



**SMC Ranking**

★ ★ ★ ☆ ☆ (2.5/5)

**Issue Highlights**

Industry	Travel and tourism
Offer for sale (Shares)	27,272,727
Fresh Issue (Shares)	0
Total Offer	27,272,727
Issue Size (Rs. Cr.)	507-510
Price Band (Rs.)	186-187
Offer Date	8-Mar-21
Close Date	10-Mar-21
Face Value	2
Lot Size	80

**Issue Composition**

	In shares
Total Issue for Sale	27,272,727
QIB	20,454,545
NIB	4,090,909
Retail	2,727,273

**Shareholding Pattern (%)**

Particulars	Pre-issue	Post-issue
Promoters & promoters group	100.00%	74.90%
QIB	0.00%	18.83%
NIB	0.00%	3.77%
Retail		2.51%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

\*calculated on the upper price band

**Objects of the Issue**

The objects of the Offer are to achieve the benefits of listing the Equity Shares on the Stock Exchanges and for the sale of up to [●] Equity Shares by the Promoter Selling Shareholders aggregating up to Rs.5,100 million.

**Book Running Lead Manager**

- Axis Capital Limited
- JM Financial Limited

**Name of the registrar**

- KFin Technologies Private Limited

**About the Company**

Incorporated in 2008, Easy Trip Planners Ltd is the second largest online travel agency in India in terms of gross revenue. The online travel agency offers a range of travel products and services and end-to-end travel solutions including airline tickets, rail tickets, bus tickets, taxis, holiday packages, hotels, and other value-added services i.e. travel insurance, visa processing, etc. Easy Trip offers a range of online traveling services through its website and Ease My Trip android and iOS mobile app. The company follows B2B2C (business to business to customer), B2C (business to customer), and B2E (business to enterprise) distribution channels to offers its services. As of November 2019, the firm has served customers with more than 400 domestic and international airlines, and 1,096,400 hotels. As of March 2019, it had 49,494 registered travel agents across major cities of India.

**Strength**

**One of the leading online travel agencies in India with a customer focused approach, including the option of no-convenience fee:** As of December 31, 2020, the company provided its 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. its Registered Customers in the B2C channel increased at a CAGR of 28.24% from 5.87 million customers as of March 31, 2018 to 9.66 million customers as of March 31, 2020, and further increased to 10.32 million customers as of December 31, 2020. It 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 are no alternate discounts or promotion coupon being availed.

**Consistent track record of financial and operational performance with lean and cost efficient operations:** The company experienced significant revenue growth from sale of airline tickets between Fiscal 2018 and Fiscal 2019, of 35.22% and 35% for GoAir and SpiceJet, respectively. The number of Trips increased by 35.74% from 4.70 million in Fiscal 2018 to 6.38 million in Fiscal 2019, and by 40.42% from 6.38 million in Fiscal 2019 to 8.96 million in Fiscal 2020. It believes that the consistent growth in its business is attributable to its technology driven operations and low operational costs resulting in comparatively higher operating margins.

**In-house advanced technology and analytics capabilities:** It has a dedicated in-house technology team focused on developing a secure, advanced and scalable technology infrastructure and software. As of December 31, 2020, its technology team included 64 employees with technology backgrounds and with domain expertise focused on evolving technologies focused on its various product and service verticals. It believes that its focus on a strong technology platform, its large customer base and growing market share, and its data analytics capabilities allow it to prioritize search results and provide customer-relevant information in a simple and intuitive interface.

**Wide distribution network supported by a hybrid platform:** The company's three distinct distribution channels, namely B2C, B2E and B2B2C channels provide it with a diversified customer base and wide distribution network. These channels enable the company to provide end-to-end travel solutions for passengers traveling domestically, as well as traveling to and from international destinations. Further, its presence in three distinct distribution channels enable it to cross-sell its products and services between such distribution channels. As of March 31, 2020 and December 31, 2020, it had 11,664 and 12,505 corporate customers, respectively, including corporates such as Jindal Stainless Limited, Delhivery Private Limited, Lloyd Healthcare Private Limited, CMI Limited,

Nowfloats Technologies Private Limited, CASHurDRIVE Marketing Private Limited, Micro Labs Limited, National Bulk Handling Corporation Private Limited, PrimeMover Mobility Technologies Private Limited and Shimadzu Analytical India Private Limited as well as various public sector undertakings, government departments and ministries and have set up dedicated travel desks for corporates. Its B2E channel has grown at a CAGR of 90.27% in terms of its Gross Booking Volumes for airline tickets from Fiscal 2018 to Fiscal 2020. Its distribution channels are supported by a hybrid platform which is a combination of its websites, mobile applications and network of travel agents across India as well as call centres, particularly for holiday packages. It has developed streamlined software across its distribution channels, which provides it with multiple points of contact for marketing additional travel products and services to existing customers.

**Well-recognized brand with a targeted marketing strategy:** The company believes that its leading market position and operational history have led to recognition of the 'EaseMyTrip' brand in India, enabling it to target new customers and provide better leverage when contracting with airlines and hotel suppliers. Moreover, the company believes that its marketing strategies have increased its brand awareness, driven potential customers to its platforms and improved the rate at which visitors become customers.

### Strategies

**Capitalize on travel industry growth opportunities:** The company believes that there are significant opportunities for the company to further expand its customer base and, at the same time, increase its market share in India. Further, it believes that its in-house, advanced and user friendly technology, personalized customer experience, comprehensive product and services offering and effective marketing, such as online advertising and social media initiatives, will allow it to capitalize on the travel industry growth opportunities and continue to drive repeat purchases and attract new customers to its platforms. Its strategy seeks to take advantage of the strong underlying growth rates across the travel sector and thereby grow its revenues. To achieve its strategy, it is following a multi-channel distribution strategy that is focused on utilizing its strong position in the air travel segment to attract new customers and cross-sell other products to this customer base such as hotels and holiday packages, bus tickets, taxi rentals and railway tickets. Furthermore, the company intends to enter into partnerships and arrangements with international airlines in order to provide discounts and also provide the facility of booking multiple airline tickets in the same transaction.

**Focus on expanding hotel and holiday packages, and railway ticketing operations:** As of December 31, 2020, it has partnered with 23 APIs for hotels, which has increased its hotel suppliers network and also provided access to more international hotels on a real time basis. Accordingly, in order to capitalize on such growth opportunities, it intends to focus on direct tie-ups with hotels and hotel suppliers by complementing its existing technology platforms, which it believes would help it reduce its costs associated with confirmation of reservations. It also aims to undertake certain digital marketing tools, such as metasearch engine marketing for hotels, which it believes has been gaining prominence in the online travel industry. Moreover, the company intends to increase the penetration in rail ticket booking by providing customers with the option to book the 'last-mile' travel solution on platforms for cities where air travel is not an option.

**Leverage its existing travel agent network in Tier II and Tier III cities and focus on corporate business to grow its business:** The company believes a considerable number of customers in India, especially from Tier II and Tier III cities, still utilize and are expected to continue to utilize the services of traditional travel agents. It intends to leverage its existing travel agents network to cater to this growing demand and also help the company with procuring and onboarding local hotels in such cities. Further, it intends to continue to increase the number of travel agents who are provided with access to its customizable B2B2C portal to fulfill the offline travel market's travel requirements. It also intends to provide its platforms in various vernacular languages prominent in such Tier II and Tier III cities. It intends to strengthen its presence among corporates by leveraging its existing travel agent network and also by integrating its travel software with its corporate customers IT systems to act a 'one-stop' solution for all of their travel requirements.

**Continue to invest in technology and product development capabilities:** It has also recently developed a new technology which enables customers to book airline tickets on an online messaging platform as well as 'e-wallets' which contains the refund amount eligible to the customers. In addition,

it intends to further develop its search technology and machine learning technology for systematic categorization and labeling of its travel products to enable more accurate and relevant search results and price comparison. It believes that its continued investments in technology will enable it to enhance customer service and to capitalize on the expected growth opportunities in the online travel market in India.

**Continue to enhance cross-selling opportunities and promote its brand:** It believes expanding its products and services offerings is an important means of customer acquisition as the diversity of its products and services will improve its offerings to customers, attract more customers to its platforms and allow it to cross-sell higher-margin products and services to them. In order to continue to promote and enhance its brand recognition and awareness, it has entered into and intends to continue to enter into marketing campaigns and corporate alliances with certain brands for crossselling, such as Ferns N Petals Private Limited, Coolwinks Technologies Private Limited and Firefox Bikes Private Limited, that allow customers to enjoy discounts and/or reward points on their platforms as well as its platforms. It also has and aims to continue to enter into arrangements with non-banking financial companies and credit card companies for cross-selling and marketing initiatives.

### **Risk factors**

- The company is dependent on its airline ticketing business, which generates a significant percentage of its revenues and is derived from a small number of airline suppliers in India.
- The travel industry for India and India-related travel is intensely competitive, and it may not be able to effectively compete in the future.
- It has a limited experience and operating history in certain of its businesses, particularly in hotels and holiday packages, and railway ticketing operations, which makes it difficult to accurately assess its future growth prospects and may negatively affect its business, financial condition, cash flows and results of operations.

### **Peer comparison**

According to RHP, there are no listed entities in India whose business portfolio is comparable with that of Easy Trip Palnners' business.

### **Valuation**

Considering the P/E valuation on the upper price band of Rs.187, EPS and P/E of estimated annualised FY2021 are Rs.3.75 and 49.89 multiple respectively and at a lower price band of Rs. 186, P/E multiple is 49.62. Looking at the P/B ratio on the upper price band of Rs.187, book value and P/B of estimated annualised FY21 are Rs. 13.10and 14.28multiple respectively and at a lower price band of Rs. 186 P/B multiple is 214.20. No change in pre and post issue EPS and Book Value as the company is not making fresh issue of capital.

### **Industry overview**

Indian travel industry is expected to decrease at a CAGR of 2.0% from Fiscal 2020 to Fiscal 2023. The Indian travel industry was estimated at approximately Rs. 1,585 to Rs. 1,605 billion in Fiscal 2015. The Indian travel industry grew at a CAGR of approximately 10% to 11% to reach approximately Rs. 2,605 to Rs. 2,625 billion in Fiscal 2020 on account of growing economy, geographic and cultural diversity and various Government initiatives. On account of COVID-19 pandemic, the growth is expected to vanish and the travel industry is expected to decrease annually by approximately 2.0% to reach approximately Rs. 2,400 billion to Rs. 2,450 billion in Fiscal 2023. However, there is some positivity in the travel industry is expected, which is primarily to be driven by development of tourism infrastructure, increase in connectivity across means of transport, rising income levels translating to higher discretionary spending on travel and tourism, reforms in visa and passport allowing easier access to India (in case of foreign tourist arrivals) and other countries (in case of Indian passport holders) and frequency of travel for business and leisure purposes. of gross booking revenues. Based on gross booking revenues, the Indian OTA market increased at a CAGR of approximately

20% to 22% from Rs. 350 billion to Rs. 360 billion as of March 31, 2015 to approximately Rs. 900 billion to Rs. 910 billion as of March 31, 2020, driven by rapid growth in affordable access to internet penetration, growing awareness and comfort with online transactions, competitive prices offered by OTA players to attract consumers, and growing network of service providers on OTA platforms. These factors are likely to continue driving growth of Indian OTA market in the medium term, with the OTA industry expected to grow at a CAGR of approximately 1% to 2% to reach approximately Rs. 950 billion to Rs. 960 billion in Fiscal 2023.

## Outlook

Easy Trip Planners Ltd. (ETPL) is well known for its online tour web portal EaseMyTrip.com. and EaseMyTrip.in. According to the management, it follows the most advanced and latest technology including mobile applications for its operations that helps it for better cost controls and higher yields. The company is operating an asset-light model of business with negligible borrowings. Investors may consider investing in this IPO with a long term perspective.

## An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
Bid/Offer Opens Date	March 08, 2021
Bid/Offer Closing Date	March 10, 2021
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about March 16, 2021
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	On or about March 17, 2021
Credit of Equity Shares to depository accounts of Allottees	On or about March 18, 2021
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about March 19, 2021

## Consolidated Financials

### Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Dec-20 (9 Months)	Period ended 31-Mar-20 (12 Months)	Period ended 31-Mar-19 (12 Months)
Revenue from operations	49.27	141.36	101.11
Total expenditure	38.10	131.12	106.30
<b>Operating Profit</b>	<b>11.17</b>	<b>10.24</b>	<b>-5.19</b>
OPM%	22.66	7.24	-5.14
Other Income	32.20	39.65	50.00
<b>PBDIT</b>	<b>43.36</b>	<b>49.89</b>	<b>44.81</b>
Depreciation	0.49	0.71	0.46
<b>PBIT</b>	<b>42.87</b>	<b>49.18</b>	<b>44.35</b>
Interest	1.60	3.30	3.17
<b>PBT</b>	<b>41.27</b>	<b>45.88</b>	<b>41.18</b>
Tax	10.73	12.90	11.84
<b>Profit After Tax</b>	<b>30.54</b>	<b>32.98</b>	<b>29.34</b>

**Balance sheet is on next page**

## Balance Sheet

Rs. in Cr.

Particulars	As on 31-Dec-20	As on 31-Mar-20	As on 31-Mar-19
<b>Non-current assets</b>			
Property, plant and equipment	7.89	7.76	7.15
Intangible assets	0.17	0.13	0.03
Good Will	1.60	1.60	8.35
investment Property	2.32	2.32	0.00
Intangibles under development	0.33	0.33	0.00
<b>Financial assets</b>			
Loans	2.53	6.53	0.00
Other Financial Assets	67.59	15.02	0.00
Deferred tax Assets	3.41	3.06	2.72
<b>Total non-current assets</b>	<b>85.83</b>	<b>36.75</b>	<b>18.25</b>
<b>Current assets</b>			
Financial assets			
Loans	18.77	13.24	36.76
Investments	1.01	1.00	0.00
Trade Receivables	19.64	58.19	41.84
Cash and cash equivalents	44.85	13.41	34.08
Other Bank Balance	96.50	117.80	51.97
Other Financial Assets	21.07	20.43	42.66
Other current assets	86.58	29.07	17.53
<b>Total current assets</b>	<b>288.43</b>	<b>253.14</b>	<b>224.84</b>
<b>Total Assets</b>	<b>374.26</b>	<b>289.88</b>	<b>243.09</b>
<b>Non-current liabilities</b>			
Other Financial liabilities	0.00	0.00	0.27
Contract Liability	26.80	38.68	33.18
Long term provision	1.76	1.75	1.26
<b>Total Non-Current Liabilities</b>	<b>28.57</b>	<b>40.44</b>	<b>34.71</b>
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	17.10	6.76	0.00
Trade payables			
Total outstanding dues of micro enterprises and small enterprises	0.00	0.00	0.00
Total outstanding dues of creditors other than micro enterprises and small enterprises	18.94	26.64	28.49
Other Financial Liabilities	112.16	71.75	48.85
Contract Liability	33.76	22.96	39.76
Provisions	0.49	0.29	0.14
Other Current tax liabilities (net)	9.81	8.31	19.24
Liability for current Tax	21.31	11.48	3.97
<b>Total current liabilities</b>	<b>213.56</b>	<b>148.19</b>	<b>140.45</b>
<b>Total Liabilities</b>	<b>242.12</b>	<b>188.62</b>	<b>175.16</b>
<b>Networth</b>	<b>132.14</b>	<b>101.26</b>	<b>67.93</b>
Net worth represented by:			
Equity Share capital	21.73	21.73	21.73
Other equity			
Retained earnings	110.16	79.32	46.20
Capital Reserve	0.30	0.30	0.00
Other Reserve	-0.05	-0.09	0.00
<b>NET Worth</b>	<b>132.14</b>	<b>101.26</b>	<b>67.93</b>

## RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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