

Kuber Chauhan
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Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	7,401
Fresh Issue (No. of Shares in Lakhs)	129
Offer for Sale (No. of Shares in Lakhs)	666
Bid/Issue opens on	10-June-23
Bid/Issue closes on	12-June-23
Face Value	Rs. 1
Price Band	88-93
Minimum Lot	161

Objects of the Issue

- **Fresh issue: ₹ 1,200 million**
Part-funding working capital requirements of the company. Investments in cloud infrastructure and technology. Funding inorganic growth through unidentified acquisitions and other strategic initiatives. General corporate purposes.
- **Offer for sale: ₹6,201 million**

Book Running Lead Managers

Axis Capital

DAM Capital

JM Financial

Registrar to the Offer

Link Intime India Private Limited

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	501.00
Subscribed paid up capital (Pre-Offer)	374.52
Paid up capital (post-Offer)	387.42

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	-	-
Public - Selling Shareholders	100	79.5
Public - Others	-	20.5
Total	100	100

Financials

Particulars (₹ In million)	9MFY24	FY23	FY22	FY21
Revenue from operations	4,910	5,013	3,796	1,356
Operating expenses	4,628	4,725	3,919	1,323
EBITDA	282	287	(123)	33
Other Income	61	163	54	28
Depreciation	103	108	78	19
EBIT	240	342	(148)	43
Interest	24	9	28	16
PBT	216	333	(176)	27
Exceptional items	297	(126)	-	-
Tax	(144)	(27)	35	(48)
PAT	657	234	(211)	75
Ratios	9MFY24	FY23	FY22	FY21
EBITDAM	5.75%	5.73%	NM	2.44%
PATM	13.38%	4.67%	NM	5.56%
Sales growth	NM	32.0%	NM	

Company Description

Le Travenues Technology Limited ("Ixigo") was incorporated on June 3, 2006. Ixigo is a technology company focused on empowering Indian travellers to plan, book and manage their trips across rail, air, buses and hotels. Ixigo is the leading Online Travel Agency ("OTA") for the 'next billion users', with their focus on localized content and app features that aim at solving problems of Tier II/ Tier III travellers. They assist travellers in making smarter travel decisions by leveraging artificial intelligence, machine learning and data science led innovations on their OTA platforms, comprising their websites and mobile applications.

Company's focus on travel utility and customer experience for travellers in the 'next billion user' market segment is driven by technology, cost-efficiency and their culture of innovation. They are also the leading OTA for the 'next billion users', and in September 2023, Ixigo flights, Ixigo trains, ConfirmTkt and AbhiBus have collectively seen the highest usage and engagement among all key OTA players and standalone transactional train mobile apps in India in terms of Monthly Active Users and sessions.

Their OTA platforms allow travellers to book train tickets, flight tickets, bus tickets and hotels, while providing travel utility tools and services developed using in-house proprietary algorithms and crowd-sourced information. In 2022, ixigo trains app was the 8th most downloaded travel and navigation app globally as per data.ai.

Ixigo is the largest Indian train ticket distributor in the OTA rail market and they had the largest market share of around 51%, in terms of rail bookings, among OTAs, as of March 31, 2023.

Their bus focused app, AbhiBus, was the 2nd largest bus-ticketing OTA in India, with a 11.5% market share in online bus ticket bookings in Fiscal 2023 which increased further to 12.5% in the 1st half of Fiscal 2024.

Company's revenue from operations have grown at a CAGR of 92.29% between Fiscal 2021 and Fiscal 2023, and the revenue from operations were Rs1355.7 mn, Rs3795.8 mn, and Rs5012.5 mn in Fiscals 2021, 2022 and 2023, respectively.

Over the lifecycle of their users, Ixigo has been able to cross-sell and up-sell tickets and Value-Added Services or services ancillary to their booking offerings and include services such as ixigo Assured, ixigo Assured Flex, Abhi Assured, seat selection, in-flight meals, visa processing, travel insurance and car rental services to their user base in addition to providing free information and utility services.

Valuation & Outlook

Le Travenues Technology Ltd ("IXIGO") is an OTA platform which is focused on empowering Indian travellers to plan, book and manage their trips across rail, air, buses and hotels. It is the second largest OTA in India in terms of consolidated revenue from operations in Fiscal 2023. (Source: F&S Report). The company's vision is to become the most customer-centric travel company, by offering the best customer experience to users.

At an upper band, company is valued at P/E of 154x while on market-cap/sales it is valued at 7.2x post issue of equity shares, compared to its peers (Yatra Online – 192x, Easy trip planners – 54.5x) on FY23 earning basis. Therefore, we believe that Ixigo has a scope of business improvement on the back of industry tailwinds, brand recall and business scalability, resulting in expansion of profitability.

Thus, we recommend an "SUBSCRIBE – long term" rating to the IPO.

Company's Operations

Le Travenues Technology Ltd ("Ixigo") is a technology company focused on empowering Indian travellers to plan, book and manage their trips across rail, air, buses and hotels. Ixigo assists travellers in making smarter travel decisions by leveraging artificial intelligence, machine learning and data science led innovations on their OTA platforms, comprising their websites and mobile applications. Company's vision is to become the most customer-centric travel company, by offering the best customer experience to their users.

Company's focus on travel utility and customer experience for travellers in the 'next billion user' market segment is driven by technology, cost-efficiency and their culture of innovation. Their OTA platforms allow travellers to book train tickets, flight tickets, bus tickets and hotels, while providing travel utility tools and services developed using in-house proprietary algorithms and crowd-sourced information, including train PNR status and confirmation predictions, train seat availability alerts, train running status updates and delay predictions, alternate route or mode planning, flight status updates, automated web check-in, bus running status, pricing and availability alerts, deal discovery, destination content, personalized recommendations, instant fare alerts for flights, AI-based travel itinerary planner and automated customer support services.

OTA Platforms



Ixigo is the leading OTA for the 'next billion users', with their focus on localized content and app features that aim at solving problems of Tier II/ Tier III travellers. They were the 2nd largest OTA in India in terms of consolidated revenue from operations in Fiscal 2023. They are also the leading OTA for the 'next billion users', and in September 2023, ixigo flights, ixigo trains, ConfirmTkt and AbhiBus have collectively seen the highest usage and engagement among all key OTA players and standalone transactional train mobile apps in India in terms of Monthly Active Users and sessions.

Ixigo is the largest Indian train ticket distributor in the OTA rail market and they had the largest market share of around 51%, in terms of rail bookings, among OTAs, as of March 31, 2023. Their market share in India in the OTA rail market was 46.15% in Fiscal 2023 and increased from 46.4% in the first half of Fiscal 2023 to 52.4% in the first half of Fiscal 2024. Their bus focused app, AbhiBus, was the 2nd largest bus-ticketing OTA in India, with a 11.5% market share in online bus ticket bookings in Fiscal 2023 which increased further to 12.5% in the 1st half of Fiscal 2024. They had a market share in India of nearly 5.2% of the total airline OTA market by volume in the 1st half of Fiscal 2024 up from 3.3% in Fiscal 2023. They are also the fastest growing OTA in India, in terms of revenue from operations between Fiscal 2020 and Fiscal 2023.

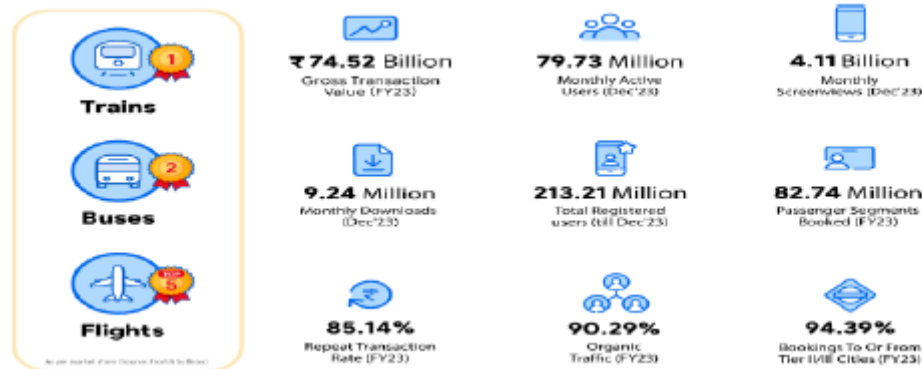
Company's revenue from operations have grown at a CAGR of 92.29% between Fiscal 2021 and Fiscal 2023, and the revenue from operations were ₹ 4910.2 mn and ₹3643.1 mn in the 9 months ended December 31, 2023 and December 31, 2022, respectively, while the revenue from operations were ₹ 5012.5 mn, ₹ 3795.8 mn and ₹ 1355.7 mn in Fiscals 2023, 2022 and 2021, respectively. The restated profit before tax was ₹ 485.0 mn and ₹ 144.0 mn in the 9 months ended December 31, 2023 and December 31, 2022, respectively. The restated profit before tax was ₹ 206.7 mn in Fiscal 2023, while the restated loss before tax was ₹ (176.0) mn in Fiscal 2022 and restated profit before tax was ₹ 27.1 mn in Fiscal 2021.

The gross ticketing revenue across the reportable segments as per Ind AS 108 in the corresponding years/ periods:

Gross Ticketing Revenue (in mn)	9MFY24	FY23	FY22	FY21
Flight Ticketing	2,174	2,220	1,996	1,152
Train Ticketing	2,674	2,847	2,049	321
Bus Ticketing	975	996	293	22
Others	35	-	-	1
Total	5,857	606	4,338	1,495
Market share (%)	6.52%	6.01%	11.72%	9.24%

Ixigo has the highest app usage among OTAs with 83 million Monthly Active Users cumulatively across their apps, as per data.ai in September 2023. They were also the fastest growing OTA in terms of app downloads, with 4.9 million monthly app downloads as per data.ai in September

2023, which was more monthly app downloads than all other OTAs in that month. As of March 31, 2023, they had 42.94 crore Annual Active Users and 4.91 crore transactions were booked through their OTA platforms in Fiscal 2023. As of December 31, 2023, they had 21.32 crore Registered Users, i.e., users who have provided their unique mobile number or email address, as applicable, on their platforms as of the relevant date, and 4.20 crore transactions were booked through their OTA platforms in the 9 months ended December 31, 2023. In 2022, ixigo trains app was the 8th most downloaded travel and navigation app globally as per data.ai. As per data.ai, in 2022, the ixigo trains app and ConfirmTkt app were also featured in the Top-10 travel apps in India with the ixigo trains app ranked 2nd and ConfirmTkt ranked 7th in terms of most downloaded travel apps.

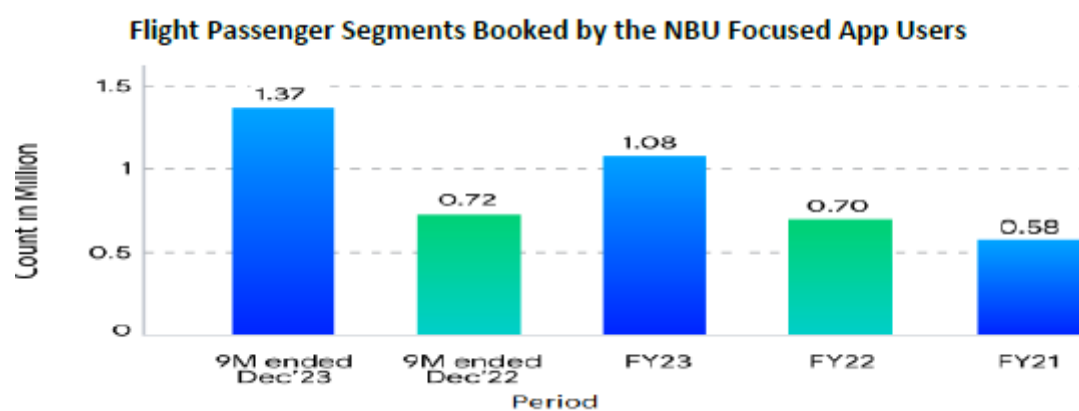


The company has significant penetration in the 'next billion user' market. 'Next billion users' refers to an existing as well as anticipated market of "new to Internet" users that includes all non-Tier I market demand i.e., all travel demand originating from and/or concluding in Tier II, III and rural areas in India as well as "new to Internet" users emerging from middle-and-lower income groups of Tier I cities.

In the next 5 years, it is expected that 20% of the 'next billion users' will come from Tier I cities, and a substantial 50% to come from Tier II and Tier III cities, and significantly, the rest of 30% will come from rural India. In 2023, the 'next billion users' comprised over 60%-65% of the overall travel market. In the 9 months ended December 31, 2023 and December 31, 2022 and in Fiscals 2023, 2022 and 2021, the percentage of transactions booked through their OTA platforms where either an origin or destination was a non-Tier I city (non-Tier I transactions), were 93.83%, 94.50%, 94.39%, 95.26% and 92.60%, respectively.

Company's focus on addressing travel-related issues of the 'next billion users' has enabled improved engagement and customer satisfaction, a fact reflected by 23 monthly average sessions per user per month in September 2023, which was the highest engagement among all OTAs in India in such period. They focus on solving travel utility needs as well as their transactional use-cases of their users in order to establish themselves as a customer focused technology company in the online travel industry. By leveraging their utility-focused OTA platforms, they have been able to enhance use of their offerings, and sell their travel services, such as tickets and bookings for trains, flights, buses and hotels, to their users.

Over the lifecycle of their users, Ixigo has been able to cross-sell and up-sell tickets and Value-Added Services or services ancillary to their booking offerings and include services such as ixigo Assured, ixigo Assured Flex, Abhi Assured, seat selection, in-flight meals, visa processing, travel insurance and car rental services to their user base in addition to providing free information and utility services. The Ancillary Attachment Rate for the Value-Added Services was 31.65% and 27.96% and in the 9 months ended December 31, 2023 and December 31, 2022, respectively, and was 28.87% in Fiscal 2023, 26.41% in Fiscal 2022, increasing from 15.43% in Fiscal 2021. Their ability to monetize their user-base is also demonstrated by their Monthly Transacting Users to Monthly Active Users ratio which increased from 1.81% in March 2021 to 4.32% in March 2022 and was 3.40% in March 2023, while it was 3.22% and 3.39% in December 2023 and December 2022. They are also able to cross-sell flight bookings to their next billion users-focused app users, or users of ixigo trains app, ConfirmTkt and AbhiBus. This is evident from the growth of flight passenger segments booked by their next billion users-focused app users, as below.



This accounted for 31.26%, 31.53%, 33.04%, 16.52% and 16.85%, respectively, of their overall flight passenger segments in the 9 months ended December 31, 2023 and December 31, 2022, and in Fiscals 2023, 2022 and 2021.

They endeavour that their OTA platforms are able to build significant user adoption and engagement by offering convenience, utility and value-added customer-centric solutions for travel related issues. They are one of the few OTA platforms to have developed certain additional use cases around user experience. Company's Registered Users increased from 6.47 crore as of March 31, 2021 to 16.97 crore as of March 31, 2023 growing at a CAGR of 62.02%. Their Repeat Transaction Rate was 86.06% and 85.24% in the 9 months ended December 31, 2023 and December 31, 2022, and was 85.14%, 87.83% and 87.18%, respectively, in Fiscal 2023, 2022 and 2021. They also had the highest app usage and engagement among all key OTA players and standalone transactional train mobile apps in India in September 2023 in terms of Monthly Active Users and sessions per user per month.

Multi-App Strategy to Target distinct customer segments



Company's ecosystem and online travel agency platforms



Company's ecosystem consists of integrated OTA platforms which are a combination of the websites and mobile apps, and offers a comprehensive 'one-stop' travel solution targeting the 'next billion user' market segment through their ixigo trains app, ConfirmTkt website and mobile app, AbhiBus website and mobile app.

While ixigo trains and ConfirmTkt apps focus on functionality that solves for train use cases while travellers can also book flights, buses and hotels through them. Their multi-app strategy has allowed them to be relevant to both the most evolved Tier I travellers and the aspiring Tier II/III/IV travellers. A multi-app multi-brand approach is emerging as a dominant way to win in travel given the fragmentation of dominant needs that a traveller may have for various travel use cases for various demographics. Multiple apps allow a more focused and customized experience to be delivered around every user's dominant use case.

Within each of their apps, Ixigo integrates and cross-sell all services they operate to ensure that users may not necessarily require another app for their secondary use cases. As an example, users can book a flight on the ixigo train app or ConfirmTkt and a bus journey on the ixigo flight app, and a train ticket on the AbhiBus app allowing them to discover and buy multiple travel services within their ecosystem. When users search for a particular travel product or service on company's OTA platforms, their multi-modal booking feature automatically provides recommendations of other travel modes with the same date, origin, and destination.

Train-focused platforms

Company's ixigo trains and ConfirmTkt platforms primarily serve the rail travel sector. These OTA platforms facilitate journey planning and booking processes as users search for available train tickets for travel across India, book and pay for their selected tickets, receive their tickets via a number of fulfilment methods including e-mail, text messages and Whatsapp, access real-time train arrival and departure information, and access any required post-sale support.

Ixigo trains

Launched in 2013 ixigo trains app is designed to provide various daily utility use cases to customers. Ixigo allows travellers to book train tickets in real-time and offer ixigo Assured and ixigo Assured Flex on these train bookings to allow travellers to book fully refundable train tickets or flexible train tickets by paying an additional fee at the time of booking.

Ixigo Assured Flex allows the purchase of a fully flexible airline and train ticket with no additional modification fees for cancelling or rescheduling, apart from the fare difference, across all domestic flights and trains at a nominal additional charge. This feature offers a one-time cancellation without any charges or rescheduling request providing users flexibility with their travel bookings. The ixigo trains app also allows users to locate their train accurately in real time and it can also work without an internet connection or a GPS signal using proprietary location mapping technology and crowd-sourced location data from their users to show the live location of trains and predict their delays at upcoming stations.

Confirm tkt

ConfirmTkt, company's other train-focused mobile app, aims at ensuring that users get a 'confirmed ticket'. ConfirmTkt's unique value proposition is built around predicting confirmation chances for waitlisted tickets and check train running status, coach positions, platform numbers and location, real-time seat availability. This is powered by learning of seat allotment patterns on trains and machine learning algorithms built on historical data. ConfirmTkt offers a free cancellation option for train tickets so that users can get a full refund of their fare if they have change of plans or their ticket gets waitlisted. ConfirmTkt wallet ensures that frequent travellers do not have to wait to get their refunds and hence can book their future travel earlier. It also facilitates real-time train tracking.

Ixigo-flights

Launched in 2011, the ixigo-flights mobile app allows users to search and book all their travel products and services, including flight tickets, train tickets, buses and hotels. Users can access all their past and future bookings, check and modify booking details and request for e-tickets and details on messaging platforms. Users can make bookings by redeeming 'ixigo money'. Some features of the application includes the ability to track flights on a real-time basis, ability to automatically web check-in users for flights and ability to offer fare prediction and provide instant fare alerts. The platform allows multi-modal searches which enables users to plan their travel across trains, flights, buses and hotels.

Abhibus

The AbhiBus OTA platform is available through the website and also through a mobile app that is available for android and iOS operating systems. AbhiBus allows users to check amenities provided, compare booking fares, check bus timings in the searched route and other facilities. As of December 31, 2023, AbhiBus has an inventory of over 2,000 private bus operators and all leading state road transport corporations, covering more than 100,000 routes across the country. It is the official ticketing partner for several state road transport corporation bus tickets and IRCTC tickets.

Ixigo PLAN

In July 2023, they were the 1st OTA in India to launch a generative AI-based travel planning tool. ixigo PLAN is an intelligent trip planner that delivers detailed itineraries and real-time destination information to help travellers plan their journeys. They have also launched a generative AI plugin, enabling conversational interactions with ixigo PLAN. Their platform can efficiently process and understand user preferences, offering personalized recommendations, suggestions and itineraries.

Business Model

	Ticketing				Advertising
Revenue Model	 Airline Commissions, Convenience Fees, Ixigo Assured Fees, Assured Flex Fees, Ancillary Services	 Agent Service Charges, Payment Gateway Charges, Assured/Assured Flex Fees	 Agent Service Charges, Payment Gateway Charges, Free Cancellation Fees, Software Services	 Hotel Commissions	 Advertisements, Impression-Based & Click-Based Advertising
Revenue Driver	# Transactions, Avg. Transaction Value, Commission, Convenience Fees, % Attachment Rate of Ixigo Assured	MAUE, # Transactions, % of AC/Non-AC Ticket, % Attachment Rate of Assured/Assured Flex	# Transactions, Avg. Transaction Value, Commission, % Attachment Rate of Free Cancellation	# Transactions, Avg. Transaction Value, Commission	Audience Quality, MAUs & Screenviews, Time Spent, Revenue Per Impression
Cost Drivers	Advertising, Sales Promotion Expense, Loyalty & Discounts, Distribution Costs, Payment Gateway Costs, Cancellation Charges	Sales Promotion Expenses, IRCTC Charges, Cancellation Charges on Assured/Assured Flex, Payment Gateway Costs	Advertising, Sales Promotion Expense, Cancellation Charges on Free Cancellation, Products, Distribution Costs, Payment Gateway Costs	Advertising, Sales Promotion Expense, Loyalty & Discounts, Payment Gateway Costs	Advertising Platform Costs

Operational metrics

Fiscal year	9MFY24	FY23	FY22	FY21
Rendering of services				
Ticketing revenue	4,522	4,670	3,619	1,262
-Flight Ticketing	1,007	971	1,326	935
-Train Ticketing	2,653	2,839	2,045	316
-Bus Ticketing	831	860	248	10
-Others	31	-	-	1
Advertisement revenue	223	241	144	80
Other operating revenue	164	101	32	13
Total revenue from operations	4,910	5,012	3,796	1,356

Strengths:**➤ Artificial intelligence ("AI") and technology driven operations**

Ixigo is a technology-focused company and use artificial intelligence, data science and machine learning to transform their travel information and crowd-sourced data into business intelligence that enhances their travel offerings and improves their operating efficiency. They have developed advanced and scalable technology platforms allowing them to address the requirements and problems of travellers.

Ixigo has recently launched ixigo PLAN, an intelligent AI-based trip planner that delivers detailed itineraries and real-time destination information to help travellers plan their journeys. In addition, they have also launched their generative AI plugin, enabling conversational interactions with ixigo PLAN. They have also recently launched a Value-Added Service, ixigo Assured Flex, which allows the purchase of a fully flexible airline or train ticket with no additional payment for cancellation or rescheduling, apart from the fare difference, across all domestic flights and train bookings, at a nominal price.

Their OTA platforms are designed to link to their suppliers' systems either through APIs or directly through a GDS and are capable of delivering real-time availability and pricing information for multiple options simultaneously. To achieve higher operating leverage and augment customer experience they have implemented an artificial intelligence driven personal travel assistant, TARA, across their OTA platforms. In addition, ixigo Assured and Assured Flex utilize data science and artificial intelligence to determine pricing dynamically. They have built an in-house customer experience management platform, OneView, that empowers their customer support staff and call-center agents to address their user queries efficiently and effectively.

➤ Leading online travel agency ("OTA"), with significant penetration in the underserved 'next billion user' market segment

Ixigo is the leading OTA for the 'next billion users' with the highest Monthly Active Users for mobile apps across all key OTAs as of September 30, 2023. They were the 2nd largest OTA in India in terms of consolidated revenue from operations in Fiscal 2023. The number of transactions booked through their OTA platforms has increased at a CAGR of 139.43% from 0.86 crore in Fiscal 2021 to 4.91 crore in Fiscal 2023, and to 4.20 crore and 3.65 crore in the 9 months ended December 31, 2023 and December 31, 2022, respectively.

Ixigo and ConfirmTkt, collectively had a market share of around 51%, in terms of rail bookings, among OTAs, as of March 31, 2023. In the 9 months ended December 31, 2023 and December 31, 2022, the total downloads of their mobile apps on Google Play Store and iOS app stores was 8.19 crore and 7.80 crore, respectively, while in Fiscals 2023, 2022 and 2021, the total number of monthly downloads of their mobile apps on the Google Play Store and iOS app stores cumulatively were 10.61 crore, 9 crore and 4.38 crore, respectively. Till December 31, 2023, they had 53.94 crore cumulative mobile app downloads and 21.32 crore Registered Users.

➤ Established consumer travel brands built with user-first approach

ixigo Group apps were one of the highest rated apps among OTAs, with a rating of 4.6 on the Google Play Store as of November 2023, and the apps had the highest usage and engagement among all key OTA players and standalone transactional train mobile apps in India in September 2023 in terms of Monthly Active Users and sessions per user per month. Their brand presence and loyalty amongst users is evident from the growth in Monthly Active Users, which has increased from 2.16 crore in March 2021 to 7.70 crore in December 2023.

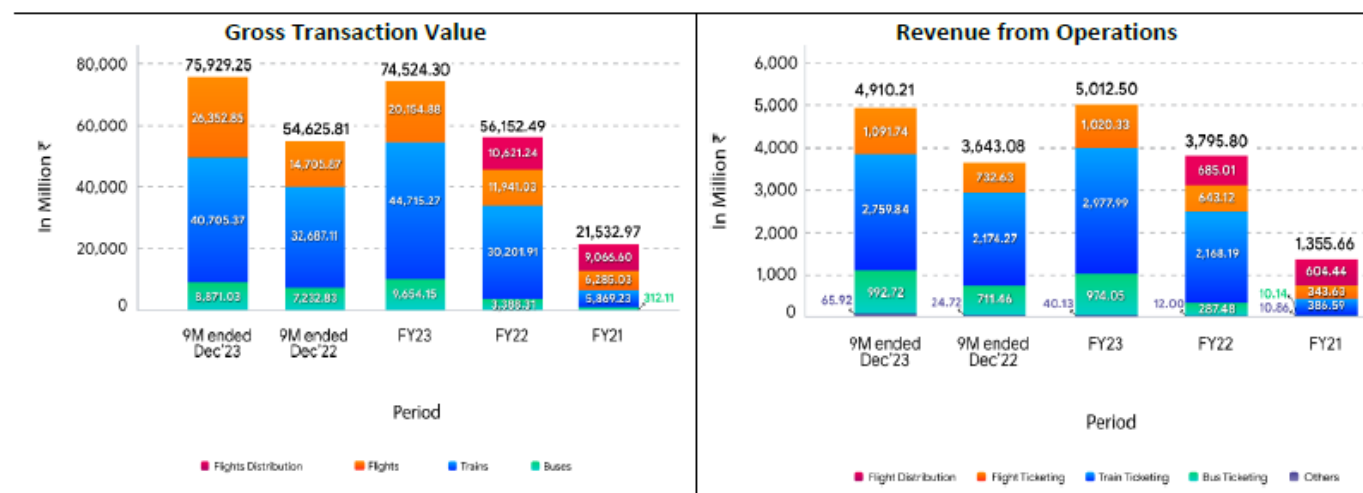
They have followed a cost-efficient approach towards marketing and user acquisition and relied on their brand to generate significant organic user traffic. For developing and promoting their brand, they have been using a combination of online, offline, cross-marketing, social media and other viral marketing initiatives.

Company's user-first approach towards solving travel utility needs is focused on providing an enhanced user experience, including through user-generated travel reviews and destination guides as well as innovative value-added features with the objective of increasing their penetration into the 'next billion user' market segment. They also offer a loyalty programme, 'ixigo money' to promote repeat bookings and enhance user stickiness to their OTA platforms.

➤ Diversified business model with significant operating leverage and organic flywheel

Company's business model consists of a comprehensive mix of product and service offerings with presence across trains, flights, buses, and hotels businesses, which comprehensively addresses the online travel market in India allowing them to monetize all aspects of their OTA platforms.

Their Gross Transaction Value was ₹ 7,5929.3 mn and ₹ 5,462.58 crore in the 9 months ended December 31, 2023 and December 31, 2022, respectively, and has grown at a CAGR of 86.04% from ₹ 2,153.30 crore in Fiscal 2021 to ₹ 5,615.25 crore in Fiscal 2022 and to ₹ 7,452.43 crore in Fiscal 2023.



Key Strategies:

➤ Increase monetization through cross-selling and up-selling

Ixigo has invested in multiple apps to provide a more focused and customized experience to be delivered around every user's dominant use case. Their utility-focused OTA platforms have a sizeable user base and provide them with an opportunity to cross-sell and up-sell their service offerings with relatively low entry and user acquisition costs. They intend to increase monetization opportunities by increasing the adoption of the multimodal booking features of their OTA platforms.

They also intend to solve the 'last-mile' travel need of users by offering them multi-modal options to make a combination of connected bookings for different products. In addition, they plan to provide travel insurance, and foreign exchange services by partnering with third party service providers to enable them to offer these to users on their OTA platforms.

➤ Drive value creation through selective strategic partnerships and acquisitions

The company intends to expand into these new verticals through strategic partnerships and acquisitions. By diversifying into new travel related verticals, they seek to be able to attract more users to their OTA platforms, increase user engagement and serve as a comprehensive 'one-stop' travel solution. They have and intend to continue to develop partnerships with various banks, fintech companies and corporates to offer functionality and promotions for purchase of tickets on their OTA platforms, which would result in more benefits which can be passed on to users. They have partnered with PhonePe Pvt Ltd ("PhonePe") to provide train bookings through their ConfirmTkt brand inside their app.

In November 2023, in partnership with AU Small Finance Bank Ltd, they have launched the ixigo AU travel credit card with features that offer travellers access to discounts on bookings, access to lounges, waiver of payment gateway charges on train bookings and reward points, among other benefits.

➤ Improve operating leverage through investment in deep tech and artificial intelligence

They will continue to identify and anticipate the needs of users and deliver value-added products and services as well as improve operating leverage by using deep tech and artificial intelligence-based technologies. They also plan to continue to invest in developing, improving and upgrading their technology infrastructure, towards further automating their operations, improving their understanding of their users, and providing more relevant, timely, accurate and personalized information to their users. In addition, they continually review the feature set and design of their OTA platforms for areas of improvement.

➤ Continue to deepen penetration and enhance the offerings for the 'next billion user' market segment

With the overall improvement of travel and internet infrastructure in India, and Tier I to Tier II segment being the growth driver of the Indian travel industry Ixigo will continue to invest in services and branding targeting the 'next billion user' market segment. They expect deeper penetration in non-Tier I cities will drive growth of train, flight, bus and hotel bookings.

They intend to augment their train location services, integrate more localized content, enhance their user-generated content and offerings, and enhance their AI-based TARA chatbot further to understand local languages and voice-based interactions.

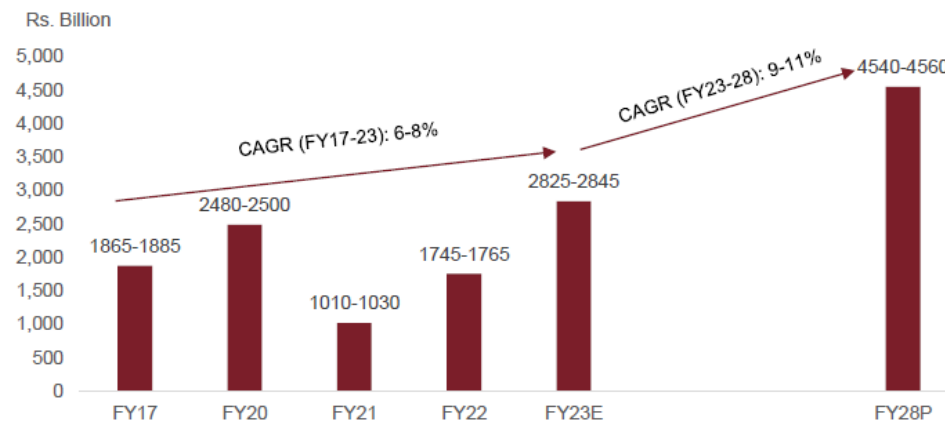
For their recently introduced hotels business, Ixigo intend to leverage the existing customer base, brand awareness and understanding of target customers to offer online hotel bookings and improve customer experience by positioning ourselves as a one-stop multi-brand travel solution. They intend to continue to invest in online and offline brand building initiatives, particularly through creation of content with the objective of achieving virality, and media campaigns (online and offline) with the objective of building 'top-of-mind' awareness and recall among new and existing users.

Industry Snapshot

Travel market in India

The Indian travel industry was estimated at Rs2,825-2,845 billion in fiscal 2023. Led by a growing economy, geographical and cultural diversity, and various government initiatives, the Indian travel industry grew at 6-8% CAGR between fiscal 2017 to 2023, to a size of Rs 2,825-2,845 billion. The growth momentum is expected to continue. We expect the industry to grow annually by 9-11% to Rs 4,540-4,560 billion by fiscal 2028, driven

by development of tourism infrastructure, rising income levels translating to higher discretionary spending on travel and tourism, increase in frequency of travel business and leisure purposes, reforms in visa and increase in connectivity across means of transport.



Notes: 1. E: Estimated P: Projected 2. Market size for the Indian travel industry has been estimated at gross bookings. The Indian travel industry size does not include bus bookings, as total bus booking industry is largely unorganised.
Source: CRISIL MI&A

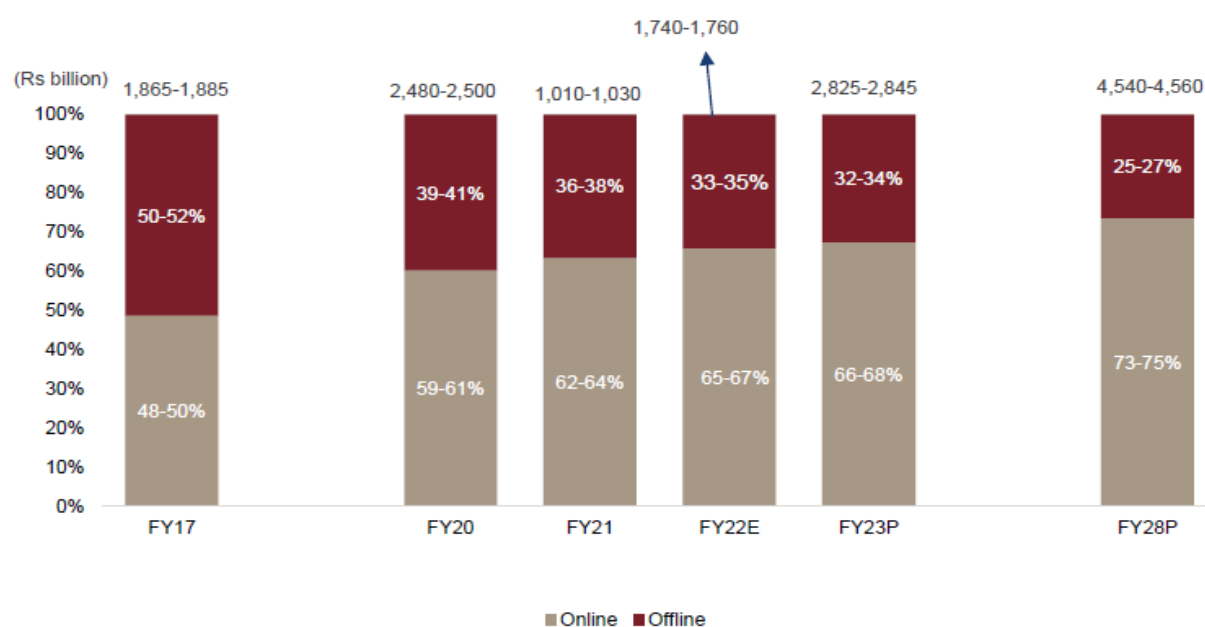
Online penetration in the Indian travel market to reach 73-75% by fiscal 2028

The Indian travel market is growing fast and has significantly evolved with digitisation. The global distribution system (GDS)* was introduced for travel and hospitality service providers in India during the 1990s, at a time when internet penetration was low. The trend in online travel bookings was further fuelled with the Indian Railway Catering and Tourism Corporation (IRCTC) launching its e-ticketing services in 2002. Another driver of online ticketing was the emergence of OTAs and online travel aggregators during the early 2000s, who initially focussed on airline ticketing. Ticketing services across travel segments have undergone a dramatic change thanks to increased internet penetration, greater affordability of smart phones, user friendliness of online platforms, convenience in terms of comparison, varied modes of payment offered (credit cards, debit cards and net banking), and faster pace of service providers adopting digital platforms for their respective businesses. Online penetration, defined as share of bookings done online via captive websites of the service providers or through OTAs, of the Indian travel industry stands at 66-68% as of fiscal 2023.

In FY23, 70% of airline tickets by value were booked via OTAs and only 30% via the direct airline websites and other channels. The margins for OTAs in airlines are very thin and the competition is purely price based and very fierce due to price sensitivity of the Indian consumer. For airlines, OTAs play the lowest cost customer acquisition game and compete in offering the lowest cost to customers, as the latter choose between OTAs based on price. It is expected to increase to 73-75% by fiscal 2028, supported by growth in online transactions.

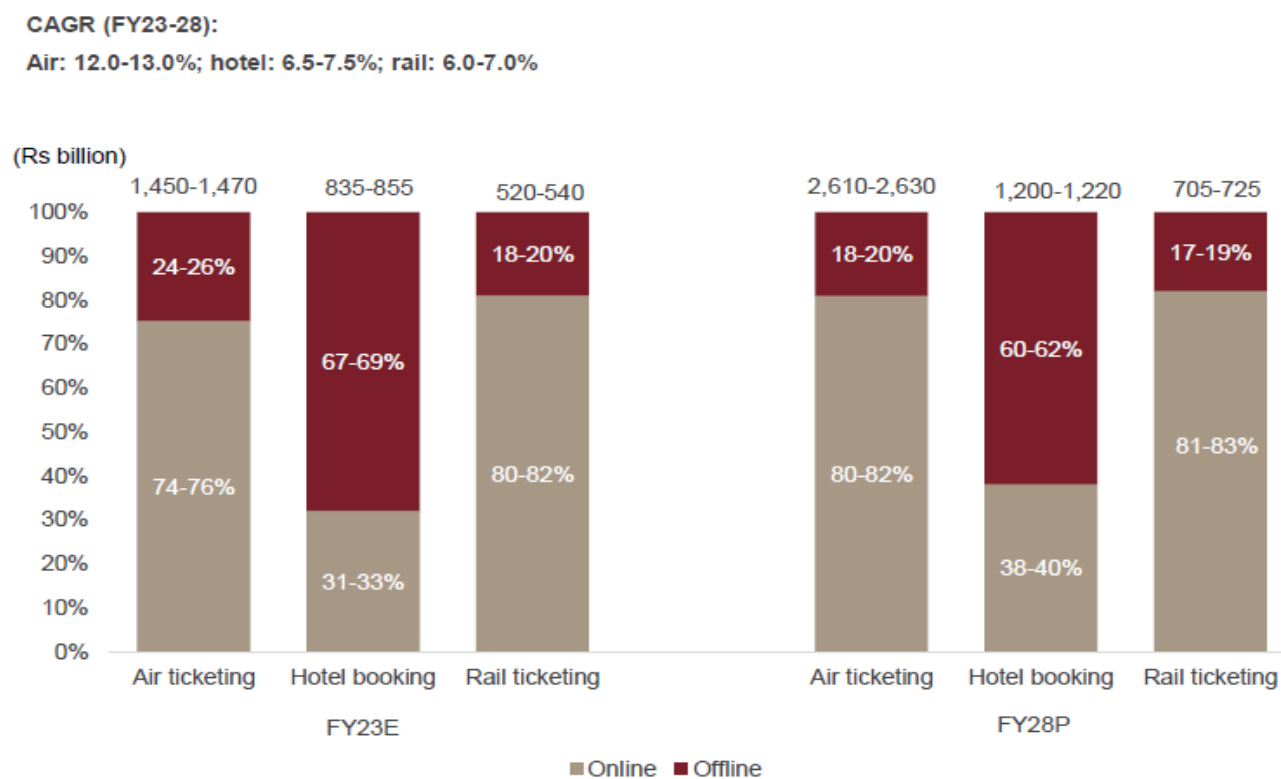
Trend and outlook in online penetration of the Indian travel market

CAGR (FY17-23)
Online: 12.5-13.5%; offline: (0.5)-(1.5)%
CAGR (FY23-28)
Online: 11.5-12.5%; offline: 5-6%



Note: E: estimated P: projected
The Indian travel industry size does not include bus bookings, as total bus booking industry is largely unorganised.
Market sizing are estimates post considering COVID-19 impact. The numbers above the bar charts represent total Indian travel market for that year.

Segment-wise share of online penetration in India



CRISIL MI&A expects online penetration in airline and rail ticketing to improve to 80-82% and 81-83%, respectively, by fiscal 2028, on account of the sheer convenience offered by online channels. In case of hotels segment, online penetration is expected to improve to 38-40% in by fiscal 2028, mainly because of supply expansion as more players, especially from smaller tier 1, 2 and 3 cities*, come onto the online platform. Thanks to deeper penetration of internet, wider smartphone usage and social media influence, coupled with a young population that has rapidly adapted to the digital era, consumers' preference for online travel booking across segments is expected to increase in the medium to long term.

Note*: Based on city category classification followed by 7th Pay Commission, tier I – X cities (top 8 cities), tier II – Y cities (next 88 cities), tier III – Z cities (all the remaining cities).

Sub-segments within the online ticketing market

The online ticketing market in India is dominated by high-volume airline ticketing, including domestic and international travel. The segment accounts for 56-58% of online ticketing. Industry estimates indicate airlines have a high online penetration of 74-76% as these were the first to adopt the online channel. Going forward, online air ticketing is expected to grow further as more travelers (retail as well as corporate) migrate from offline to online platforms. Consequently, air ticketing is expected to maintain its dominance in the online ticketing market in India, with 62-64% share by fiscal 2028.

Rail ticketing accounts for 22-24% of the online ticketing industry in India. The IRCTC, which introduced online rail ticketing in 2002, has been instrumental in popularising the online option for bookings in India. As per its annual reports, the share of e-ticketing in total ticket bookings improved from ~55% in fiscal 2015 to ~80% in fiscal 2022. Going forward, online rail ticketing in volume terms is set to grow because of the sheer convenience it offers. Its share in online ticketing industry in India in value terms is expected to be 17-19% by fiscal 2028.

The hotel segment accounts for 12-14% of the online ticketing industry in India. Industry interactions indicate online penetration of hotel bookings in India is relatively lower at 31-33%. The hotel industry is fragmented into a large number of organised and unorganised players. In contrast, the airline services industry is fairly organised as it has a limited number of companies. Thus, adoption of online channels for booking hotel rooms posed a challenge in the initial phases for most players.

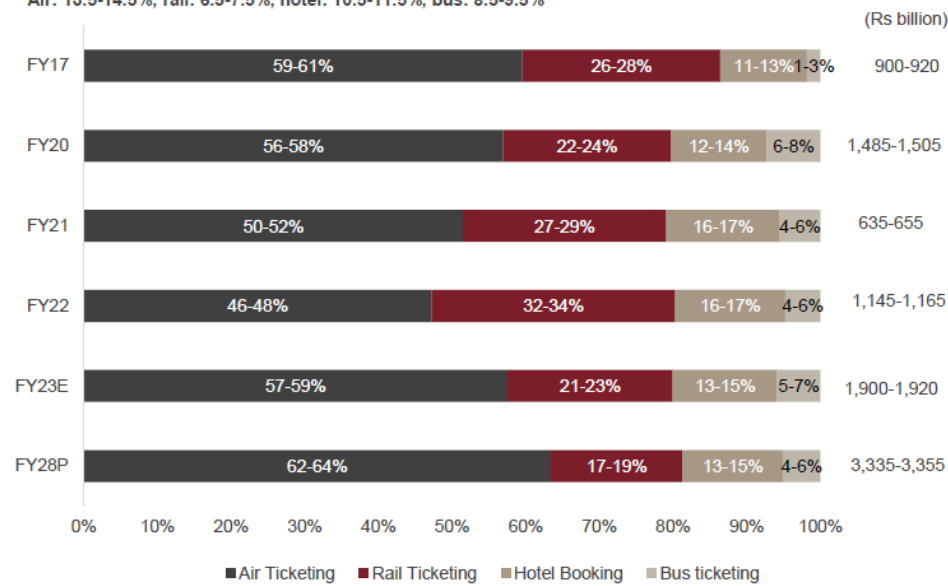
Additionally, most of the OTAs started offering online booking of hotel accommodation only after establishing a presence in air ticketing. Much of the hotel inventory available online is in metros and tier-I cities, whose customers have become comfortable with the online platform. Tier-II and -III cities largely continue to operate offline. However, going forward, this is expected to change as customers from tier-II and -III cities start booking rooms online because of convenience. Going forward, the share of online hotel bookings is expected to improve, although at a modest pace, as OTAs compete with captive websites to garner market share. Consequently, its share in the online ticketing market in India is expected to remain steady at 13-15% by fiscal 2028. Bus ticketing is at a fairly nascent stage, as few players have a presence in this segment. Also, its online penetration remains low (3-5% share) because of the ready availability of tickets with players, both private and state transport corporations. Going forward, its share in online ticketing market is likely to stay the same at 4-6%.

CAGR (FY17-23):

Air: 12-13%, rail: 9.5-10.5%, hotel: 16-17%, bus: 37.5-38.5%

CAGR (FY23-28):

Air: 13.5-14.5%; rail: 6.5-7.5%, hotel: 10.5-11.5%, bus: 8.5-9.5%

**Accounting ratios**

Particulars	9MFY24	FY23	FY22	FY21
Revenue from Operations	4,910	5,013	3,796	1,356
Growth in revenue from operations (%)	NM	32.0	180	NM
Adj EBITDA	282	287	(123)	33
Adj EBITDA Margin (%)	5.75	5.73	-	2.44
Profit before tax	216	333	(176)	27
PAT/Net loss	657	234	(211)	75
PAT Margin (%)	13.38	4.67	NM	5.56
ROE (%)	15.3	5.7	NM	24.1

Comparison with listed entity

Name of the company	Latest FY	Face value	P/E	EPS (Basic) (₹)	EPS (Diluted) (₹)	RONW (%)	NAV per equity share (₹)
Le Travenues Technology Ltd	Consolidated	1	154*	0.60	0.60	5.74	9.79
Listed peers							
Yatra Online Ltd	Consolidated	1	358	0.69	0.69	4.5	14.8
Easy Trip Planners Ltd	Consolidated	1	72.4	0.77	0.77	36.2	2.1

Note: 1) P/E Ratio has been computed based on the closing market price of equity shares on NSE on Jun 06, 2024.

2) * P/E of company is calculated on EPS of FY24 and post issue no. of equity shares issued.

Key Risks

- Indian travel industry is highly competitive and may not be able to effectively compete in the future.
- A significant number of the services are dependent on external entities and companies and they in return grant commissions and incentives. In case the commissions and incentives are reduced or eliminated the business will have an adverse effect.
- Some services are based on crowd-sourced information and any misleading or false information may degrade the user experience resulting in a loss of customer base.
- The company has partnered with IRCTC, with its train booking services relying solely on that contractual agreement. If partnership falls through or is even put on hold temporarily, company may suffer substantial losses.
- Ixigo's operational stability in the travel sector can be affected by external factors

Valuation & Outlook

Le Travenues Technology Ltd ("IXIGO") is an OTA platform which is focused on empowering Indian travellers to plan, book and manage their trips across rail, air, buses and hotels. It is the second largest OTA in India in terms of consolidated revenue from operations in Fiscal 2023. (Source: F&S Report). The company's vision is to become the most customer-centric travel company, by offering the best customer experience to users.

At an upper band, company is valued at P/E of 154x while on market-cap/sales it is valued at 7.2x post issue of equity shares, compared to its peers (Yatra Online – 192x, Easy trip planners – 54.5x) on FY23 basis. Therefore, we believe that Ixigo has a scope of business improvement on the back of industry tailwinds, brand recall and business scalability, resulting in expansion of profitability.

Thus, we recommend an “**SUBSCRIBE – long term**” rating to the IPO.

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	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0%-15%	Below 0%
Mid-Caps (101st-250th company)	>20%	0%-20%	Below 0%
Small Caps (251st company onwards)	>25%	0%-25%	Below 0%

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