

Price: 12.1

Recommendation: Buy

Industry: Tour, Travel Related

Sector: Consumer Discretionary

Report Date: 17-Mar-2025

Easy Trip Planners Limited is actively diversifying its revenue streams, focusing on non-air segments and expanding its franchise model. The company has secured high-profile sponsorships and partnered with BNZ Green for a blockchain-based carbon offset program. With a 227% growth in Dubai operations, they aim to increase non-air segment contributions to 25% by FY2026. Strategic partnerships and sustainability efforts position them for future growth.

Sales		Profit & Loss		Profitability Matrix	
Current Year	445 Cr	Operating Profit (Year)	171 Cr	Operating Profit Margin	38.3 %
Previous Year	430 Cr	Operating Profit (Quarter)	41.1 Cr	EBITDA Margin	53.48 %
Current Quarter	106 Cr	PAT (Year)	163 Cr	Net Profit Margin	33.9 %
Previous Quarter	103 Cr	PAT (Quarter)	33.5 Cr	EPS	0.24
Revenue (QYoY)	129 Cr				
Valuation Matrix		Growth (YoY)		Growth (QoQ)	
Trailing P/E	27.0	Sales Growth	-3.87 %	Sales Growth	2.91 %
PEG Ratio	0.55	PAT Growth	10.88 %	Sales Growth QYoY	-17.83 %
EV/EBITDA	21.6	EPS Growth	-29.41 %	PAT Growth	20.5 %
P/B	6.04	Dividend Yield	0.39	PAT Growth QYoY	-34.44 %
Capital Allocation		Holdings		Leverage	
RoE	31.9 %	Promoter	50.4 %	Debt/Equity	0.00
RoA	21.8 %	FII	2.58 %	Debt	0.00 Cr
RoCE	43.4 %	DII	3.00 %	Market Cap	4274 Cr
RoIC	51.5 %	Public	44.0 %	Enterprise value	4141 Cr
		No of Shares	354 Cr	Cash Equivalents	133 Cr

source : Company filings

Company's Overview Based on Recent Concall and Performance:

During the recent earnings call, Easy Trip Planners Limited highlighted several new initiatives and strategic directions. The company has been focusing on diversifying its revenue streams, particularly in non-air segments, which have shown significant growth. A key initiative is the expansion of their franchise model, with new stores opening in various cities, enhancing their offline presence. They have also secured high-profile sponsorships, such as the Big Cricket League and the Kho Kho World Cup, to boost brand visibility. Additionally, the company has partnered with BNZ Green to introduce a blockchain-based carbon offset program, promoting sustainable travel choices. These efforts are complemented by strategic partnerships with OLX and CARS24, aimed at expanding their digital footprint and customer engagement.

The company is optimistic about its future growth and scaling prospects. They have reported a remarkable 227% year-on-year growth in their Dubai operations, reflecting successful market capture abroad. The focus remains on expanding their presence in key markets, which positions them well for sustained growth. The management has expressed confidence in their ability to grow the hotel business, which is seen as a more profitable line than the airline business. They aim to increase the contribution of non-air segments to 25% of their business by FY2026, up from the current 14%. This strategic shift is expected to enhance profitability and reduce reliance on the competitive airline sector.

From a positive perspective, the company's strategic initiatives and partnerships are well-aligned with their growth objectives. The diversification into non-air segments and international markets is a prudent move, given the competitive pressures in the airline industry. The focus on profitability, even at the cost of slower growth, is commendable and reflects a long-term vision. However, there are areas for improvement. The company could benefit from more aggressive marketing strategies to capture market share in the highly competitive travel industry. Additionally, there is a need for clearer communication with investors to manage expectations and avoid surprises, as highlighted by concerns over sudden strategic moves and equity dilution.

Specific data points of interest include the company's gross booking revenue of INR 2,149 crores for Q3 FY2025, with an EBITDA margin of 33.2%. The total nights booked grew by 172% year-on-year, contributing 11.1% to the gross booking revenue. The train, buses, and other categories also saw a 31.9% year-on-year growth. The company's commitment to sustainability and digital transformation, along with their strategic partnerships, positions them well for future growth. However, the management acknowledges the challenges posed by competition and the need for strategic focus to ensure continued success.

EASEMYTRIP Daily Closing One Year Price Chart



Name	Mar Cap (Rs. Cr.)	P/E	ROE	Sales(G) QoQ	Sales(G) QYoY	PAT(G) QoQ	PAT(G) QYoY
Le Travenues	4915.43	104.31	9.32%	17.09%	41.75%	24.16%	-48.44%
Easy Trip Plann.	4274.25	26.97	31.90%	2.49%	-17.92%	20.58%	-34.43%
TBO Tek	12824.16	59.90	46.05%	-6.32%	29.17%	-22.25%	-8.03%
Yatra Online	1090.73	40.45	-1.00%	-0.48%	113.21%	37.12%	844.34%

Aspect	Commentary
Revenue	The company shows a slight increase in quarterly revenue, indicating stable performance. However, the year-over-year revenue growth is negative, suggesting challenges in maintaining growth momentum. This could be due to market saturation or increased competition, necessitating strategic adjustments to boost sales and capture market share.
Profit & Loss	Operating profit and PAT show healthy growth, reflecting efficient cost management and strong operational performance. The quarterly figures also indicate a positive trend, suggesting the company is effectively navigating market challenges. This profitability is crucial for sustaining investor confidence and funding future growth initiatives.
Profitability Matrix	The company maintains strong profitability metrics, with high operating and net profit margins. This indicates effective cost control and pricing strategies. The EPS, however, shows a decline, which may affect investor sentiment. Maintaining these margins will be key to sustaining financial health and competitive advantage.
Valuation Matrix	The valuation metrics suggest the company is reasonably valued, with a moderate P/E ratio and a low PEG ratio, indicating potential for growth. The EV/EBITDA and P/B ratios are on the higher side, which may reflect market optimism about future prospects. Investors should monitor these metrics for any significant changes.
Growth (YoY)	Year-over-year growth metrics show mixed results, with a decline in sales and EPS but an increase in PAT. This suggests the company is managing costs effectively but facing challenges in revenue growth. The dividend yield remains low, indicating limited returns for income-focused investors. Strategic focus on growth is needed.
Growth (QoQ)	Quarter-over-quarter growth shows positive trends in sales and PAT, indicating short-term improvements. However, the significant decline in QYoY growth highlights underlying challenges. The company needs to address these issues to ensure sustainable growth and maintain investor confidence in its long-term prospects.
Capital Allocation	The company demonstrates strong capital allocation efficiency, with high returns on equity, assets, and capital employed. This indicates effective use of resources to generate profits. Maintaining these high returns will be crucial for attracting investment and supporting future expansion plans. Strategic reinvestment is advised.
Holdings	The ownership structure shows a balanced distribution, with significant promoter holding, which can ensure strategic stability. The public holding is substantial, providing liquidity in the market. Monitoring changes in institutional holdings will be important for understanding market sentiment and potential shifts in control.
Leverage	The company has no debt, indicating a strong balance sheet and financial stability. This positions it well to weather economic downturns and invest in growth opportunities without the burden of interest payments. Maintaining this leverage position will be advantageous for future strategic initiatives and investor confidence.

Analyst viewpoint: Our optimism for Easy Trip Planners Limited in the short to mid-term is underpinned by impressive growth metrics and strategic initiatives. The company's quarterly sales growth of 2.91% and PAT increase of 20.5% affirm its capacity to navigate market challenges with efficiency and operational acumen. With a trailing P/E of 27, amidst competitive valuation metrics, there is ample room for growth driven by strategic diversification. The recent earnings call revealed key initiatives such as franchise model expansion and high-profile sponsorships, alongside partnerships with BNZ Green and digital firms that signal a robust trajectory towards revamping its revenue streams. A staggering 227% growth in its Dubai operations further exemplifies its aggressive international expansion strategy.

Further enhancing our confidence is the company's conscientious capital allocation, boasting a RoCE of 43.4%, and a leverage-free balance sheet enriching its financial stability. Peer comparison shows a competitive edge in return metrics, notably a 31.9% RoE. The company's focus on non-air segments, aiming to increase contribution from 14% to 25% by FY2026, reflects a prudent shift away from the more volatile airline industry. However, investors may remain cautious about the need for more impactful marketing strategies to extend further market share amidst the competitive travel industry landscape.

Please read detailed disclosure on next page.

