



# BUDGET BULLSEYE



**DATA DORKS** 

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# EASEMYTRIP STOCK SELECTION ANALYSIS:

LEVERAGING GOVERNMENT TOURISM PUSH

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## GOVERNMENT TOURISM INITIATIVES:

#### **SECTOR POTENTIAL:**

EaseMyTrip belongs to the Travel Services sector. This sector includes companies that provide services related to travel, such as booking flights, hotels, and rental cars. Also included in this sector are companies that operate travel agencies and cruise lines.

## **Dekho Apna Desh:**

Aims for a 20% increase in domestic tourist footfall by 2026 with a ₹10,000 crore budget (2024-2028). This directly aligns with EaseMyTrip's core business of domestic travel bookings.

#### **Swadesh Darshan Scheme:**

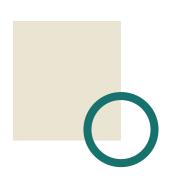
Budget exceeding ₹9,600 crore (2024-2034) to develop 75 thematic tourism circuits across India. This creates new travel destinations and potentially increases demand for EaseMyTrip's services in curating and booking travel packages.

## **Pre-Pandemic Growth Trajectory:**

The Indian travel and tourism sector contributed ₹16.9 lakh crore (US\$234.4 billion) to GDP and employed over 42 million people in 2019 . This indicates a strong pre-pandemic base for a potential rebound.

## **QUANTITATIVE ANALYSIS:**

(USING PUBLICLY AVAILABLE DATA)





#### **Market Size:**

India's online travel market is expected to reach US\$18.8 billion by 2025. This signifies a large addressable market for EaseMyTrip.

## **EaseMyTrip's Market Share:**

Precise market share data might require subscription services. However, you can look for EaseMyTrip's user base or booking volume figures in their financial reports or news articles.

#### **Travel Sector Growth:**

Look for reports from travel industry associations or research firms to find India's travel sector growth projections (percentage or CAGR - Compound Annual Growth Rate).

## **CONCLUSION:**

If the projected growth of the travel sector outpaces
EaseMyTrip's historical or projected market share growth, it might indicate room for the company to capture a larger portion of the expanding market.



# COMPANY OVERVIEW

**EASE MY TRIP: REDEFINING TRAVEL** 

#### **INTRO**

Found in 2008, EaseMyTrip, officially known as Easy Trip Planners Limited, is a leading Indian online travel agency offering a comprehensive range of travel services including flight bookings, hotel reservations, holiday packages, and bus bookings. EaseMyTrip's journey as one of India's pioneering unicorns, among the first 100 in the nation's burgeoning startup ecosystem, is a testament to its remarkable growth and impact.



## **STOCK ANALYSIS**

As of the latest data, the stock price of EaseMyTrip is approximately ₹45.45, marking a 3.0% in the CMGR (Compounding Monthly Growth Rate). Their current market capitalization stands at Rs. 8053.92 Cr. with its revenue consistently increasing, driven by higher bookings and expanded service offerings. The company has an interest coverage ratio of 30.0 indicating that its earnings before interest and taxes (EBIT) are 30 times higher than its interest expense, which is a strong indicator of financial health and the company's ability to meet its debt obligations.

## INTRODUCTION

PIONEERING SEAMLESS TRAVEL





#### **Business Model**

EaseMyTrip stands out in the online travel agency sector with its distinctive and cost-effective operational approach, giving it the edge in the OTA space, and ensuring customer-centricity. One notable feature is its no-convenience-fee policy for flight bookings, a strategy that has fostered customer loyalty and contributed significantly to its expansion.



## **IPO and Listing**

In March 2021, EaseMyTrip launched its Initial Public Offering (IPO), which was met with an overwhelming response from investors, resulting in significant oversubscription. The company is now listed on both the National Stock Exchange (NSE) and the Bombay Stock Exchange (BSE), trading under the ticker symbol "EASEMYTRIP" and BSE code "543272".

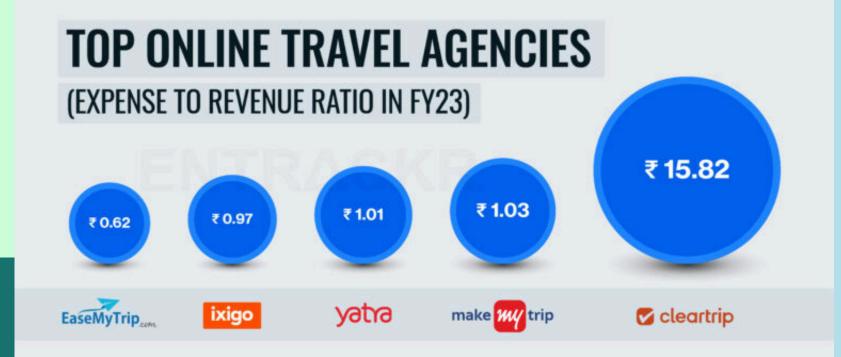


## **Financial Performance**

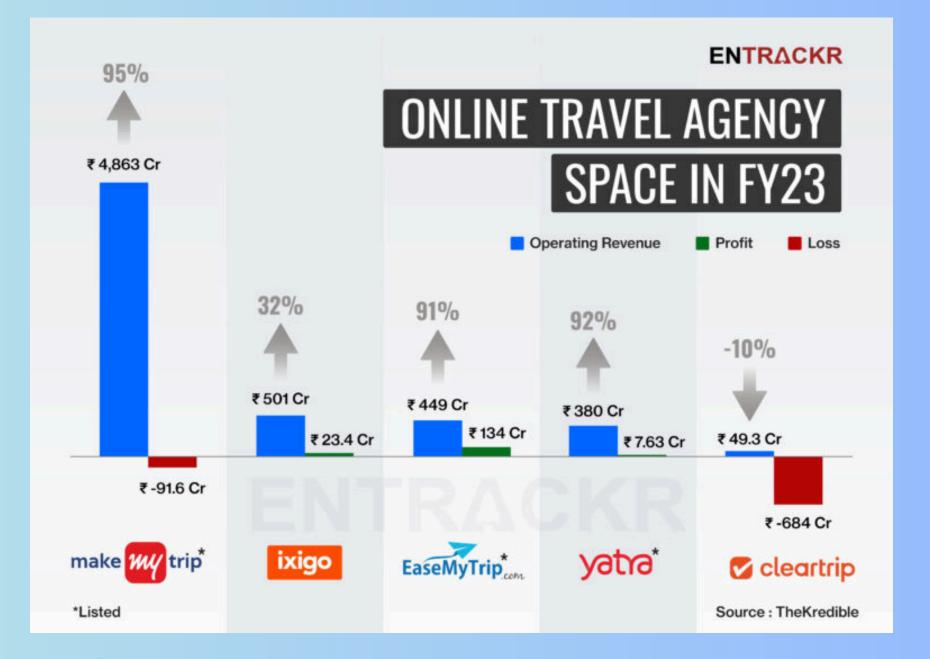
In 2022-23 EaseMyTrip profit crossed ₹ 100 crore, growing at a 3-year CAGR of 78%.It also remains India's only company delivering consistent profits among all listed new age tech businesses. In the year 2022-23, the Air segment witnessed an impressive 62% growth, while the Hotel segment recorded massive growth of 121% while the company's other segments saw a more moderate growth of about 10%.

# COMPETITOR ANALYSIS

EaseMyTrip faces significant competition in the Indian online travel agency (OTA) market. The competitive landscape is shaped by factors such as pricing strategies, service diversification, user experience, and technological innovation. However, EaseMyTrip employs certain key startegies to deal with the competition.



**ENTRACKR** 



- To attract more customers, EaseMyTrip has expanded its offerings to include travel insurance, visa assistance, and more.
- Easemytrip also has a small expense-to-revenue ratio which reflects positively on the company's financial health.
  - EaseMyTrip has introduced loyalty programs and special discounts for frequent travelers, aiming to retain existing customers

# COMPETITOR ANALYSIS

## MakeMyTrip



- Dominant player in the Indian OTA Market.
- Holds around 53.8% of the market share.
- High on offering lucrative rewards to its customers.

## Ixigo



- Backed by Sequoia Capital India, SAIF Partners, and MMT Ltd.
- Leverages AI and data analytics to provide a personalized experience.
- Caters well to tech-savvy.

#### Yatra



- Another major Indian OTA offering similar services to EaseMyTrip.
- Popular for its corporate travel services with 700+ corporate customers.
- Commands a notable share of the market.

## Cleartrip



- Known for its user-friendly interface and comprehensive travel solutions.
- Simplified booking process and strong customer service.

## IMPORTANT METRICS

| P/E RATIO |
|-----------|
|-----------|

The price-to-earnings (P/E) ratio=Share price / Earnings per share

52.74%

ROCE

ROCE (return on capital employed) = Profit of the year / Capital Employed

50.5%

ROA

ROA(Return on Assets) = Net Income / Total Assets

21.80%

ROE

ROE(Return on Equity) = Net Income / Shareholders' Equity

46.9%

## IMPORTANT METRICS

D/E RATIO

D/E(Debt to Equity) Ratio= Total Liabilities / Shareholder's Equity

0.74

**DEBT RATIO** 

Debt to Asset Ratio=Total funded debt/Total assets

0.48

TCI
(GROWTH)

Total Comprehensive Income=Net Income+Other Comprehensive Income

26.8%

**PROFIT** 

(GROWTH)

Profit=(Total Profit in 2023–Total Profit in 2022)/Total Profit in 2022

36.9%

## IMPORTANT METRICS

## **CMGR**

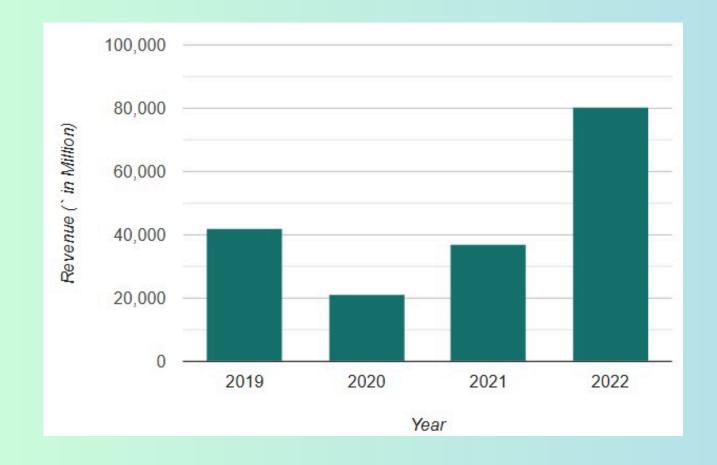
Compounding Monthly Growth Rate Formula (CMGR)(Final Month Value / Initial Month Value) ^ (1 / # of Months) – 1 [DEC-MAY]

3%

## GBR (GROWTH)

Gross Booking Revenue(GBR) = (GBR of 2023-GBR of 2022)/GBR of 2022

116.7%





# RISKS ANALYSIS



## **Market Competition:**

Highly competitive industry with major players like MakeMyTrip and Booking.com. EaseMyTrip faces challenges in maintaining market share and profitability.

## **Economic Sensitivity:**

The travel and tourism industry is sensitive to economic conditions.

Economic downturns, such as recessions or significant disruptions like the COVID-19 pandemic, can lead to reduced travel demand, directly impacting revenue and profitability

## **Technological Disruptions:**

Requires continuous investment in IT. Annual IT expenses are around ₹20-25 crores to maintain competitive services and security

## **Operational Risks:**

Technical issues or cyberattacks could lead to significant financial losses. A 24-hour outage could result in an average revenue loss of ₹2 crores.

## Seasonality:

The travel industry often
experiences seasonal fluctuations,
with peak and off-peak periods
affecting revenue consistency.
EaseMyTrip needs to manage its
operations efficiently to handle
these fluctuations without
significantly impacting profitability

#### **Dependence on Partners:**

Risk of Contract Changes: The company's reliance on airline and hotel partners means that any adverse changes in partnership terms could impact its service offerings. For example, if a major airline partner increases its commission rates by 2%, it could reduce EaseMyTrip's profit margins significantly.



## CONCLUSION

EaseMyTrip remains a strong contender in the online travel agency market and stands out in the online travel agency market with-

- Consistent financial performance
- Strategic business model
- Low debt levels
- Future service diversification plans
- Leading market share with robust growth potential
- Investment in modern technologies
- Revamping their business module
- Strong balance sheet with heavy cash flows



Resources: https://shorturl.at/DGXOk

