

Ronak Kotecha
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Issue Details

Issue Details	
Issue Size (Value in Rs. Crores, Upper Band)	510
Fresh Issue (No. of Shares in Lakhs)	Nil
Offer for Sale (No. of Shares in Lakhs)	273
Bid/Issue opens on	08-Mar-21
Bid/Issue closes on	10-Mar-21
Face Value	Rs. 2
Price Band	186-187
Minimum Lot	80

Objects of the Issue

Fresh Issue: ₹NIL

Offer for Sale: ₹510 Crores

The company will not receive any proceeds from the Offer for Sale.

Book Running Lead Managers	
Axis Capital Ltd.	
JM Financial Ltd.	
Registrar to the Offer	
Kfin Technologies Pvt. Ltd.	

Capital Structure (₹ Crores)	Aggregate Value
Authorized share capital	25
Subscribed paid up capital (Pre-Offer)	21.7
Paid up capital (Post - Offer)	21.7

Share Holding Pattern %	Pre Issue	Post Issue
Promoters & Promoter group	100	74.9
Public	0	25.1
Total	100	100

Financials

Particulars (Rs. In Million)	9M-FY21	FY20	FY19	FY18
Revenue from Operations	493	1410	1011	1001
Other Income	323	387	500	135
Total Income	816	1797	1511	1136
Expenses	380	1284	1063	1014
Finance Cost	13	31	32	15
Depreciation	5	7	5	2
Total Expenses	398	1322	1100	1031
Exceptional Item	-	-	-	-
Profit before Tax	418	475	411	105
Tax	107	129	118	39
Profit after Tax	311	346	293	66
EPS (Rs.)	2.86	3.19	2.70	0.61

Company Description

Easy Trip Planners Ltd. is ranked second among the Key Online Travel Agencies in India in terms of booking volume in the nine months ended December 31, 2020 and third among Key Online Travel Agencies in India in terms of gross booking revenues in Fiscal 2020. The company is the only profitable online travel agency among Key Online Travel Agencies in India in Fiscals 2018, 2019 and 2020.

The company had the highest CAGR from Fiscal 2018 to Fiscal 2020 in terms of gross booking revenue and operating revenues among the Key Online Travel Agencies in India. It's Gross Booking Revenues increased by 51.04% from ₹ 19,450.63 million in Fiscal 2018 to ₹ 29,377.75 million in Fiscal 2019, and by 43.13% from ₹ 29,377.75 million in Fiscal 2019 to ₹ 42,047.30 million in Fiscal 2020. It's Gross Booking Revenues amounted to ₹ 12,207.57 million in the nine months ended December 31, 2020. It's market share in the total Indian online travel agency industry in terms of gross booking revenues and gross booking revenues for airline ticketing segment was approximately 4.6%, and 5.5% to 6.5%, respectively, in Fiscal 2020.

The company offers a comprehensive range of travel-related products and services for end-to-end travel solutions, including airline tickets, hotels and holiday packages, rail tickets, bus tickets and taxis as well as ancillary value added services such as travel insurance, visa processing and tickets for activities and attractions. As of December 31, 2020, it 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. In addition, as of March 31, 2020, it had 55,981 travel agents registered with it across almost all major cities in India, it had the largest network of travel agents among Key Online Travel Agencies as of such period. Further, the number of travel agents registered with it increased to 59,274, as of December 31, 2020.

The company commenced operations in 2008 by focusing on the B2B2C distribution channel and providing travel agents access to its website to book domestic travel airline tickets in order to cater to the offline travel market in India. Subsequently, by leveraging its B2B2C channel, it commenced operations in the B2C (business to customer) distribution channel in 2011 by primarily focusing on the growing Indian middle class population's travel requirements. Consequently, due to its presence in the B2B2C and B2C channels, it was able to commence operations in the B2E (business to enterprise) distribution channel in 2013 with the aim of providing end-to-end travel solutions to corporates. Its presence in three distinct distribution channels provides it 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 are no alternate discount or promotion coupon being availed. In its pricing model, it has endeavored to avoid hidden costs, which result in increasing the final price payable by the customer. Between April 1, 2017 and December 31, 2020, it had a repeat transaction rate (calculated as percentage of transactions by repeat customers, identified by their unique email address) of 85.95% in the B2C channel. 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. *(Continued in Page 2)*

Valuation

At the upper end of the IPO price band, it is offered at 58.62x its FY20 earnings, with a market cap of Rs. 2032 crores. There are no listed entities in India whose business portfolio is comparable with that of its business.

Given the company's strong operating and financial performance in a highly competitive and growing industry; including strong margins, RoNW of 32.58% in FY20, strong balance sheet and management - we give this IPO a "Subscribe" rating.

Further, its Gross Booking Volumes increased by 54.43% from 2.37 million in Fiscal 2018 to 3.66 million in Fiscal 2019 and by 48.36% from 3.66 million in Fiscal 2019 to 5.43 million in Fiscal 2020. Its Gross Booking Volumes were 1.77 million in the nine months ended December 31, 2020. The company believes that the strength of its brand, the quality of its services, its user-friendly websites (www.easemytrip.com and www.easemytrip.in), android and iOS based mobile applications (*EaseMyTrip*), its customer centric approach, as well as its efficient marketing programs have enabled it to develop significant market share in the domestic airline ticket business in India. In Fiscal 2019, GoAir, and SpiceJet, recognized it as amongst the top travel partners in terms of revenue and passenger count. The strength of its brand has increased significantly over the years. Visits to its websites (www.easemytrip.com and www.easemytrip.in) has increased at a CAGR of 51.17% from 22.58 million visits in Fiscal 2018 to 51.59 million visits in Fiscal 2020, and it recorded 28.16 million visits in the nine months ended December 31, 2020. Downloads of its 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.

The company has a dedicated in-house technology team focused on developing a secure, advanced and scalable technology infrastructure and software. In Fiscal 2019, it recorded 'Look-to-Book' ratio of 5.08% on its websites and mobile applications in the B2C channel while in Fiscal 2020, it increased to 5.32%. In the nine months ended December 31, 2020, its 'Look-to-Book' ratio was 3.43%. It recorded a Booking Success Rate of 98.37% and 98.01% on its websites and mobile applications in the B2C channel for domestic transactions in Fiscal 2020 and the nine months ended December 31, 2020, respectively. Its technology-enabled infrastructure and systems have enabled it to operate and maintain an efficient and lean organization relative to the size of its operations. As of March 31, 2020, it had 480 full-time employees and, it had the lowest number of employees among the Key Online Travel Agencies in India as of such period. As of December 31, 2020, it had 349 full-time employees. In addition, in Fiscal 2020, it incurred the lowest per employee cost and lowest employee expense as a percentage of gross booking revenues among the Key Online Travel Agencies in India. Further, in Fiscal 2020, it had the lowest marketing and sales promotion expense as a percentage of gross booking revenues and lowest other operating expense as a percentage of gross booking revenues among the Key Online Travel Agencies in India. It ranked second in terms of lowest customer promotion expense as a percentage of gross booking revenues in Fiscal 2020 among the Key Online Travel Agencies in India.

As on the date of this Red Herring Prospectus, its Promoters hold approximately 100% of the issued, subscribed and paid-up Equity Share capital of the Company. Further, it has historically financed its working capital requirements and the expansion of the business and operations primarily through funds generated from its operations, equity infusion from Promoters and debt financing. It also 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. In Fiscals 2018, 2019 and 2020, it was the only online travel agency among the Key Online Travel Agencies in India to record a positive return on equity and return on capital employed. In addition, its total income, on an unconsolidated basis, increased by 33.05% from ₹ 1,135.74 million in Fiscal 2018 to ₹ 1,511.11 million in Fiscal 2019, and by 18.94% from ₹ 1,511.11 million in Fiscal 2019 to ₹ 1,797.24 million in Fiscal 2020. Total income amounted to ₹ 814.66 million in the nine months ended December 31, 2020. The company's EBITDA from continuing operations increased from ₹ 122.82 million in Fiscal 2018 to ₹ 448.09 million in Fiscal 2019. Further, its EBITDA amounted to ₹ 498.91 million and ₹ 433.62 million in Fiscal 2020 and the nine months ended December 31, 2020, respectively.

The company is promoted by Mr. Nishant Pitti, Mr. Rikant Pittie and Mr. Prashant Pitti.

Strengths:

- ***One of the leading online travel agencies in India with a customer focused approach, including the option of no-convenience fee:*** The company is ranked second among the Key Online Travel Agencies in India in terms of booking volume in the nine months ended December 31, 2020 and third among the Key Online Travel Agencies in India in terms of gross booking revenues in Fiscal 2020. Its market share in the total Indian online travel agency industry in terms of gross booking revenues and gross booking revenues for airline ticketing segment was approximately 4.6%, and 5.5% to 6.5%, respectively, in Fiscal 2020. Its Gross Booking Volumes increased by 54.43% from 2.37 million in Fiscal 2018 to 3.66 million in Fiscal 2019 and by 48.36% from 3.66 million in Fiscal 2019 to 5.43 million in Fiscal 2020. While, Gross Booking Revenues increased by 51.04% from ₹ 19,450.63 million in Fiscal 2018 to ₹ 29,377.75 million in Fiscal 2019, and by 43.13% from ₹ 29,377.75 million in Fiscal 2019 to ₹ 42,047.30 million in Fiscal 2020. In Fiscal 2019, GoAir and SpiceJet, recognized it as amongst the top travel partners in terms of revenue and passenger count. It has also become Vistara's 'Gold Partner 2018-19' in 2019. Further, it ranked second in terms of lowest customer promotion expense as a percentage of gross booking revenues among the Key Online Travel Agencies in India. As of December 31, 2020, it 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 also received a certificate of accreditation from the International Air Transport Association, an approval as a travel agent from the Ministry of Tourism, Government of India and are an allied member of the Indian Association of Tour Operators.
- ***Consistent track record of financial and operational performance with lean and cost efficient operations:*** As on the date of this Red Herring Prospectus, its Promoters hold approximately 100% of the issued, subscribed and paid-up Equity Share capital of the Company. Further, it has historically financed its working capital requirements and the expansion of its business and operations primarily through funds generated from its operations, equity infusion from Promoters and debt financing. It has the highest CAGR from Fiscal 2018 to Fiscal 2020 in terms of gross booking revenue and operating revenues among the Key Online Travel Agencies in India. It also 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. In Fiscals 2018, 2019 and 2020, the average number of Trips booked per day by it was 12,885, 17,490 and 24,494, respectively. Its average transaction value was ₹ 7,746 and ₹ 6,879 in Fiscal 2020 and the nine months ended December 31, 2020, respectively. In addition, according to the CRISIL Report, in Fiscals 2018, 2019 and 2020, it was the only online travel agency among the Key Online Travel Agencies in India to record a positive return on equity and return on capital employed. Further, its total income, on an unconsolidated basis, increased by 33.05% from ₹ 1,135.74 million in Fiscal 2018 to ₹ 1,511.11 million in Fiscal

2019, and by 18.94% from ₹ 1,511.11 million in Fiscal 2019 to ₹ 1,797.24 million in Fiscal 2020. In Fiscals 2018, 2019 and 2020, it was the only profitable online travel agency among the Key Online Travel Agencies in India, in terms of net profit margin. Further, in Fiscal 2020, it had the lowest other operating expense as a percentage of gross booking revenues among the Key Online Travel Agencies in India.

- ***In-house advanced technology and analytics capabilities:*** The company has *In-house Advanced Technology Infrastructure*. It has a dedicated in-house technology team focused on developing a secure, advanced and scalable technology infrastructure and software. It believe this has enabled it to better manage its product and service offerings and improve operating efficiencies by integrating its sales, delivery and customer service functions. It continues to focus on developing innovative service offerings and introducing technology driven customer acquisition, service delivery and customer satisfaction initiatives. Its in-house technology team has enabled it to continuously strengthen its scalable technology infrastructure, support customer focused initiatives, introduce innovative services and solutions, and improve its product and service delivery, which it believes has enabled it to maintain high levels of customer satisfaction and grow its market share. 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. Its technology team follows a structured process towards innovation and solutions to address customer concerns, and drive service and product offering and delivery. It believes these initiatives have enabled it to develop a large base, strengthen customer relationships and improve brand recognition.
- ***Well-recognized brand with a targeted marketing strategy:*** The company believe's that its leading market position and operational history has 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. It had the lowest marketing and sales promotion expense as a percentage of gross booking revenues among the Key Online Travel Agencies in India. Its advertising and sales promotion expenses accounted for 0.64% and 0.75% of its Gross Booking Revenues in Fiscal 2020 and the nine months ended December 31, 2020, respectively.
- ***Experienced management team with an established track record:*** The company has benefited from the experience of its Promoters and senior management team who have extensive knowledge in the travel industry, specifically in the online travel industry. Its Promoters are actively involved in its operations, and have been instrumental in implementing its growth strategies since incorporation. Its Promoters, Mr. Nishant Pitti and Mr. Rikant Pittie, have approximately 12 years and nine years, respectively, of experience in the travel and tourism sector, while Mr. Prashant Pitti holds a bachelor's degree in electrical engineering from the Indian Institute of Technology, Madras and has approximately nine years of experience in the travel, tourism and construction sectors. Further, Nishant Pitti has received the 'Entrepreneur of the Year in Service Business - Travel' by Entrepreneur Awards, 2019, 'Doctor of Excellence' for excellence in the field of travel management by the Confederation of International Accreditation Commission – (CIAC), Global at the 6th International Education Forum, 2019 and 'TnH Face of the Future' at the Travel and Hospitality (TnH) Awards, 2016, while Mr. Rikant Pittie has been awarded the 'Best Travel Planner of the Year' award by Magic Media World at the Ravishing Wedding Awards, 2018. In addition, its senior management team also has significant experience in the internet and information technology sector and has technical expertise that has helped expand its business through various initiatives including broadening its distribution channels and growing its products and services offerings.

Key Strategies:

- ***Capitalize on travel industry growth opportunities:*** The Indian travel industry grew at a CAGR of approximately 10% to 11% to reach approximately ₹ 2,605 billion to ₹ 2,625 billion in Fiscal 2020 on account of growing economy, geographic and cultural diversity and various Government initiatives. However, on account of the COVID-19 pandemic, the growth is expected to reduce and the travel industry is expected to decrease annually by approximately 2.0% to reach approximately ₹ 2,400 billion to ₹ 2,450 billion in Fiscal 2023. There is some positivity in the travel industry 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. Further, the Indian online ticketing market increased at a CAGR of approximately 15% to 17%, from ₹ 680 billion to ₹ 700 billion in Fiscal 2015, to approximately ₹ 1,455 billion to ₹ 1,475 billion in Fiscal 2020. The increase in the Indian online ticketing market can be attributed primarily to the increasing penetration of internet and smart phones as well as growing share of low-cost airlines, increasing popularity of online railway ticket booking system and convenience that online bookings offer. With COVID-19 pandemic having impacted the industry, it is expected that Indian online ticketing market will increase at a CAGR of approximately 3% to 4% to reach ₹ 1,600 billion to ₹ 1,620 billion in Fiscal 2023. Accordingly, it believes there are significant opportunities 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.
- ***Focus on expanding its hotel and holiday packages, and railway ticketing operations:*** *Hotel and Holiday packages.* Factors such as strong growth in foreign and domestic travelers, strong GDP growth, emergence of corporate hubs in India, development of smart city programme, growth in online hotel bookings and Government initiatives, are expected to benefit the overall Indian hospitality industry. 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. In addition, the margins in the hotel and holiday packages business is higher in comparison with the airline ticketing business primarily due to the higher service component associated with hotels and holiday packages. However, due to the fragmented nature of the hotel industry in India, share of online bookings in overall bookings has remained low and accounted for approximately 24% to 26% in Fiscal 2020. This provides for a significant growth opportunity as hotel suppliers are expected to list their hotel inventories online and customers are expected to prefer online hotel bookings on account of convenience and digital transactions. The share of online bookings is expected to reach approximately 30% to 35% in Fiscal 2023, primarily driven by leisure travel with OTAs accounting for a majority share (*Source: CRISIL Report*). The growth in online hotel bookings will also be driven by continued rapid adoption of smartphones and digital transactions, rising customer base of OTAs due to attractive offers and incentives, and a higher share of young travellers who are more comfortable with online bookings. Further, with the number of 5G subscribers expected to reach approximately 330 million to 350 million by Fiscal 2026, the share of mobile bookings in online hotel bookings is also expected to increase to 70% to 75% in Fiscal 2023 (*Source: CRISIL Report*). 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 its reduce its costs associated with confirmation of reservations.

- **Leverage its existing travel agent network in Tier II and Tier III cities and focus on corporate business to grow its business:** *Grow its Business in Tier II and Tier III cities by leveraging its existing travel agent network.* It 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. However, instead of investing in their own digital platforms, smaller traditional travel agents chose to collaborate with online travel agencies in order to reduce their operational costs and continue to function in the digital marketplace. This, it believes, helped online travel agencies reach customers, specifically in Tier II and Tier III cities, where online booking is still not prominent. Further, despite a large base of internet subscribers, India has a relatively lower internet penetration in comparison with other similar countries. With the development of airport infrastructure in smaller Tier II and Tier III cities, several domestic carriers have started flights connecting these cities directly and this is expected to reduce the prominence of metro airports. In addition, due to congestion at a majority of the metro airports, new route additions are increasing in the non-metro cities and as a result, the share of metro airports in terms of domestic passenger volumes in the top 10 airports has experienced a decline. The share of the relatively smaller traditional travel agents, categorized as B2B2C customers, accounted for approximately 10% to 20% of the overall online travel agency industry revenue in Fiscal 2019. Accordingly, its B2B2C channel is particularly important for the company as it enables it in reaching customers in smaller markets, specifically in Tier II and Tier III cities. The company intends to leverage its existing travel agents network to cater to this growing demand and also help it with procuring and onboarding local hotels in such cities. Further, the company 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.
- **Continue to invest in technology and product development capabilities:** Technological innovations and developments continue to create new opportunities for travel bookings, and the company intends to continue to focus its research and development efforts on optimizing its technology infrastructure to improve reliability and provide enhanced user experience on its platforms. For instance, it is in the process of developing machine learning enabled chatbots, which will enhance its customer service by providing instant resolution to its customers' queries. 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:** The company 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. The company actively markets additional value-added travel products and services to customers, in order to grow its business, such as hotels, holiday packages, rail, bus and taxis, to customers who have booked flight tickets with it. Its Gross Booking Volumes for hotels and holiday packages have increased at a CAGR of 136.31% from 6,507 in Fiscal 2018 to 36,337 in Fiscal 2020 and were 14.123 in the nine months ended December 31, 2020. It believes there is significant opportunity to grow its holiday packages, hotels and other travel products businesses through focused marketing and cross-selling initiatives, such as offering exclusive discounts on related products upon checkout, targeted post-sale emails and personalized in-destination mobile marketing with offers for additional travel products that may be relevant to customers' initial purchase. This will significantly help customers to streamline their decision making process in searching convenient and cost-effective transportation. Further, it offers non air services, such as travel insurance, in-flight food and beverage offerings, excess baggage, seat selection, lounge access and visa processing, directly to customers before and after they have booked their airline tickets with it. The company has and intends to continue to develop arrangements with various banks and payment gateways offering promotions for purchase of tickets on its websites and mobile applications, including One Mobikwik Systems Private Limited ('MobiKwik') and ePayLater, which would result in more benefits which can be passed on to its customers.

Industry Snapshot:

Online ticketing market in India

Indian online ticketing market is expected to increase at a CAGR of approximately 3% to 4% from Fiscal 2020 to Fiscal 2023.

In Fiscal 2020, the Indian online ticketing market increased at a CAGR of approximately 15% to 17%, from ₹ 680 billion to ₹ 700 billion in Fiscal 2015, to approximately ₹ 1,455 billion to ₹ 1,475 billion. The increase in the Indian online ticketing market can be attributed primarily to the increasing penetration of internet and smart phones as well as growing share of low-cost airlines, increasing popularity of online railway ticket booking system and convenience that online bookings offer. With COVID-19 pandemic having impacted the industry, it is expected that Indian online ticketing market will increase at a CAGR of approximately 3% to 4% to reach ₹ 1,600 billion to ₹ 1,620 billion in Fiscal 2023. While increasing penetration of internet and smart phones will continue to aid growth in the medium to long term, the after effects of COVID-19 will continue to impact the online ticketing market in India mainly due to the travel fear instilled by the pandemic.

Sub-segments within online ticketing market

Airline ticketing currently accounts for a dominant share in the Indian online ticketing industry.

The online ticketing market in India is led by high-volume airline ticketing business, which includes both domestic and international travel. The air ticketing segment accounts for approximately 60% to 62% of the overall online ticketing. It is estimated that airlines have a relatively high online penetration of approximately 68% to 70% as they were among the earliest segments to adopt online channels. Going forward, online air ticketing is expected to increase further as more travelers (retail as well as corporate) migrate from offline to online platforms. Accordingly, air ticketing segment is expected to continue to lead the online ticketing market in India.

Rail ticketing segment accounts for approximately 23% to 25% of the Indian online ticketing industry. IRCTC, which introduced online rail ticketing in 2002, has been instrumental in popularizing online option for bookings in India. The share of e-ticketing in total rail ticket bookings improved from approximately 55% in Fiscal 2015 to approximately 73% in Fiscal 2020. Going forward, online rail ticketing in

volume terms is set to grow on account of the convenience it offers compared with the offline channels. The withdrawal of service charge on the tickets, though has reduced the income from this segment, efforts have been made to encash full potential of website along with mobile application schemes through, amongst others, data monetization and retail management. However, the rail ticketing segment share in online ticketing industry in India in value terms is expected to decline marginally to approximately 27% to 28% in Fiscal 2023, primarily due to high demand on account of affordable average prices as compared to airlines tickets or room rents, coupled with the after effects of COVID-19 pandemic.

The hotel segment accounts for approximately 13% to 15% of the Indian online ticketing industry. Online penetration of hotel bookings in India is relatively lower at approximately 24% to 26%. The hotel industry in India is fragmented with a large number of organised and unorganized players. In contrast, the airline services industry is fairly organised as it has limited number of companies. Thus, adoption of online channels for booking hotel rooms posed a challenge in the initial phases for most players. In addition, most of the OTAs started offering online booking of hotel accommodation only after establishing a presence in air ticketing. Further, most of the hotel inventory available online is in metros and Tier-I cities, whose customers have become comfortable with the online platform. Tier-II and III cities primarily continue to operate offline. However, going forward, it is expected to change as customers from Tier II and III cities also starts booking rooms online on account of the convenience it offers. Accordingly, the share of online hotel bookings is expected to decrease to approximately 11% to 13% in Fiscal 2023, as the prices in the hotel industry and slow revival of tourist demand keep the industry growth below pre-COVID-19 levels.

The bus ticketing segment has less than 2% share in India's total online ticketing industry. The segment is at a fairly nascent stage as few players have a presence in this segment. In addition, online penetration for bus tickets remains low on account of the availability of tickets with players, both private and state transport corporations. Going forward, the share of bus tickets in online ticketing market is likely to remain the same (less than 1% to 1.5%), on account of decrease between Fiscal 2020 and Fiscal 2023.

Share of OTAs and captive websites within online ticketing market in India

OTA's are expected to continue to lead air, hotel and bus ticketing segments in Fiscal 2023

In the online air ticketing segment, OTAs have the highest share of approximately 76% to 78% in comparison with captive websites which account for approximately 22% to 24%. Factors, such as, better convenience as OTAs offer various options, ease of comparison and competitive pricing have played a major role in OTAs' achieving their highest share in the air ticketing segment. In the online railways segment, IRCTC is the dominant player in online rail ticketing. Although some OTAs have started offering railway tickets, the bookings are routed through IRCTC platform. Accordingly, OTAs currently account for only a marginal share of online railway tickets and this is expected to continue in the medium term. Further, IRCTC has initiated a number of measures to improve the user interface and ensure ease in bookings process. In the online hotels booking segment, OTAs account for approximately 78% to 80% of the total online hotels booking segment. Similar to the airline ticketing, higher degree of convenience offered by OTAs with regards to number of options, ease of comparison and competitive pricing have played a critical role in OTAs gaining prominence in this segment. In the online bus ticketing segment, while online penetration remains low on account of availability of tickets with state transport corporations as well as private players, OTAs have a higher share of approximately 64% to 66% than captive players on account of a higher degree of user friendliness of OTAs platforms as compared to captive websites.

OTAs account for approximately 61% to 63% of total online ticketing in India based on gross booking revenues

According to industry estimates, in value terms, OTAs accounted for approximately 61% to 63% of the total online ticketing industry in India in Fiscal 2020, based on gross booking revenues. In absolute terms, the market size was estimated to be approximately ₹ 900 billion to ₹ 910 billion in Fiscal 2020. The share of OTAs has increased from 51% to 53% in Fiscal 2015, estimated at ₹ 350 billion to ₹ 360 billion, primarily due to comparatively friendly user-friendly interface as compared to captive website of service providers and ease of comparison across options. Higher discounts from OTAs as well as offers by banking partners have also made them competitive in pricing as compared to captive websites. Such trends are expected to continue in the medium term and as result, the share of OTAs in total online ticketing industry is expected to reach approximately 58% to 60% in Fiscal 2023, resulting in ₹ 950 billion to ₹ 960 billion, in absolute terms, as captive share is expected to increase as rail booking grows faster than airline segment for the next three years with limited international air travel.

Key Players

The key players in the OTA industry are Clear Trip Private Limited, MakeMyTrip Limited, Yatra Online, Inc and Easy Trip Planners Private Limited.

Key Risk:

- The COVID-19 pandemic has had, and is expected to have, a material adverse effect on the travel industry and its business, financial condition, results of operations and cash flows.
- 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.
- Some of its travel suppliers, including airlines and GDS and API service providers, may reduce or eliminate the commission, incentive and other compensation they pay to it for the sale of airline tickets and this could adversely affect its business and results of operations.

- The company operates in the travel products and services industry, which is highly competitive. The company's success depends upon its 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.

Valuation:

At the upper end of the IPO price band, it is offered at 58.62x its FY20 earnings, with a market cap of Rs. 2032 crores. There are no listed entities in India whose business portfolio is comparable with that of its business.

Given the company's strong operating and financial performance in a highly competitive and growing industry; including strong margins, RoNW of 32.58% in FY20, strong balance sheet and management - we give this IPO a "**Subscribe**" rating.

DISCLAIMER:**Analyst Certification**

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