Zacks Small-Cap Research

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Yatra Online, Inc. (NASDAQ: YTRA)

Yatra Online Receives Clearance from SEBI for its Indian IPO

Based on a 10% discount to the industry average of 3.5x EV/Sales 2022 on our calendar year sales estimate, we believe the stock could be worth $3.60 per share.

Current Price (11/21/2022)	$2.87
Valuation	**$3.60**

OUTLOOK

The June quarter was a full quarter of reopened travel in India. International flights resumed on March 27 increasing inventory and further aiding growth for the June quarter driven in part by pent up demand. We expect that pent up demand to dampen the seasonally weaker September quarter, particularly as corporate travel strengthens.

The planned IPO in India could act as a catalyst to attract more investors and provides another avenue for the acquisition of Indian companies.

Cleartrip strategic alliance of Yatra's hotels inventory and homestays will have real-time pricing on Cleartrip to help sales growth.

SUMMARY DATA

52-Week High	**$2.94**
52-Week Low	**$1.42**
One-Year Return (%)	**35.4**
Beta	**1.4**
Average Daily Volume (sh)	**399,428**
Shares Outstanding (mil)	**62.6**
Market Capitalization ($mil)	**$180**
Short Interest Ratio (days)	**2**
Institutional Ownership (%)	**50**
Insider Ownership (%)	**8**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**-42.4**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/M**
P/E using FY2023 Estimate	**47.8**
P/E using FY2024 Estimate	**16.9**

Risk Level	**Average**
Type of Stock	**Small Growth**
Industry	**Internet Services**

ZACKS ESTIMATES

Revenue
(Adjusted in millions of US$)

	Q1 (Jun)	Q2 (Sep)	Q3 (Dec)	Q4 (Mar)	Year (Mar)
2021	$3.1 A	$5.1 A	$8.3 A	$13.3 A	$29.9 A
2022	$6.6 A	$10.6 A	$14.0 A	$12.9 A	$43.5 A
2023	$15.9 A	$18.0 E	$20.0 E	$22.0 E	$75.9 E
2024					$95.1 E

EPS (Non-IFRS)
(adjusted in US$)

	Q1 (Jun)	Q2 (Sep)	Q3 (Dec)	Q4 (Mar)	Year (Mar)
2021	-$0.12 A	-$0.06 A	-$0.04 A	-$0.07 A	-$0.29 A
2022	-$0.01 A	-$0.01 A	-$0.01 A	-$0.01 A	-$1.05 A
2023	$0.01 A	$0.02 E	$0.02 E	$0.01 E	$0.06 E
2024					$0.17 E

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WHAT'S NEW

Yatra Online Received Clearance from SEBI for its IPO

On November 18, Yatra Online announced that its Indian subsidiary, Yatra Online Limited, received the final observation letter dated November 17, 2022, from the Securities and Exchange Board of India (SEBI) in connection with the draft red herring prospectus dated March 24, 2022. Yatra India plans an IPO of shares comprising a fresh issue of up to ₹7,500 million by Yatra India and an offer for the sale of up to 9,328,358 equity shares.

The proposed IPO can open for subscription within a period of a year from the date of issuance of the observation letter. We believe this should take six weeks after approval through to execution putting the transaction into Q1 2023.

The benefits of this IPO include:

- A potentially higher valuation in India than in the US due to comparable valuations and the ability for Indian retail investors to invest in a well-known consumer name which was forbidden with only a NASDAQ listing.
- The addition of more research coverage especially by Indian investment firms
- Cash with which to pursue acquisitions and fuel growth. We believe that the company is particularly interested in smaller corporate travel agent companies that are available at distressed prices and could bring new corporate customers to Yatra.

VALUATION

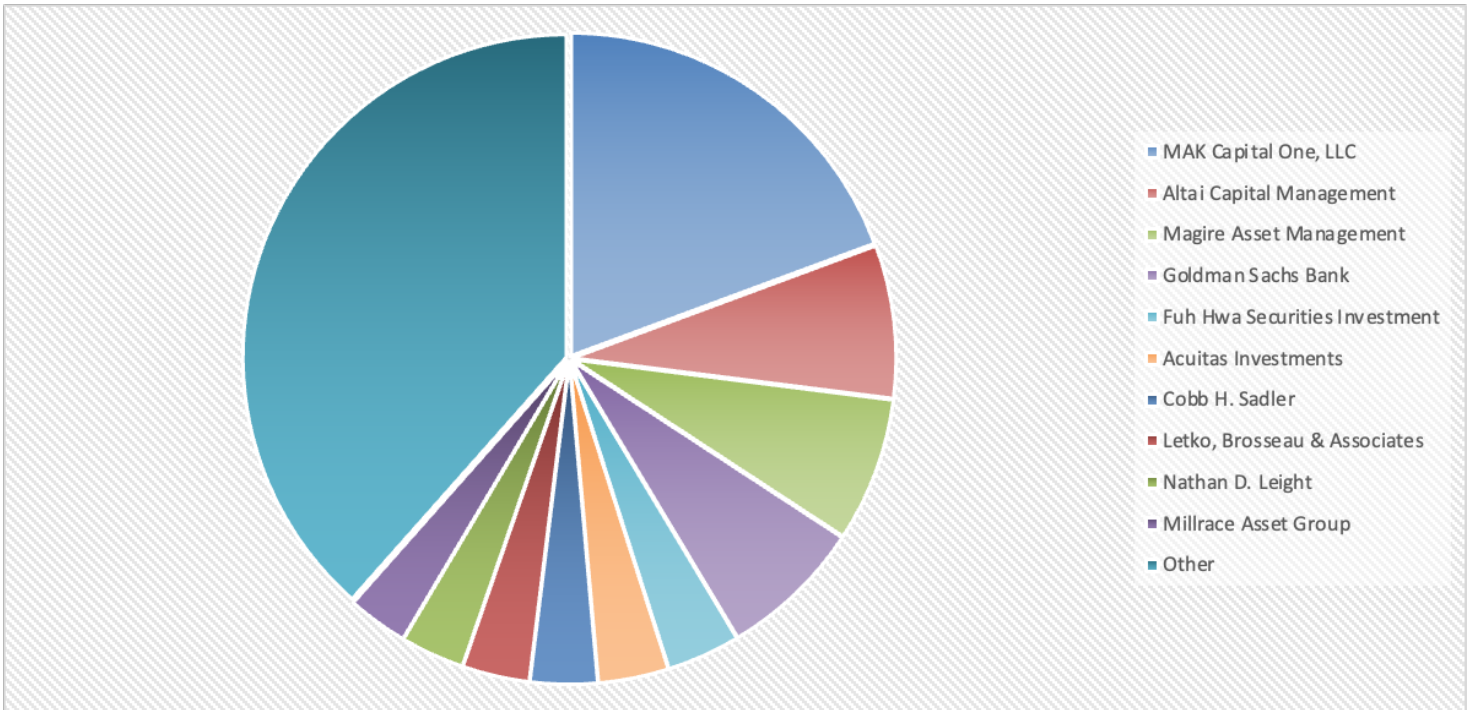
We value YTRA using a peer comparables valuation methodology based on EV/Sales for 2022 calendar estimates. The average multiple for this group is down to 3.5 times. Using that number and an estimate of calendar year sales for Yatra in 2022 of US$67 million we calculate an enterprise value of $235 million, a market value of $250 million, and a stock price of $3.60 per share using 62.6 million shares outstanding and putting a 10% discount for microcap size, single country risk, and corporate governance.

Company	Ticker	EV	Sales 2022E	Sales 2023E	EV/Sales 2022E	EV/Sales 2023E
MakeMyTrip (Golbibo)**	MMYT	3,270	586	NA	5.6x	NA
Booking Holdings (Priceline/Kayak/Agoda	BKNG	74,100	16,800	19,100	4.4x	3.9x
Expedia (Orbitz, Travelocity, Hotwire)	EXPE	17,700	11,710	11,930	1.5x	1.5x
Trip.com (formerly Ctrip)	9961 HK	132,600	21,760	34,460	6.1x	3.8x
Trivago N.V.	TVAG SG	341	543	696	0.6x	0.5x
TripAdvisor	TRIP	3,210	1,450	1,690	2.2x	1.9x
Corporate Travel Management (CTM)	CTD AX	2,750	736	NA	3.7x	NA
Tongcheng-Elong Travel Holdings	0780 HK	30,000	8,310	11,240	3.6x	2.7x
Easy Trip Planners**	EASEMYTF	74,150	5,442	6,341	13.6x	11.7x
Peer Average (Excluding Easy Trip Planner)					**3.5x**	**2.4x**

RISKS

- COVID-19 pandemic or other severe illness outbreaks causing a prolonged downturn and decline in revenues due to government restrictions.
- The newly announced capital raise could dilute current shareholders if the proceeds are not deployed in an accretive way.
- Competition landscape risks include increased competition, search engines' popularity for travel planning, or lost market share in either air ticketing or hotels and packages
- The semi-permanent decline in corporate travel from work-from-home trend or remote workers.
- Channel partners such as airline suppliers, may reduce or eliminate commissions. Financial challenges or insolvency of major airlines like Jet Airways were experienced in 2018 and 2019.
- History of operating losses making profitability uncertain.
- Cybersecurity attacks on airline providers, hotels, or Yatra Online or acts of terrorism in India or the company's travel market countries.
- Foreign private issuer status on Nasdaq allows home country corporate governance practices (India)
- Liquidity of stock shares and float. Shares as micro-cap stock can cause large fluctuations in stock prices and bid/ask. Approximately 34% of shares are owned by insiders, directors, and affiliated companies.
- Affiliates, large shareholders, officers & directors could exert significant control over stockholder matters. Including the Investor Rights Agreement from the 2016 listing with MIHI LLC, Terrapin Sponsors, and certain Terrapin 3 Acquisition Corp holders.
- Dual classes of stock shares: Class A shares and Class F shares. Voting and holding a separate Class A shareholders meeting could be different from than rights of Class F shareholders.
- Impairments of goodwill or intangible assets: such as those taken in the March quarters of 2021 and 2020.
- Currency Volatility: fluctuations in the value of the Indian rupee against USD, Euro, and/or British Pound.

OWNERSHIP


MAK Capital One, LLC
Altai Capital Management
Magire Asset Management
Goldman Sachs Bank
Fuh Hwa Securities Investment
Acuitas Investments
Cobb H. Sadler
Letko, Brosseau & Associates
Nathan D. Leight
Millrace Asset Group
Other

INCOME STATEMENT

(Thousands US Dollars)	June 1Q22	Sept 2Q22	Dec 3Q22	March 4Q22	2022	June 1Q23	Sept 2Q23E	Dec 3Q23E	March 4Q23E	2023E	2024E
Revenues:					22,353					40,926	116,526
Adjusted Revenues **											
Air Ticketing	4,151	6,858	9,766	8,798	**29,143**	10,059	12,000	13,900	15,200	**51,159**	**62,874**
% change (yoy)	84%	99%	66%	1%	**43%**	140%	85%	60%	53%	**76%**	**23%**
Hotels & Packages	607	2,205	2,833	2,369	**7,897**	3,830	4,000	4,000	4,500	**16,330**	**20,902**
% change (yoy)	284%	256%	89%	-6%	**65%**	180%	120%	100%	70%	**107%**	**28%**
Other Services & Income (Rail, Bus, Freight, Insuranc	1,816	1,572	1,448	1,750	**6,487**	1,977	2,000	2,100	2,300	**8,377**	**11,309**
% change (yoy)	153%	46%	55%	-15%	**35%**	35%	75%	80%	50%	**29%**	**35%**
**Adjusted Revenues ** **	**6,574**	**10,635**	**14,047**	**12,917**	**43,527**	**15,866**	**18,000**	**20,000**	**22,000**	**75,866**	**95,086**
% change (yoy)	**110%**	**107%**	**69%**	**-3%**	**45%**	**141%**	**69%**	**42%**	**70%**	**74%**	**25%**
Non-Adjusted Revenues:											
Total Rendering of Services Revenues	**3,643**	**5,654**	**7,724**	**7,284**	**23,954**	**10,300**	**11,700**	**13,000**	**14,300**	**49,300**	**61,806**
% change (yoy)	43%	89%	105%	27%	**60%**	183%	107%	68%	96%	**106%**	**25%**
Other Revenues (Advertising, Facilitation Fees Webs	486	420	705	689	2,267	1,077	1,260	1,400	1,540	5,277	6,656
% change (yoy)	53%	-33%	9%	-12%	-4%	110%	100%	95%	80%	133%	22%
Reported Revenues	4,129	6,074	8,429	7,973	**26,221**	11,377	12,960	14,400	15,840	**54,577**	**68,462**
% change (yoy)	44%	70%	99%	19%	**51%**	176%	113%	71%	99%	**108%**	**25%**
Other Income	1,062	627	105	335	2,091	249	500	500	600	1,849	2,034
% change (yoy)	177%	52%	-52%	-58%	16%	-77%	15%	15%	15%	-12%	10%
Operating Expenses:											
Service Cost	127	316	1,073	615	2,091	1,857	2,300	3,000	5,000	12,157	15,000
Personnel Expense	2,939	3,988	3,407	3,351	13,469	3,416	3,800	5,000	5,000	17,216	19,000
Marketing & Sales Promotion Expense	204	392	620	446	1,636	391	800	800	800	2,791	3,200
Other Operating Expenses	2,060	2,761	3,511	3,615	11,774	4,836	4,800	4,200	4,200	18,036	20,000
Depreciation & Amortization	1,030	1,134	993	970	4,062	698	700	680	670	2,748	3,000
Goodwill Impairment	0	0	0	0	0	0	0	0	0	0	0
Impairment of loan to joint venture	0	0	964	13	958	13	0	0	0	13	0
Total Operating Expenses	6,360	8,591	10,568	9,010	**33,990**	11,211	12,400	13,680	15,670	**52,961**	**60,200**
% change (yoy)	-30%	9%	48%	-40%	**-13%**	76%	44%	29%	74%	**56%** 70%	14% 63%
Operating Income (Loss)	(1,169)	(1,890)	(2,034)	(702)	**(5,678)**	415	1,060	1,220	770	**3,465**	**10,296**
Joint Venture Share of Loss	(13)	(16)	588	0	559	-	(25)	(35)	(35)	(95)	(119)
Interest Income	307	178	93	65	643	131	200	200	200	731	731
Interest Expense	(350)	(303)	(303)	(388)	(1,344)	(389)	(300)	(300)	(300)	(1,289)	-
Listing and related expenses	0	0	(294)	(447)	(741)	(135)	(300)	0	0	(435)	0
Change in Fair Value of Warrants (Loss)	164	174	104	0	442	0	0	0	0	-	0
Income before Taxes (Loss)	(1,061)	(1,857)	(1,846)	(1,472)	**(5,378)**	22	935	1,085	635	**2,677**	**10,908**
Income Taxes	(21)	(35)	(99)	(71)	(223)	(112)	(231)	(148)	(220)	(711)	(1,218)
Net Income (reported)	**(1,082)**	**(1,892)**	**(1,945)**	**(1,543)**	**(5,601)**	**(90)**	**704**	**937**	**415**	**1,966**	**9,689**
Net Income Adjusted (Non-IFRS)	**(594)**	**(834)**	**(782)**	**(1,115)**	**(3,326)**	**392**	**1,409**	**1,318**	**891**	**4,008**	**11,398**
EPS (reported, diluted)	($0.02)	($0.03)	($0.03)	($0.02)	($0.10)	($0.00)	$0.01	$0.01	$0.01	$0.03	$0.14
EPS Adjusted (Non-IFRS, diluted)	**($0.01)**	**($0.01)**	**($0.01)**	**($0.02)**	**($0.05)**	**$0.01**	**$0.02**	**$0.02**	**$0.01**	**$0.06**	**$0.17**
Calendar EPS (reported, diluted)					**($0.22)**					**$0.00**	**$0.11**
Calendar EPS Adjusted (diluted)					**($0.11)**					**$0.03**	**$0.14**
Adjusted EBITDA (Non-IFRS)	**521**	**313**	**591**	**697**	**2,095**	**1,563**	**1,800**	**2,100**	**2,420**	**7,883**	**11,410**

SEGMENTS & METRICS

(March Year-end)	Year	Year	Year	Year	Quarter	Quarter	Quarter	Quarter	Year	Quarter
Key Metrics (in thousands)	**March Yr 2018**	**March Yr 2019**	**March Yr 2020**	**March Yr 2021**	**June Q 2022A**	**Sept Q 2022A**	**Dec Q 2022A**	**Mar Q 2022A**	**March Yr 2022**	**June Q 2023A**
Air Passengers	8,875	10,163	8,179	2,623	415	896	1267	986	3,564	1290
Hotel Room Nights	2,098	2,341	1,200	547	70	289	342	317	1,018	585
Holiday Packages (travelled)	168	134	111	4	1	1	4	4	10	5
Growth	**March Yr 2018**	**March Yr 2019**	**March Yr 2020**	**March Yr 2021**	**June Q 2022A**	**Sept Q 2022A**	**Dec Q 2022A**	**Mar Q 2022A**	**March Yr 2022**	**June Q 2023A**
Air Passengers	29%	15%	-20%	-68%	171%	93%	39%	-10%	36%	211%
Hotel Room Nights	52%	12%	-49%	-54%	367%	641%	72%	8%	86%	736%
Holiday Packages (travelled)	17%	-20%	-17%	-96%	NM	0%	300%	100%	150%	400%
Gross Bookings (in INR)*	**March Yr 2018**	**March Yr 2019**	**March Yr 2020**	**March Yr 2021**	**June Q 2022A**	**Sept Q 2022A**	**Dec Q 2022A**	**Mar Q 2022A**	**March Yr 2022A**	**June Q 2023A**
Air Ticketing	79,156,190	97,638,313	77,411,328	13,001,783	1,892,984	6,624,473	9,691,893	9,439,494	27,648,844	14,837,538
Hotels & Packages	13,386,288	13,511,914	7,895,916	1,705,600	226,911	988,658	1,221,492	1,050,215	3,487,276	2,204,311
Total	**92,542,478**	**111,150,227**	**85,307,244**	**14,707,383**	**2,119,895**	**7,613,131**	**10,913,385**	**10,489,709**	**31,136,120**	**17,041,849**
Bookings Growth	**March Yr 2018**	**March Yr 2019**	**March Yr 2020**	**March Yr 2021**	**June Q 2022A**	**Sept Q 2022A**	**Dec Q 2022A**	**Mar Q 2022A**	**March Yr 2022A**	**June Q 2023A**
Air Ticketing	38%	23%	-21%	-83%	NM	320%	89%	45%	113%	684%
Hotels & Packages	28%	1%	-42%	-78%	5263%	798%	98%	8%	104%	871%
Total	**37%**	**20%**	**-23%**	**-83%**	**NM**	**351%**	**90%**	**40%**	**112%**	**704%**
Net Revenue Margin %	**March Yr 2018**	**March Yr 2019**	**March Yr 2020**	**March Yr 2021**	**June Q 2022A**	**Sept Q 2022A**	**Dec Q 2022A**	**Mar Q 2022A**	**March Yr 2022A**	**June Q 2023A**
Air Ticketing	**6.3%**	**5.8%**	**5.1%**	**11.4%**	16.3%	7.7%	7.5%	7.1%	**8.0%**	5.4%
Hotels & Packages	**12.7%**	**13.9%**	**9.9%**	**20.6%**	19.9%	16.5%	17.3%	17.1%	**17.2%**	13.7%

* Gross Bookings are net of of cancellations & refunds and include fees and other charges

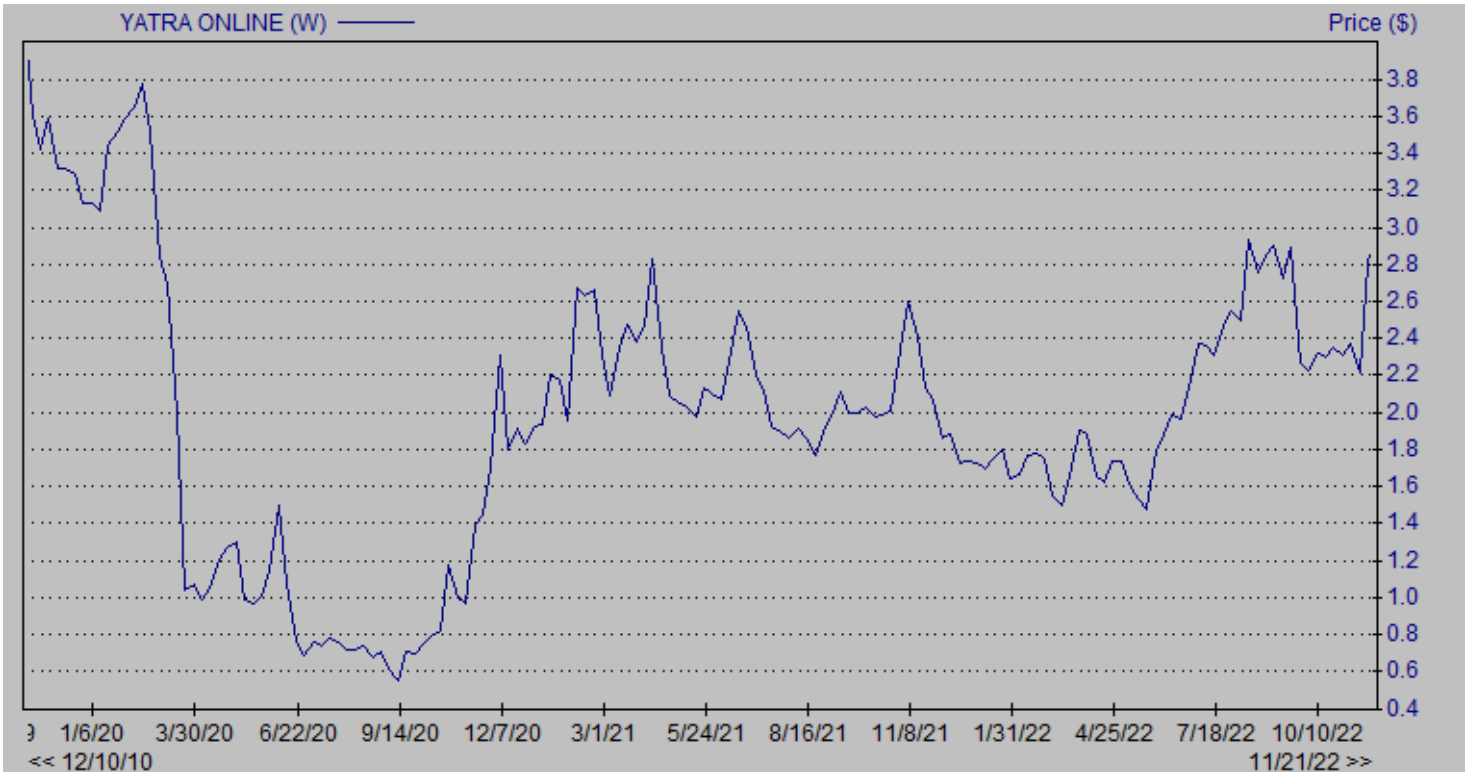
BALANCE SHEET

in Thousands of US Dollars	June 30, 2022	Mar 31, 2021	Qtr-to-Qtr % Change	June 30, 2021	Yr-to-Yr % Change
CURRENT ASSETS					
Cash and cash equivalents	**$5,355**	**$10,548**	-49.23%	**$23,563**	-77.27%
Term Deposits	**7,019**	**7,490**	-6.29%	**6,440**	8.99%
Other financial assets	869	901	-3.55%	1,481	-41.32%
Income tax recoverable	2,958	2,709	9.19%	2,193	34.88%
Trade and other receivables	35,832	25,500	40.52%	7,239	394.99%
Inventories	3	3	0.00%	20	-85.00%
Prepayments and other assets	6,447	8,010	-19.51%	7,797	-17.31%
Total current assets	58,483	55,161	6.02%	48,733	20.01%
Property, plant and equipment	295	290	1.72%	276	6.88%
Right of use assets	2,817	3,028	-6.97%	3,772	-25.32%
Intangible assets and goodwill	9,356	9,915	-5.64%	11,500	-18.64%
Prepayments and other	8	12	-33.33%	5	60.00%
Other financial assets	645	637	1.26%	255	152.94%
Term deposits	12	-	NM	286	-95.80%
Other non financial assets	2,723	2,850	-4.46%	2,909	-6.39%
Deferred tax assets	120	132	-9.09%	195	-38.46%
Total other assets	15,976	16,864	-5.27%	19,198	-16.78%
TOTAL ASSETS	74,459	72,025	3.38%	67,931	9.61%
CURRENT LIABILITIES					
Borrowings	**3,151**	**4,671**	-32.54%	**50**	6202.00%
Trade and other payables	35,716	31,563	13.16%	25,827	38.29%
Employee benefits	779	846	-7.92%	749	4.01%
Deferred revenue	1,740	2,415	-27.95%	2,438	-28.63%
Income taxes payable	107	53	101.89%	2	5250.00%
Lease liability	537	514	4.47%	573	-6.28%
Other financial liabilities	5,730	5,660	1.24%	1,449	295.45%
Other current liabilities	10,493	9,367	12.02%	9,616	9.12%
Total current liabilities	58,253	55,089	5.74%	40,704	43.11%
OTHER LONG-TERM LIABILITIES					
Borrowings	**66**	**55**	20.00%	**30**	120.00%
Trade and other payables	576	562	2.49%	486	18.52%
Deferred tax liabilities	137	152	-9.87%	183	-25.14%
Employee benefits	406	511	-20.55%	710	-42.82%
Deferred revenue	691	856	-19.28%	2,824	-75.53%
Lease liability	2,809	3,040	-7.60%	3,597	-21.91%
Other financial liabilities	-	-	NM	3,755	-100.00%
Other non-financial liabilities	-	-	NM	421	-100.00%
TOTAL LIABILITIES	62,938	60,265	4.44%	52,710	19.40%
SHAREHOLDERS EQUITY					
Share capital	11	11	0.00%	11	0.00%
Share premium	256,869	267,385	-3.93%	272,372	-5.69%
Treasury shares	(142)	(148)	-4.05%	(151)	-5.96%
Other capital reserves	3,574	3,473	2.91%	2,230	60.27%
Accumulated deficit	(248,288)	(258,562)	-3.97%	(258,945)	-4.12%
Foreign currency translation reserve	(538)	(425)	26.59%	(371)	45.01%
Total shareholders equity	11,486	11,734	-2.11%	15,146	-24.16%
Total non-controlling interest	35	26	34.62%	75	-53.33%
Total equity	11,521	11,760	-2.03%	15,221	-24.31%
TOTAL LIABILITIES & SHAREHOLDERS EQUITY	74,459	72,025	3.38%	67,931	9.61%
Cash and equivalents	$12,374	$18,038	-31.40%	$30,003	-58.76%
Current Ratio	1.0	1.0	0.26%	1.2	-16.15%
Quick Ratio	1.0	1.0	0.26%	1.2	-16.12%
Working capital	230	72	219.44%	8,029	-97.14%
Debt	$3,217	$4,726	-31.93%	$80	3921.25%
Debt/Total assets	4.3%	6.6%	-34.15%	0.1%	3568.70%

CASH FLOWS

in Thousands of US Dollars	3 Mo Jun-21	3 Mo Sep-21	3 Mo Dec-21	3 Mo Mar-22	Year FY 2022	3 Mo Jun-22
Pretax income	(1,060)	(1,858)	(1,839)	(1,378)	(6,135)	22
Adjustments for non-cash and non-operating items	458	1,196	2,054	1,791	5,499	1,021
CASH FLOW	(602)	(662)	215	413	(636)	1,043
Changes in working capital	1,411	(4,116)	(6,463)	(3,383)	(12,551)	(3,547)
Taxes paid, net	1,140	(121)	(212)	(432)	375	(416)
Net cash flow from operating activities	1,949	(4,899)	(6,457)	(3,405)	(12,812)	(2,920)
Net cash flow from investing	544	515	376	(2,576)	(1,141)	(162)
Net cash flow from financing	(1,972)	(273)	2,428	1,600	1,783	(1,657)
Net increase in cash	521	(4,657)	(3,653)	(4,380)	(12,170)	(4,739)
Cash at beginning	23,026	23,563	19,032	15,352	22,558	10,128
Effect of exchange differences	16	72	45	27	160	(34)
Cash at end of period	23,563	19,032	15,352	10,548	10,548	5,355

HISTORICAL STOCK PRICE



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