31.1%	25.7%	4.4%	-27.1%	<ul style="list-style-type: none"> Air passenger bookings declined 27.1% YoY.
Hotel Room Nights Booked (in 000's)	412	398	425	491	440	362	399	417	
Change (YoY)	42.6%	16.4%	34.1%	-16.1%	6.8%	-9.0%	-6.1%	-15.1%	<ul style="list-style-type: none"> Hotel room night bookings declined 15.1% YoY.

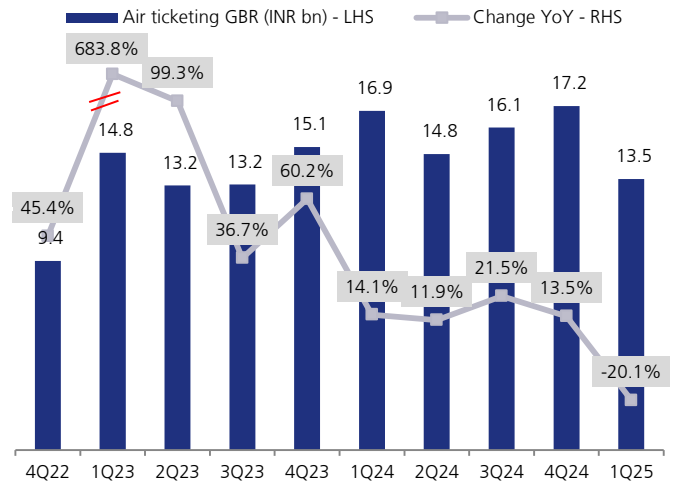
Source: Company, JM Financial

Exhibit 3. Quarterly GBR and growth trend



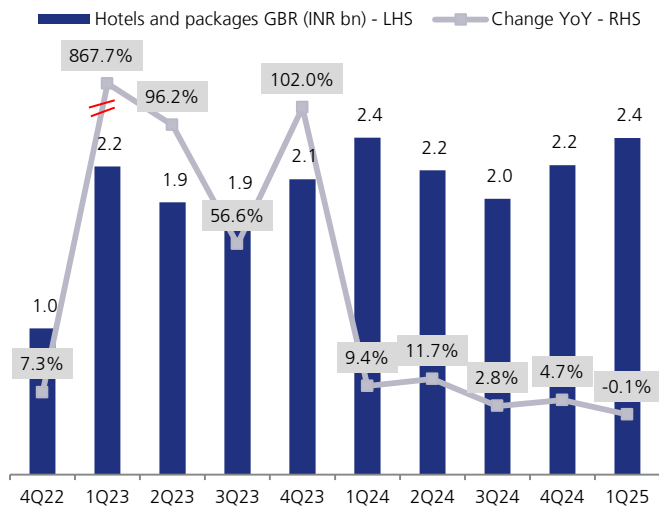
Source: Company, JM Financial

Exhibit 4. Quarterly Air Ticketing GBR and growth trend



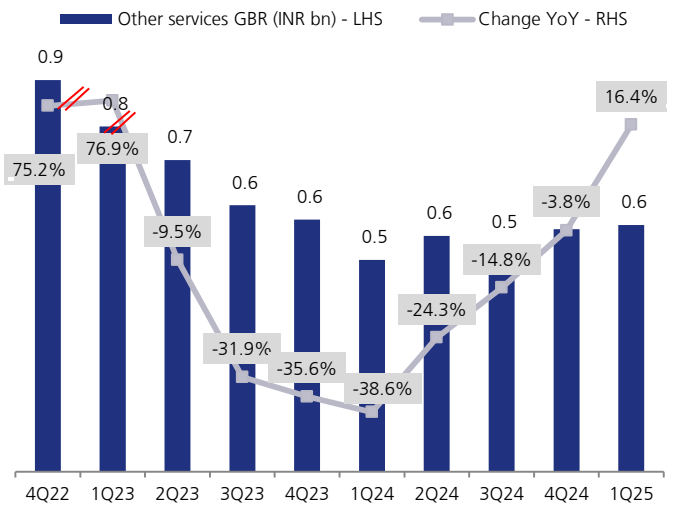
Source: Company, JM Financial

Exhibit 5. Quarterly Hotels & Packages GBR and growth trend



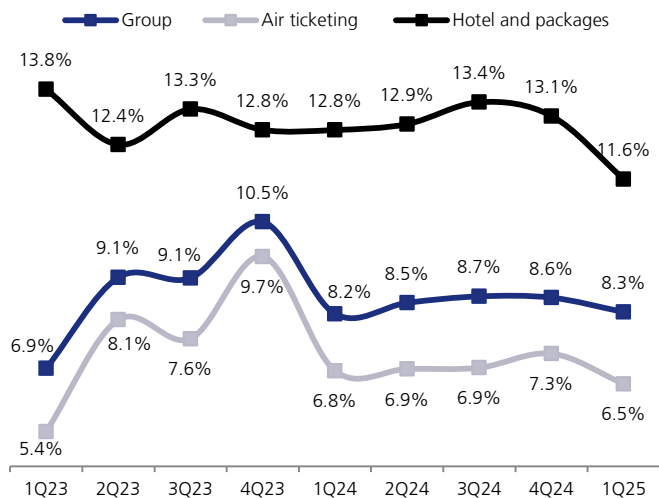
Source: Company, JM Financial

Exhibit 6. Quarterly Other Services GBR and growth trend



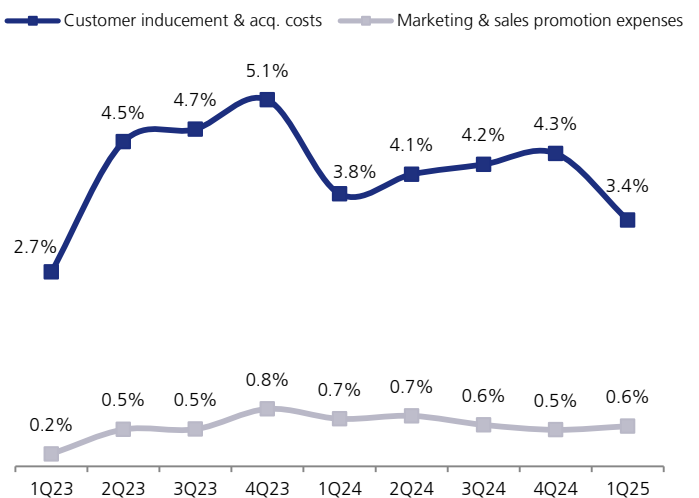
Source: Company, JM Financial

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



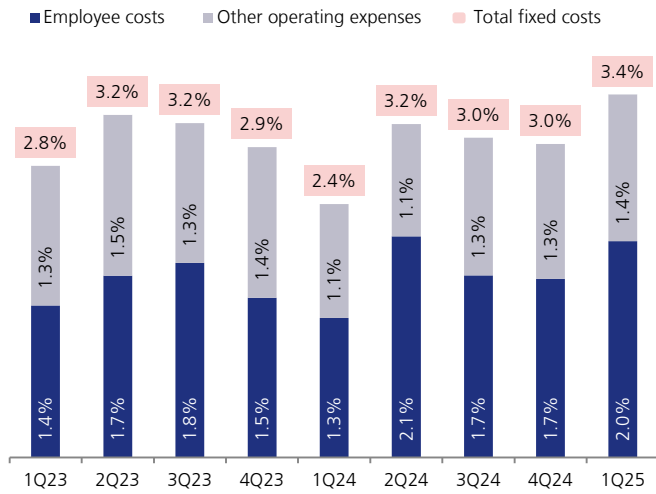
Source: Company, JM Financial

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



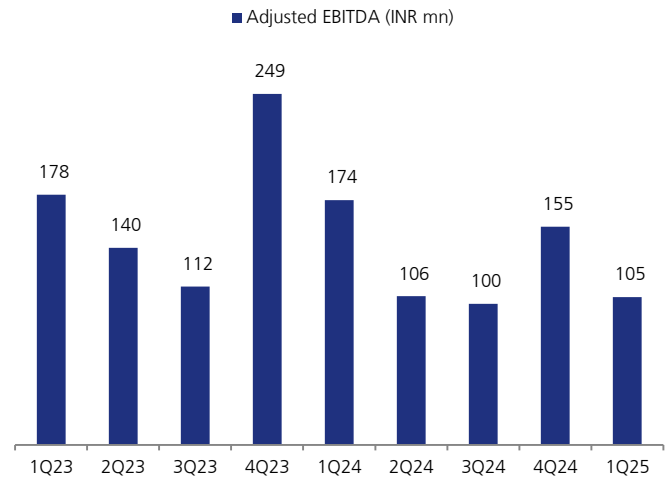
Source: Company, JM Financial

Exhibit 9. Fixed costs as a % of GBR



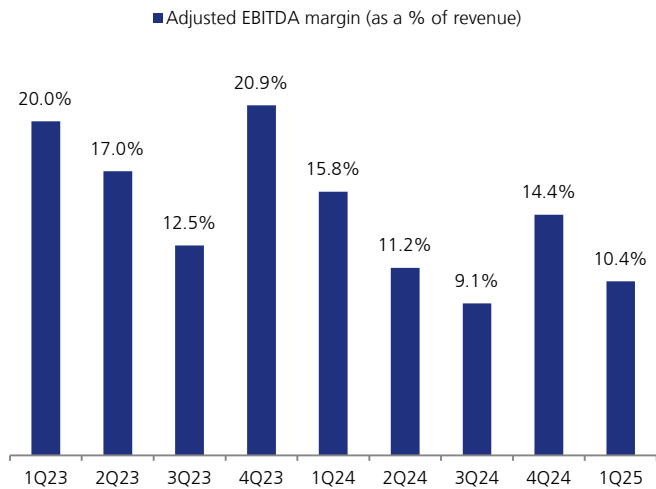
Source: Company, JM Financial

Exhibit 10. Adjusted EBITDA trend



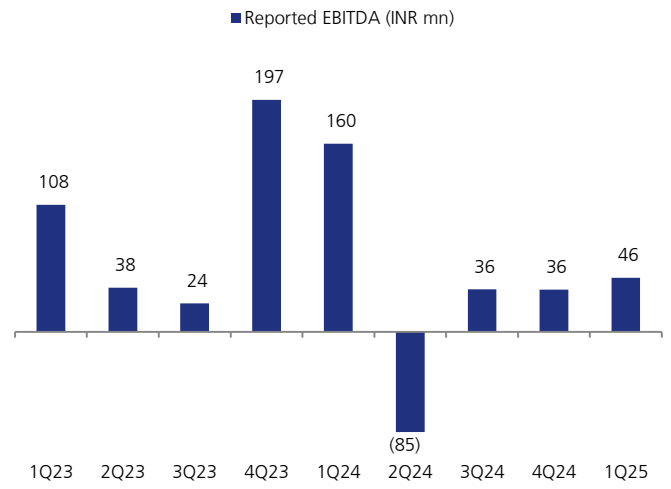
Source: Company, JM Financial

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



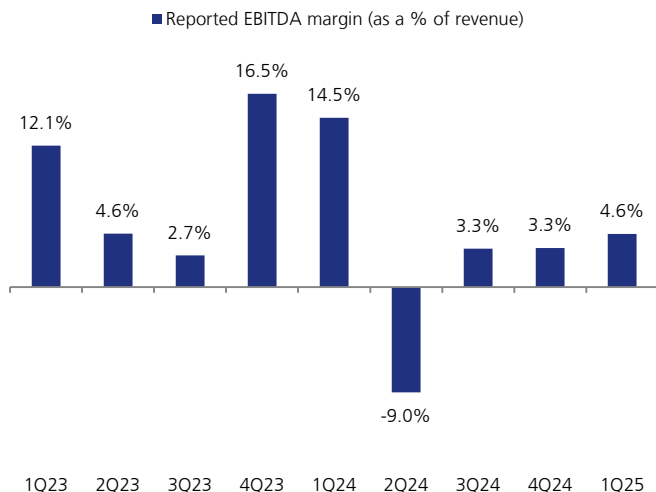
Source: Company, JM Financial

Exhibit 12. Reported EBITDA trend



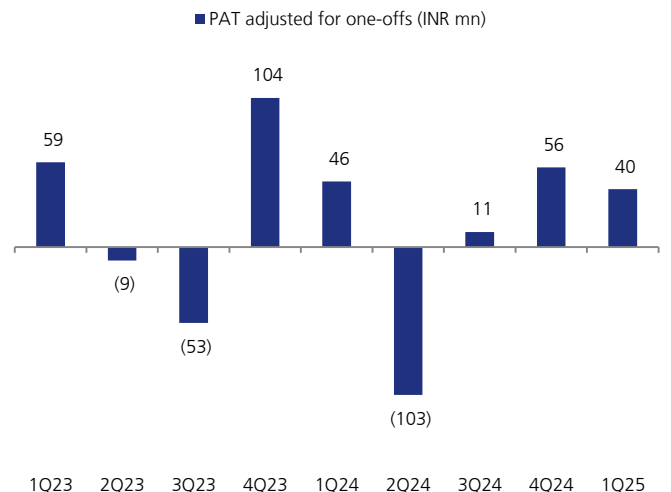
Source: Company, JM Financial

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 150

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)	85,989	97,378	1,10,312	70,792	80,375	91,283	-17.7%	-17.5%	-17.3%
Reported Revenue (INR mn)	4,835	5,571	6,422	4,254	4,930	5,677	-12.0%	-11.5%	-11.6%
EBITDA (INR mn)	393	580	794	344	565	797	-12.6%	-2.5%	0.3%
EBITDA margin (%)	8.1%	10.4%	12.4%	8.1%	11.5%	14.0%	-5bp	105bp	167bp
EBIT (INR mn)	179	355	557	96	306	527	-46.4%	-13.8%	-5.5%
EBIT margin (%)	3.7%	6.4%	8.7%	2.3%	6.2%	9.3%	-145bp	-17bp	60bp
PAT (INR mn)	490	656	849	339	549	741	-30.8%	-16.4%	-12.8%
EPS (INR)	3.12	4.18	5.41	2.16	3.50	4.72	-30.8%	-16.4%	-12.8%

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	4,254	4,930	5,677	
Sales Growth	91.9%	11.1%	0.7%	15.9%	15.1%	
Other Operating Income	0	0	0	0	0	
Total Revenue	3,802	4,223	4,254	4,930	5,677	
Cost of Goods Sold/Op. Exp	0	0	0	0	0	
Personnel Cost	1,090	1,286	1,306	1,439	1,588	
Other Expenses	2,345	2,790	2,604	2,926	3,292	
EBITDA	367	147	344	565	797	
EBITDA Margin	9.6%	3.5%	8.1%	11.5%	14.0%	
EBITDA Growth	0.0%	-59.9%	133.7%	64.4%	41.0%	
Depn. & Amort.	183	197	248	259	270	
EBIT	184	-50	96	306	527	
Other Income	-61	37	285	340	377	
Finance Cost	0	0	0	0	0	
PBT before Excep. & Forex	123	-13	381	645	903	
Excep. & Forex Inc./Loss(-)	-1	0	0	0	0	
PBT	122	-13	381	645	903	
Taxes	45	32	42	97	163	
Extraordinary Inc./Loss(-)	25	54	0	0	0	
Assoc. Profit/Min. Int.(-)	0	0	0	0	0	
Reported Net Profit	76	-45	339	549	741	
Adjusted Net Profit	101	9	339	549	741	
Net Margin	2.7%	0.2%	8.0%	11.1%	13.0%	
Diluted Share Cap. (mn)	112.7	134.6	156.9	156.9	156.9	
Diluted EPS (INR)	0.9	0.1	2.2	3.5	4.7	
Diluted EPS Growth	0.0%	-92.4%	3,090.7%	61.7%	35.0%	
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	381	645	903	
Depn. & Amort.	183	197	248	259	270	
Net Interest Exp. / Inc. (-)	162	40	-285	-340	-377	
Inc (-) / Dec in WCcap.	-1,905	-1,357	657	-1,283	828	
Others	34	-194	150	150	150	
Taxes Paid	-126	-97	-42	-97	-163	
Operating Cash Flow	-1,531	-1,424	1,109	-664	1,613	
Capex	-154	-267	-213	-282	-272	
Free Cash Flow	-1,685	-1,691	897	-947	1,341	
Inc (-) / Dec in Investments	0	0	0	0	0	
Others	11	-2,040	383	438	475	
Investing Cash Flow	-143	-2,307	171	155	203	
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	-248	-248	-248	
Financing Cash Flow	1,384	4,663	-248	-248	-248	
Inc / Dec (-) in Cash	-290	932	1,032	-757	1,567	
Opening Cash Balance	759	469	1,401	2,433	1,676	
Closing Cash Balance	469	1,401	2,433	1,676	3,243	

Source: Company, JM Financial

Balance Sheet		(INR mn)				
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Shareholders' Fund	1,695	7,475	7,814	8,363	9,103	
Share Capital	115	157	157	157	157	
Reserves & Surplus	1,581	7,318	7,657	8,206	8,947	
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	8,446	8,995	9,736	
Net Fixed Assets	1,189	1,310	1,275	1,298	1,300	
Gross Fixed Assets	298	522	531	603	657	
Intangible Assets	1,143	1,237	1,230	1,223	1,216	
Less: Depn. & Amort.	252	449	486	528	574	
Capital WIP	0	0	0	0	0	
Investments	560	2,758	2,758	2,758	2,758	
Current Assets	5,053	8,095	8,163	10,006	10,815	
Inventories	0	0	0	0	0	
Sundry Debtors	3,866	4,502	3,644	6,045	5,059	
Cash & Bank Balances	469	1,401	2,433	1,676	3,243	
Loans & Advances	3	11	11	11	11	
Other Current Assets	715	2,181	2,075	2,275	2,502	
Current Liab. & Prov.	3,579	4,056	3,750	5,067	5,137	
Current Liabilities	1,636	1,947	1,782	2,833	2,600	
Provisions & Others	1,943	2,109	1,968	2,234	2,537	
Net Current Assets	1,474	4,039	4,413	4,939	5,678	
Total - Assets	3,222	8,107	8,446	8,995	9,736	

Source: Company, JM Financial

Dupont Analysis						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
Net Margin	2.7%	0.2%	8.0%	11.1%	13.0%	
Asset Turnover (x)	0.6	0.4	0.3	0.4	0.4	
Leverage Factor (x)	4.5	2.1	1.6	1.6	1.7	
RoE	7.5%	0.2%	4.4%	6.8%	8.5%	

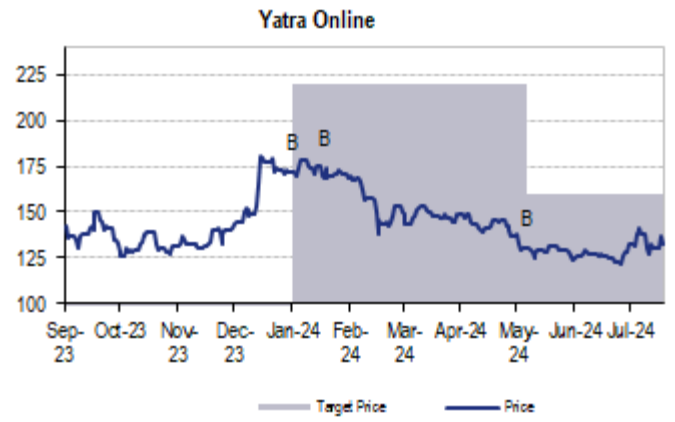
Key Ratios						
Y/E March	FY23A	FY24A	FY25E	FY26E	FY27E	
BV/Share (INR)	15.0	47.6	49.8	53.3	58.0	
ROIC	10.1%	-5.6%	2.4%	6.6%	10.4%	
ROE	7.5%	0.2%	4.4%	6.8%	8.5%	
Net Debt/Equity (x)	0.3	-0.5	-0.6	-0.5	-0.6	
P/E (x)	147.4	1,948.4	61.1	37.8	28.0	
P/B (x)	8.8	2.8	2.7	2.5	2.3	
EV/EBITDA (x)	57.9	117.0	47.0	30.0	19.3	
EV/Sales (x)	5.6	4.1	3.8	3.4	2.7	
Debtor days	371	389	313	448	325	
Inventory days	0	0	0	0	0	
Creditor days	147	155	146	219	178	

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

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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