



SMC Ranking
★ ★ ☆ ☆ ☆ (2/5)

Issue Highlights

Industry	Travel and Tourism Industry
Offer for sale (Shares)	66677674.00
Fresh Issue (Shares)	12903226.00
Net Offer to the Public	79,580,900
Issue Size (Rs. Cr.)	700-740
Price Band (Rs.)	88-93
Offer Date	10-Jun-24
Close Date	12-Jun-24
Face Value	1
Lot Size	161 Shares

Issue Composition

	In shares
Total Issue for Sale	79,580,900
QIB	59,685,675
NIB	11,937,135
Retail	7,958,090

About the company

Founded in 2006, ixigo (Le Travenues Technology Limited) has become a leading online travel agency (OTA) in India. From train, flight, bus, and hotel bookings to managing reservations and real-time updates, ixigo aims for a seamless journey. Its features include PNR tracking with predictions, train/bus running status with delay alerts, alternative route suggestions, flight updates, and automated web check-in. Price and availability alerts, insightful destination content, and personalized recommendations powered by AI further enhance the experience. Ixigo boasts a diverse range of user-friendly apps. The ixigo trains and ConfirmTkt app caters specifically to train travel, while the ixigo Flights mobile app functions as a one-stop shop for booking flights, hotels, and buses, managing bookings, and requesting e-tickets. The Abhibus app empowers bus travelers. With over 83 million monthly active users across these platforms (highest among Indian OTAs according to data.ai in September 2023), ixigo prioritizes user experience. Ixigo's commitment to innovation extends beyond basic features. It has launched ixigo PLAN, an AI-powered travel planner creating personalized itineraries with real-time destination information. This service is further enhanced by a conversational AI plugin. Additionally, ixigo Assured Flex offers valuable flexibility. Travelers can purchase fully flexible air and rail tickets with the ease of cancellation or rebooking at a minimal cost (excluding fare difference). As of December 2023, ixigo employs a team of 486 with the expertise of 4 consultants, all working to revolutionize travel for their ever-growing user base.

Strength

Leading online travel agency ("OTA"), with significant penetration in the underserved 'next billion user' market segment: According to the F&S Report, the company 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 2023. The company was the second largest OTA in India in terms of consolidated revenue from operations in Fiscal 2023. The company is also the fastest growing OTA in India, in terms of revenue from operations between Fiscal 2020 and Fiscal 2023. The number of transactions booked through Ixigo 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 nine 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. Ixigo's market share increased from 46.4% in the first half of Fiscal 2023 to 52.4% in the first half of Fiscal 2024.

Artificial intelligence ("AI") and technology driven operations: The Company is a technology-focused company. Technology forms the basis for its operating leverage and is instrumental in achieving significant efficiencies in its business processes and operations. It uses artificial intelligence, data science and machine learning to transform Ixigo travel information and crowd-sourced data into business intelligence that enhances Ixigo travel offerings and improves Ixigo operating efficiency. The company has developed advanced and scalable technology platforms allowing us to address the requirements and problems of travellers. Ixigo proprietary search, caching, train PNR prediction and crowd-sourcing algorithms help us in improving Ixigo customer experience and leveraging information from Ixigo own users to provide accurate and meaningful information to solve user pain areas. The company 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, The Company has also launched its generative AI plugin, enabling conversational interactions with ixigo PLAN. The company has also recently launched a Value-Added Service, ixigo Assured Flex, which allows the purchase of a fully

Shareholding Pattern (%)

Particulars	Pre-issue	Post-issue
Promoters & promoters group	0.00%	0.00%
QIB	83.19%	84.79%
NIB	16.81%	13.16%
Retail	0.00%	2.05%
Total	100.00%	100.00%

*calculated on the upper price band

Objects of the Issue

The company proposes to utilize the Net Proceeds towards funding the following objects:

- Part-funding working capital requirements of the company;
- Investments in cloud infrastructure and technology; and
- Funding inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes.

Book Running Lead Manager

- Axis Capital Limited
- DAM Capital Advisors Limited
- JM Financial Limited

Name of the registrar

- Link Intime India Private Limited

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. Further, Ixigo Abhi Assured product 240 for buses provides customers with compensation of up to 150% of the fare in case of not meeting service quality requirements such as delay in bus arrival, cancellation of bus by participating operators, issues with quality of buses along with full refund in case of cancellations by customers.

Established consumer travel brands built with user-first approach: Ixigo Group apps is one of the highest rated apps among OTAs, with a rating of 4.6 on the Google Play Store as of November 2023, and Ixigo 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 (Source: F&S Report). Ixigo 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 4.42 crore in March 2022, 6.28 crore in March 2023 and was 7.70 crore and 6.20 crore in December 2023 and December 2022, respectively. The company had a Repeat Transaction Rate of 86.06% and 85.14% in the nine months ended December 31, 2023 and in Fiscal 2023, respectively. According to the F&S Report, as of November 30, 2023, Ixigo apps had the highest number of reviews on the Google Play Store among all OTA mobile apps in India.

Diversified business model with significant operating leverage and organic flywheel: Ixigo 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 us to monetize all aspects of Ixigo OTA platforms. Ixigo Gross Transaction Value was Rs.7592.92 crore and Rs.5462.58 crore in the nine months ended December 31, 2023 and December 31, 2022, respectively, and has grown at a CAGR of 86.04% from Rs. 2153.30 crore in Fiscal 2021 to Rs.5615.24 crore in Fiscal 2022 and to Rs. 7452.43 crore in Fiscal 2023. Ixigo Gross Take Rate (Transactions) has also been increasing and was 7.71% and 8.09% during the nine months ended December 31, 2023 and December 31, 2022, respectively, and was 8.14%, 7.73% and 6.94% in Fiscals 2023, 2022 and 2021, respectively.

Strategy

Continue to deepen penetration and enhance its offerings for the 'next billion user' market segment: The Company will continue to invest in services and branding targeting 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 they expect deeper penetration in non-Tier I cities will drive growth of train, flight, bus and hotel bookings. Accordingly, the company intends to capitalize on such opportunities by expanding its user base within the 'next billion user' market segment, engaging the existing users to return to book and use its OTA platforms more frequently, by leveraging the utility focused and artificial intelligence driven technology OTA platforms. For example, the company intends to augment its train location services, integrate more localized content, enhance its user-generated content and offerings, and enhance Ixigo AI-based TARA chatbot further to understand local languages and voice-based interactions. Also, the company intends to continue running promotions, offers and incentivization schemes to encourage first time bookers to book through its OTA platforms. The company runs promotions targeting first-time bus bookers and flight bookers from the 'next billion users' through discounts and promotions. The company also intends to leverage this increased interaction of 'next billion users' on their OTA platforms to increase the wallet share of such 'next billion users' with us.

Increase monetization through cross-selling and up-selling: Given the fragmented requirements of travellers, the company has focused on a multi-app, multi-brand approach to address their various travel use cases. The company has invested in multiple apps to provide a more focused and customized experience to be delivered around every user's dominant use case. Ixigo utility-focused OTA platforms have a sizeable user base and provide it with an opportunity to cross-sell and up-sell Ixigo service offerings with relatively low entry and user acquisition costs. For instance, flight passenger segments booked by Ixigo next billion users focused app users increased from .07 crore in nine months ended December 31, 2022 to 0.13 crore in nine months ended December 31, 2023 and from .06 crore in Fiscal 2021 to 0.07 crore in Fiscal 2022 and to 0.11 crore in

Fiscal 2023. The company intends to increase monetization opportunities by increasing the adoption of the multimodal booking features of Ixigo OTA platforms.

Improve operating leverage through investment in deep tech and artificial intelligence: The company 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. For example, similar to Ixigo Assured, the company intends to continue to develop new embedded finance products, which will allow it to expand and diversify Ixigo offerings by offering more flexibility and convenience to Ixigo users at a marginal price. The company also intends to develop in-house models validated through the use of artificial intelligence that will improve Ixigo revenues and margin contribution. Also, the company plans to continue to invest in developing, improving and upgrading Ixigo technology infrastructure, towards further automating Ixigo operations, improving Ixigo understanding of Ixigo users, and providing more relevant, timely, accurate and personalized information to Ixigo users.

Drive value creation through selective strategic partnerships and acquisitions: The Company seeks to continue expanding Ixigo travel offerings beyond train, bus flight and hotels, to include tours, holiday packages, activities, experiences, travel insurance, and ancillary services related to the travel industry. The company intends to expand into these new verticals through strategic partnerships and acquisitions. By diversifying into new travel related verticals, seek to be able to attract more users to Ixigo OTA platforms, increase user engagement and serve as a comprehensive 'one-stop' travel solution. The company intends to continue to develop partnerships with various banks, fintech companies and corporates to offer functionality and promotions for purchase of tickets on Ixigo OTA platforms, which would result in more benefits which can be passed on to users. For example, the firm has partnered with PhonePe Private Limited ("PhonePe") to provide train bookings through Ixigo ConfirmTkt brand inside its app. The company may enter more such partnerships that help it broaden Ixigo reach and audience within superapps, payment apps and horizontal businesses.

Risk factor

- The company is originally commenced operations as a meta search website and subsequently transitioned to become an OTA.
- Its train ticketing services depend on its agreement with IRCTC.
- The company has limited experience and operating history in certain of its businesses, particularly its hotels offering, which makes it difficult to accurately assess its future growth prospects and may negatively affect its business, financial condition, cash flows and results of operations.
- The company has had negative cash flows from operating activities in the past and may, in the future, experience similar negative cash flows.

Peer comparison

Co_Name	Total Income	PAT	EPS	P/E	P/BV	BV	FV	Price	Mcap
Yatra Online	422.32	-4.50	-ve	0.00	2.64	47.64	1	125.65	1971.65
Easy Trip Plann.	590.57	103.11	0.86	47.20	11.90	3.41	1	40.59	7192.71
Le Travenues Technology Limited**	627.96	87.24	2.25	41.30	6.47	14.38	1	93.00	3603.04

*Peer companies financials are TTM based

**Le Travenues Technology are TTM based too

Valuation

Considering the P/E valuation, on the upper end of the price band of Rs.93, the stock is priced at pre issue P/E of 39.93x on TTM EPS of Rs.2.33. Post issue, the stock is priced at a P/E of 41.30x on its EPS of Rs.2.25. Looking at the P/B ratio at Rs.93 pre issue, book value of Rs. 11.67 of P/Bvx 7.97x. Post issue, book value of Rs. 14.38 of P/Bvx 6.47x.

Considering the P/E valuation, on the lower end of the price band of Rs.88, the stock is priced at pre issue P/E of 37.78x on TTM EPS of Rs.2.33. Post issue, the stock is priced at a P/E of 39.08x on its EPS of Rs.2.25. Looking at the P/B ratio at Rs.88 pre issue, book value of Rs. 11.67 of P/Bvx 7.54x. Post issue, book value of Rs. 14.38 of P/Bvx 6.12x.

Industry Outlook

The total Indian travel market as represented by modes of air, rail, road and hotel is estimated at around Rs. 3.8 trillion in Fiscal 2023 and expected to grow at a CAGR of around 9% to reach Rs. 5.8 trillion by Fiscal 2028. As of Fiscal 2023, the 'next billion users' travel market is estimated to be approximately 90% of the train and bus segment each, and between 50% - 55% of the flights and hotels segment. This weighed in at over 60% - 65% of the overall travel market in 2023.

Outlook

Le Travenues (LTTL), the parent company of the popular travel brand IXIGO, is one of India's fastest-growing online travel agencies (OTAs). The company recently unveiled ixigo PLAN, an AI-powered travel planner that provides users with detailed itineraries and real-time destination information. LTTL also introduced a generative AI plugin enabling conversational interactions with ixigo PLAN. While LTTL boasts impressive revenue growth between fiscal 2020 and 2023, solidifying their position as India's fastest-growing OTA, it has a history of negative cash flows from operations. This trend may continue in the future, which could be a concern for some investors. However, long-term investors might find LTTL's growth potential attractive, considering their ability to tolerate the risk associated with negative cash flow.

An Indicative timetable in respect of the Issue is set out below:

EVENT	INDICATIVE DATE (On or about)
BID/ISSUE OPENS ON	10-June-24
BID/ISSUE CLOSES ON	12-June-24
Finalisation of Basis of Allotment with the Designated Stock Exchange	13-June-24
Initiation of refunds (if any, for Anchor Investors)/unblocking of funds from ASBA Account	14-June-24
Credit of Equity Shares to Demat Accounts of Allottees	14-June-24
Commencement of trading of the Equity Shares on the Stock Exchanges	18-June-24

Annexure

Consolidated Financials

Profit & Loss

Rs. in Cr.

Particulars	Period ended 31-Dec-23 (9 Months)	Period ended 31-Mar-23 (12 Months)	Period ended 31-Mar-22 (12 Months)
Revenue from operations	491.02	501.25	379.58
Total expenditure	462.78	472.53	391.90
Operating Profit	28.24	28.72	-12.31
OPM%	5.75	5.73	-3.24
Other Income	6.08	16.32	5.36
Total Net Income	34.32	45.05	-6.95
Interest	10.31	10.82	7.84
PBDT	24.01	34.23	-14.80
Depreciation	2.39	0.95	2.80
Restated Profit / (loss) before share of loss of an associate, exceptional items and tax	21.61	33.28	-17.60
Share of loss of an associate, net of tax	-2.83	0.00	0.00
Restated profit /(loss) before tax and exceptional items	18.78	33.28	-17.60
Exceptional items (net)	29.72	-12.61	0.00
Re-stated Profit / (Loss) after exceptional items before Tax	48.50	20.67	-17.60
Tax	-17.21	-2.72	3.49
PAT	65.71	23.40	-21.09

Balance sheet is on next page

Balance Sheet

Rs. in Cr.

Particulars	As on 31-Dec-23	As on 31-Mar-23	As on 31-Mar-22
Non-current assets			
Property, plant and equipment	1.70	1.73	1.62
Capital work-in-progress	0.00	2.89	0.00
Goodwill	248.30	258.48	254.14
Other Intangible assets	19.96	24.68	30.38
Intangible assets under development	0.01	4.84	0.00
Right-of-use asset	3.48	7.10	2.51
Investment in Associates	36.44	0.00	0.00
Financial assets			
i. Investments	0.00	0.00	0.56
ii. Other financial assets	5.89	10.65	6.64
Non-current tax asset (net)	15.82	10.36	8.86
Deferred tax assets (net)	31.08	15.89	0.50
Other non-current assets	0.00	0.05	0.35
Total non-current assets	362.68	336.66	305.56
Current asset			
Financial Assets			
Investments	80.72	47.74	39.79
Trade receivables	32.72	11.89	8.62
Cash and cash equivalents	52.02	73.13	24.73
Bank balances other than cash and cash equivalents	32.23	19.45	79.80
Loans	0.07	2.57	0.00
Other financial assets	14.47	11.79	11.44
Other current assets	103.80	82.69	68.53
Total current assets	316.03	249.26	232.91
Total Assets	678.71	585.93	538.47
Non-current liabilities			
Borrowings	0.00	0.00	0.00
Lease liabilities	3.31	6.33	3.09
Other financial liabilities	0.00	29.56	50.72
Deferred tax liabilities (net)	0.00	2.52	2.88
Provisions	5.27	4.11	2.77
Total Non- Financial liabilities	8.58	42.52	59.47
Current liabilities			
Contract liabilities	11.56	9.15	5.21
Financial Liabilities			
Borrowings	43.36	0.54	2.73
Lease Liability	3.55	3.16	1.25
Trades Payable - MSME	0.51	1.26	0.55
Trades Payable - MESE	58.57	34.82	43.99
Other financial liabilities	75.35	74.52	70.08
Other current liabilities	34.49	28.53	9.79
Provisions	5.60	4.30	2.72
Total Financial liabilities	233.00	156.28	136.32
Total	241.58	198.81	195.79
Net worth represented by:			
Equity Share Capital	37.30	37.12	36.98
Other equity	399.83	336.64	305.71
Non-controlling interests	0.00	13.36	0.00
Net Worth	437.13	387.12	342.69

RANKING METHODOLOGY

WEAK	★
NEUTRAL	★★
FAIR	★★★
GOOD	★★★★
EXCELLENT	★★★★★

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