

IPO Note

June 10, 2024

Le Travenues Technology Limited





Issue Snapshot:

Issue Open: June 10 – June 12, 2024

Price Band: Rs. 88 – 93

*Issue Size: Up to Rs. 740.10 cr (Fresh issue of Rs.120.0 cr + Offer for sale of upto 66,677,674 eq sh)

Reservation for:

QIB	atleast	75% eq sh
Non-Institutional	upto	15% eq sh
((including 1/3 rd for applications between Rs.2 lakhs to Rs.10 lakhs))		
Retail	upto	10% eq sh

Face Value: Rs 1

Book value: Rs 11.43 (December 31, 2023)

Bid size: - 161 equity shares and in multiples thereof

100% Book built Issue

Capital Structure:

Pre Issue Equity:	Rs.	37.45 cr
*Post issue Equity:	Rs.	38.74 cr

Listing: BSE & NSE

Book Running Lead Managers: Axis Capital Limited, DAM Capital Advisors Limited, JM Financial Limited

Sponsor Bank: ICICI Bank Ltd & HDFC Bank Limited

Registrar to issue: Link Intime India Private Limited

Shareholding Pattern

Shareholding Pattern	Pre issue %	Post issue %
Promoter and Promoter Group	0.0	0.0
Public & Employees	100.0	100.0
Total	100.0	100.0

*=assuming issue subscribed at higher band
Source for this Note: RHP

Background & Operations:

Le Travenues Technology Limited (Ixigo) is a technology company focused on empowering Indian travellers to plan, book and manage their trips across rail, air, buses and hotels. Its 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.

Ixigo was the second largest OTA in India in terms of consolidated revenue from operations in Fiscal 2023. It is also the leading OTA for the 'next billion users', and in September 2023, ixigo flights, ixigo trains, ConfirmTkt and AbhiBus has 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. It is the largest Indian train ticket distributor in the OTA rail market and it had the largest market share of around 51%, in terms of rail bookings, among OTAs, as of March 31, 2023. Its 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. Ixigo's bus-focused app, AbhiBus, was the second 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 first half of Fiscal 2024. It had a market share in India of nearly 5.2% of the total airline OTA market by volume in the first half of Fiscal 2024 up from 3.3% in Fiscal 2023. It is also the fastest growing OTA in India, in terms of revenue from operations between Fiscal 2020 and Fiscal 2023.

The Company has the highest app usage among OTAs with 83 million Monthly Active Users cumulatively across its apps, as per data.ai in September 2023. It was 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, it had 429.38 million Annual Active Users and 49.07 million transactions were booked through OTA platforms in Fiscal 2023. As of December 31, 2023, it had 213.21 million Registered Users, i.e., users who has provided its unique mobile number or email address, as applicable, on its platforms as of the relevant date, and 42.00 million transactions were booked through OTA platforms in the nine months ended December 31, 2023.

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. It benefits from the experience of its senior management team who has extensive knowledge of the travel industry and relevant technical qualifications and experience. Its management's domain experience, industry relationships, and experience in identifying, evaluating and leveraging organic and inorganic growth opportunities enables it to grow organically and through strategic acquisitions and partnerships that complement or expand its existing operations. Ixigo's products and its technology platforms has enabled it to operate and maintain an efficient and lean organization relative to the size of its business and provide it with operating leverage in its operations. As of December 31, 2023, the Company had 486 full-time employees.



Objects of Issue:

The Offer comprises a Fresh Issue of aggregating up to Rs.1,200.00 million by Ixigo and an Offer for Sale of up to 66,677,674 Equity Shares.

The Offer for Sale

The Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale after deducting their proportion of Offer expenses and relevant taxes thereon. The Company will not receive any proceeds from the Offer for Sale by the Selling Shareholders and the proceeds received from the Offer for Sale will not form part of the Net Proceeds.

Objects of the Fresh Issue

Ixigo proposes to utilize the Net Proceeds towards funding the following objects (collectively, referred

- 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.

In addition, Ixigo expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges, including among other things, enhancement of the Company's brand name among existing and potential users and creation of a public market for the Equity Shares in India.

Proposed schedule of implementation and deployment of Net Proceeds

Sr. N°	Particulars	Amount to be funded from Net Proceeds	Estimated deployment of Net Proceeds in Fiscal 2025	Estimated deployment of Net Proceeds in Fiscal 2026
1	Part-funding working capital requirements of the Company	450.00	214.00	236.00
2	Investments in cloud infrastructure and technology	258.00	120.00	138.00
3	Funding inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes	*	*	*
	Total Net Proceeds	*	*	*

Competitive Strengths

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 2023. It 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 OTA platforms has increased at a CAGR of 139.43% from 8.56 million in Fiscal 2021 to 49.07 million in Fiscal 2023, and to 42.00 million and 36.47 million 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. Its market share increased from 46.4% in the first half of Fiscal 2023 to 52.4% in the first half of Fiscal 2024. It had a market share of nearly 5.2% of the total OTA airline market by volume terms in the first half of Fiscal 2024.

The Company's OTA platforms target the 'next billion user' travel market in India and it has focused on growing organically in this segment through its travel utility products Value-Added Services, investment in social media marketing, and word of mouth marketing. In line with its focus on the 'next billion users', it has developed several marketing campaigns targeting travellers from non-Tier I cities. 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 it is expected increased travel from / to and between non-Tier I cities to drive growth in trains, flights, buses and hotel bookings. It has also run Hindi language outdoor media campaigns at non-Tier I railway stations and target audience in such regions through multilingual digital ads. Its mobile apps are user-friendly, available in multiple regional languages, and has several voice-based features. In the nine months ended December 31, 2023 and December 31, 2022 and in Fiscal 2023, 2022 and 2021, the percentage of transactions done through mobile were 97.80%, 97.70%, 97.70%, 98.50% and 99.00%, respectively. It provides its users with multi-modal booking options across trains, flights and buses with hotels added recently. In addition, it provides utility features that work without internet connectivity or availability of GPS.

Moreover, the number of people accessing the internet daily has grown by 220 million between Fiscal 2016 and Fiscal 2022 in rural parts of India. Currently more than 96% of internet subscribers access the internet through their mobile devices. The overall rural subscribers are expected to increase from 344 million in Fiscal 2023 to 824 million in Fiscal 2028 at a CAGR of 18%. In addition, certain government initiatives and policies, including the national broadband mission policy, universal mobile connectivity coverage and public internet access,



are focused on increasing internet penetration in non- Tier I cities in India. As a result of these measures, Ixigo also expects that more of such travel both existing and incremental, would move from offline to online. It had Annual Active Users from over 2,481 towns in India in the nine months ended December 31, 2023.

Artificial intelligence ("AI") and technology driven operations: Ixigo 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 its travel information and crowd-sourced data into business intelligence that enhances its travel offerings and improves its operating efficiency. The Company has developed advanced and scalable technology platforms allowing it to address the requirements and problems of travellers. Its proprietary search, caching, train PNR prediction and crowd-sourcing algorithms helps in improving its customer experience and leveraging information from its own users to provide accurate and meaningful information to solve user pain areas. It 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, it has also launched its generative AI plugin, enabling conversational interactions with ixigo PLAN.

Ixigo has 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. Its OTA platforms are designed to link to its 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. In addition, ixigo Assured and Assured Flex utilize data science and artificial intelligence to determine pricing dynamically. In its endeavour to achieve higher operating leverage and augment customer experience further, it has also implemented an artificial intelligence driven personal travel assistant, TARA, across its OTA platforms which is supported by deep learning and contextual awareness. TARA helps its users achieve end-to-end resolution for queries over chat, without human intervention.

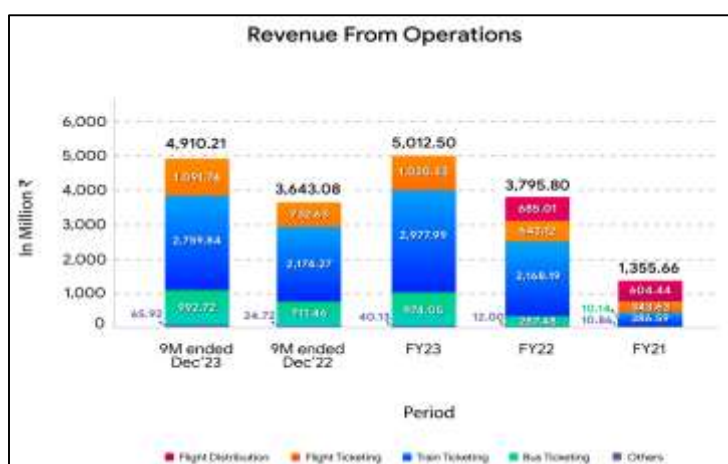
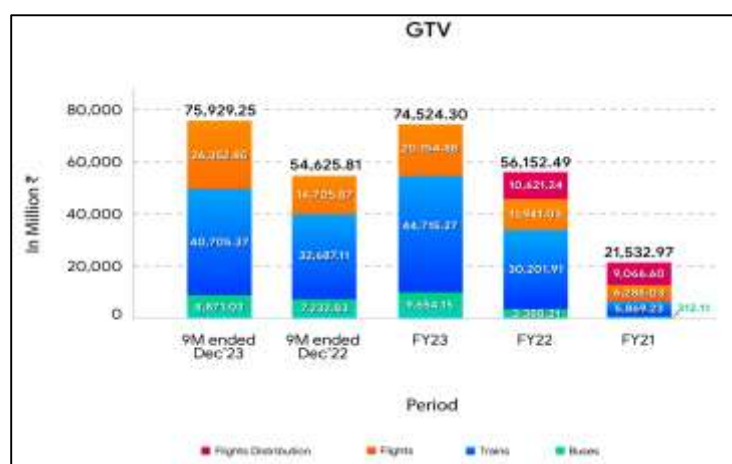
The Company has a sizeable technology team that is dedicated to developing its platform offerings and as of December 31, 2023, 48.35% of its employees were engaged in technology and product roles. Its technology team has helped it in developing proprietary algorithms to transform data into usable information to support its OTA platforms, solve utility-focused travellers' problems and scale as traffic increases. In addition, OTA platforms are hosted on external cloud servers, which provide a degree of reliability and security and can be scaled with limited additional investment to handle increased traffic and complexity of products, helping it maintain adequate capacity. Ixigo also has custom-built content management systems configurable for its business, technology and consumer facing content that allows its business, product, technology teams to manage changes independently. It has built an in-house customer experience management platform, OneView, that empowers its customer support staff and call-center agents to address its user queries efficiently and effectively.

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 its 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. Its brand presence and loyalty amongst users is evident from the growth in Monthly Active Users, which has increased from 21.59 million in March 2021 to 44.20 million in March 2022, 62.83 million in March 2023 and were 77.04 million and 62.01 million in December 2023 and December 2022, respectively. It had a Repeat Transaction Rate of 86.06% and 85.14% in the nine months ended December 31, 2023 and in Fiscal 2023, respectively and has followed a cost-efficient approach towards marketing and user acquisition and relied on its brand to generate significant organic user traffic.

For developing and promoting brand, Ixigo has been using a combination of online, offline, cross-marketing, social media and other viral marketing initiatives. Its online marketing channels primarily consist of search engine optimization, app store optimization, and paid search engine marketing with a focus on enhancing its ranking organically on search engines and app stores with quality content and improving user ratings and reviews of its OTA platforms. Ixigo's in-house video marketing team aims to create informative, useful and engaging content that seeks to achieve "virality" on the internet, i.e., rapid and widespread circulation of content from one internet user to another, which helps it in reaching a sizeable number of travellers across social media and messaging apps. Its 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, such as, in case of ixigo trains app and ConfirmTkt, live crowd sourced running status, ticket confirmation prediction, PNR status check, station alarm, seat maps, platform and station information with the objective of increasing its penetration into the 'next billion user' market segment. In addition to the personal travel assistant TARA, it has a dedicated self-service customer service section, which provides the option to contact it through chat or call, as well as dedicated personnel available 24 hours a day, seven days a week, who provide assistance to its users on a real-time basis. It also offers a loyalty programme, 'ixigo money' to promote repeat bookings and enhance user stickiness to its OTA platforms. Ixigo money offers dynamic and personalized loyalty points that are redeemable on the next booking, and it has dynamic discount coupons for its flight bookers where

offers are computed in run-time, based on the likelihood of conversion as well as its own objectives of positive unit economics. It undertakes these measures in order to not only bolster its service offering but also improve repeat user-rate.

Diversified business model with significant operating leverage and organic flywheel: The business model of Ixigo 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 the Company to monetize all aspects of OTA platforms. Its Gross Transaction Value was Rs.75,929.25 million and Rs.54,625.81 million in the nine months ended December 31, 2023 and December 31, 2022, respectively, and has grown at a CAGR of 86.04% from Rs.21,532.97 million in Fiscal 2021 to Rs.56,152.49 million in Fiscal 2022 and to Rs.74,524.30 million in Fiscal 2023. 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. Total income also increased from Rs.1,384.06 million in Fiscal 2021 to Rs.3,849.41 million in Fiscal 2022 and further to Rs.5,175.73 million in Fiscal 2023. Its Contribution Margin has increased and in the nine months ended December 31, 2023 and December 31, 2022 and in Fiscals 2023, 2022 and 2021 and its Contribution Margin was Rs.2,221.22 million, Rs.1,517.32 million, Rs.2,180.78 million, Rs.1,216.41 million and Rs.519.07 million, respectively. Ixigo attributes the growth in business to its technology-driven operations and low operational costs that results in comparatively enhanced operating margins that are improving with scale.



The Company also relies on utility and crowd-sourced driven use cases to acquire users organically. As more users utilize its OTA platforms, the additional information added to its proprietary algorithms increases the utility and effectiveness of its PNR and train running status predictions, and crowd-sourced information, as well as enabling it to offer an enhanced user experience. All of these help it to attract and retain more users, resulting in increased monetization through train bookings. The growth of its active user base also enhances OTA platforms' value to advertisers and partners, which leads to increase in its advertisement revenue, as well as its ability to cross-sell and up-sell travel and Value-Added Services, resulting in network effects.



Since inception, Ixigo have focused on growing its operations organically by relying on online marketing strategies to generate word-of-mouth product referrals, search engine optimization, social media engagement and video content. Accordingly, it has been able to acquire



a significant portion of its users organically for utility and crowd-sourced information led use-cases, to whom it is able to cross-sell and up-sell trains, flights, bus, cab and hotels, as well as other Value-Added Services featured on its OTA platforms, with the objective of growing its user lifetime value.

Experienced management team with lean organization structure: Ixigo is led by an experienced leadership team with significant industry experience. Its Board includes a combination of management executives and independent members who add significant business experience including in the areas of travel, ecommerce, hospitality and finance. Its leadership team's domain knowledge, industry relationships, and experience in identifying, evaluating and completing acquisitions provide it with opportunities to grow organically and through strategic acquisitions that complement or expand its existing operations. The Company is supported by its senior management team and as of December 31, 2023, it had a team of 486 full-time employees. It considers its entrepreneurial culture and flat organizational structure as factors in its success, and in containing its operating expenses, while maintaining its growth.

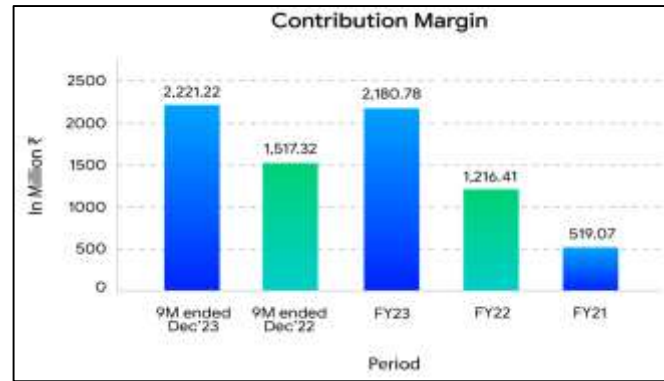
Business Strategy:

Continue to deepen penetration and enhance offerings for the 'next billion users' market segment: Ixigo 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 it expects deeper penetration in non-Tier I cities will drive growth of train, flight, bus and hotel bookings. Accordingly, it intends to capitalize on such opportunities by expanding its user base within the 'next billion user' market segment, engaging its existing users to return to book and use its OTA platforms more frequently, by leveraging its utility focused and artificial intelligence driven technology OTA platforms. It intends 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. It also intends to invest more deeply in its brand to educate new users on its product benefits and uniqueness of its offerings. In addition, it intends to leverage its brand by creating a cohesive and integrated marketing strategy punctuated by product launches that introduce new features to its existing and prospective user-base.

Increase monetization through cross-selling and up-selling: Given the fragmented requirements of travellers, Ixigo has focused on a multi-app, multi-brand approach to address various travel use cases. It has invested in multiple apps to provide a more focused and customized experience to be delivered around every user's dominant use case. Its utility-focused OTA platforms has a sizeable user base and provide it with an opportunity to cross-sell and up-sell its service offerings with relatively low entry and user acquisition costs. The Company intends to increase the scope of its Value-Added Services and the breadth of its embedded finance products beyond ixigo Assured and ixigo Assured Flex to new proprietary services relying on data-science that can offer enhanced flexibility and value added services across its train, flight, bus and hotel bookers. In its flights business, it intends to increase its efforts to expand its international flight booking offerings through integration of new supplier partners, marketing and up-selling of international destinations to its existing domestic flight booking user, and up-selling hotels, activities, holiday packages and other ancillary services to flight bookers.

Ixigo intends to focus on assisting users in their travel requirements across the research, planning, booking, postbooking, status tracking and trip-management phases with the aim of being its OTA of choice as its transition from searching unreserved or passenger-class train information to booking reserved train tickets and from booking reserved train tickets to booking flight tickets, bus tickets and hotels, along with other Value-Added Services. Further, it intends to augment use of ixigo PLAN. It also intends 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 as part of a single trip, such as, booking flight and train, for different passenger segments of the same journey, as well as booking hotel accommodation and cabs at the origin or destination. In addition, it plans to provide travel insurance, and foreign exchange services by partnering with third party service providers to enable them to offer these to users on its OTA platforms. Such Value-Added Services will enable Ixigo to generate additional revenue and contribute to conversion of active users to transacting users.

Improve operating leverage through investment in deep tech and artificial intelligence: Ixigo 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. It also intends to develop in-house models validated through the use of artificial intelligence that will improve its revenues and margin contribution. It also plans to continue to invest in developing, improving and upgrading its technology infrastructure, towards further automating its operations, improving understanding of its users, and providing more relevant, timely, accurate and personalized information to the users. Through these, it intends to improve its contribution margin, in line with the trend demonstrated below:



Inputs for the 'next billion users' will be increasingly replaced by voice-based and gesture-based commands, which will help input data and commands to work faster and more conveniently for the rural internet consumer; Further, as per a recent survey, 50% of the Google searches are already performed using voice commands, with the number more than doubling in Tier II and Tier III cities. Accordingly, Ixigo intends to introduce more voice enabled features on its OTA platforms, particularly for its utility use cases as well as on its artificial intelligence driven personal travel assistant, TARA. It will continue to invest in technology in order to enhance its customer experience, attract new users organically and capitalize on the expected future growth opportunities in the online travel market in India.

Drive value creation through selective strategic partnerships and acquisitions: Ixigo seeks to continue expanding its 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. It intends to expand into these new verticals through strategic partnerships and acquisitions. By diversifying into new travelrelated verticals, it seeks to be able to attract more users to its OTA platforms, increase user engagement and serve as a comprehensive 'one-stop' travel solution. It has and intends to continue to develop partnerships with various banks, fintech companies and corporates to offer functionality and promotions for purchase of tickets on its OTA platforms, which would result in more benefits which can be passed on to users. In addition to growing its business organically, it has in the past and may continue to pursue targeted acquisitions that complement its service and technology offerings, strengthen or establish its presence in target market or help it gain access to new markets, technology and teams. The Company has also invested in FreshBus, which is focused on providing inter-city bus travel service using environment-friendly electric buses. Its acquisitions and partnerships, together with its technology platforms comprise a travel ecosystem that seeks to solve the needs of travellers across the planning, booking and trip management stages of a trip, improve its ability to offer better diversity of supply, help it achieve economies of scale, as well as build significant cost synergies across the group. Ixigo expects to continue to evaluate strategic partnerships, investments and acquisitions in the future.

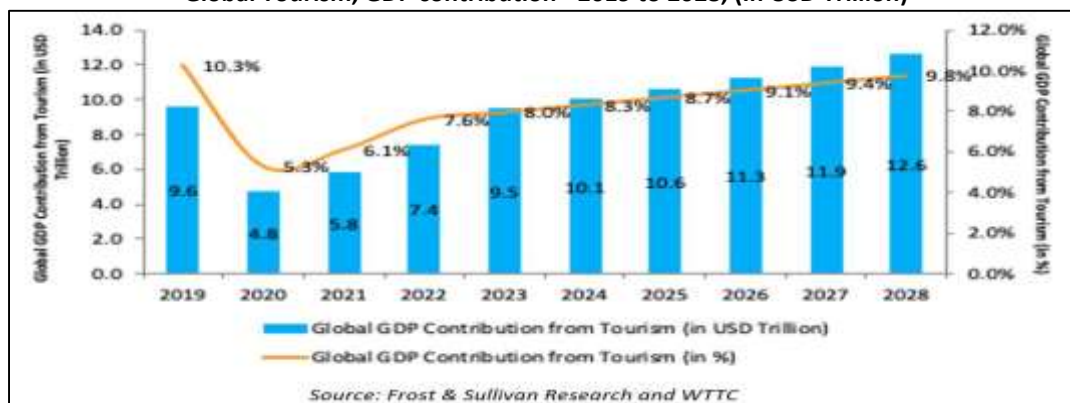
Industry:

Travel overview

Global tourism industry trends

In 2023, the Travel and Tourism sector contributed around USD 9.5 trillion towards the global economy and around 21 million new jobs were created in this sector during the same period. The major economic contributors were North America and Europe, which accounted for USD 363 billion and USD 579 billion, respectively. However, APAC ranked first in job creations, which created 8.7 million new jobs in 2022, which is around 40% of the new jobs created globally in the Travel and Tourism sector. India's relative global rank in tourism spending as contribution to GDP was a respectable sixth in Fiscal 2022. India's tourism spending contributed 6% to the country's GDP in Fiscal 2021 and is expected to grow to 7% by Fiscal 2031. It is expected to grow at a CAGR of over 7% to 9% between Fiscal 2019 and Fiscal 2028.

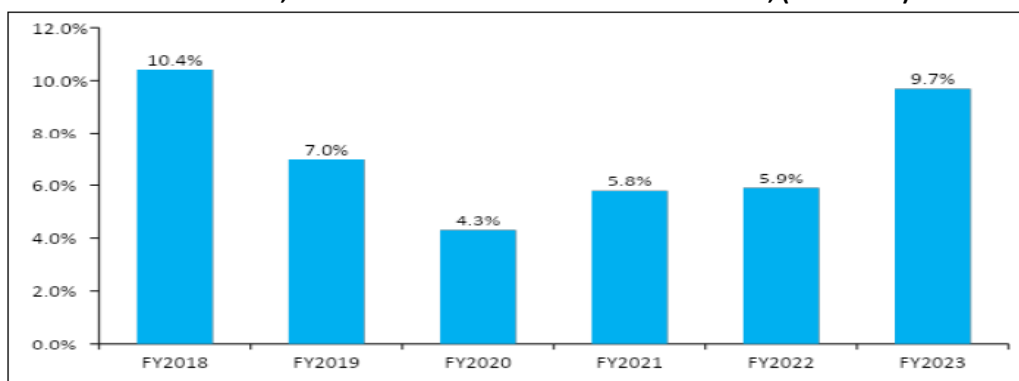
Global Tourism, GDP contribution - 2019 to 2028, (In USD Trillion)



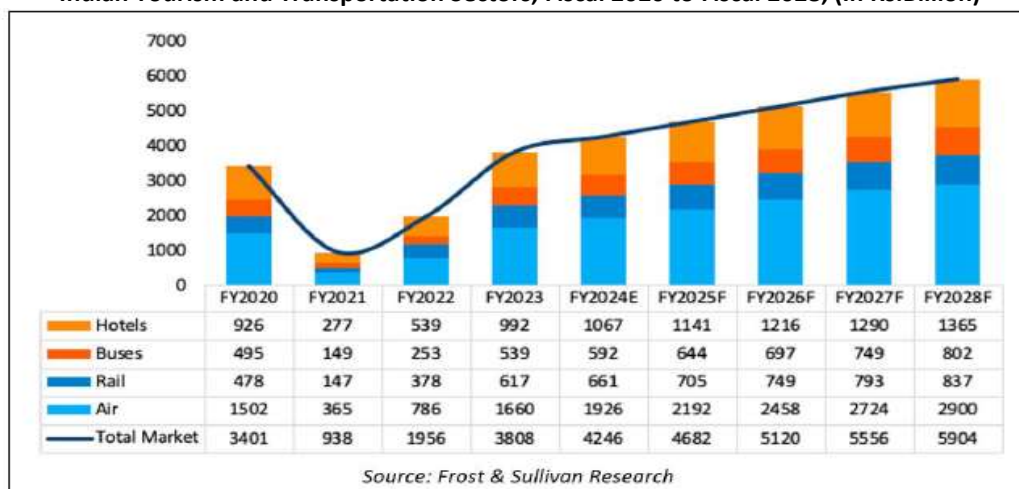
Indian Tourism Industry Trends

According to the World Travel & Tourism Council ("WTTC"), Indian travel and tourism spending was Rs.16.5 trillion in Fiscal 2023 with an equally high contribution to GDP at 9.7% of GDP as of Fiscal 2023, and this contribution is expected to grow strongly in the forecast period. This includes not just transportation and accommodation spending but also spending on culture, sports, recreational spending, on entertainment, retail trade and food and beverage amongst others by residents as well as visitor exports.

India Tourism, GDP contribution Fiscal 2019 to Fiscal 2023, (In Percent)



Indian Tourism and Transportation Sectors, Fiscal 2020 to Fiscal 2028, (In Rs.Billion)



The Indian travel and tourism market for air, road, air and hotels accounts to around Rs.3,808 billion and this is expected to grow to Rs.5,904 billion in Fiscal 2028. The overall travel market is expected to grow at a CAGR of 9%.

Growth in Domestic Appetite for Travel from Young and Middle India

Middle India is becoming increasingly mobile through the growth of disposable income and the frequency of vacation and travel has increased compared to the past. There is a growing share of discretionary spending in overall income, of which the share of travel spending is also increasing. As internet penetration brings deep Middle India into the mainstream and decreases information asymmetry, Indians in Tier II and Tier III towns are increasingly contributing to the growth of the travel industry.

Increasing Affordability and Connectivity of Air and Train Travel

Availability of low-cost travel, increasing income per household, flexibility options, and offers provided by OTA, have made travel more attractive. The higher number of OTAs and the increasing competitiveness among airlines, railways, and buses as modes of transport have increased the affordability of travel. There have been many drivers of tourism in Indian government policy initiatives that promote domestic tourism and the development of tourism infrastructure. There have also been policy reforms in visa and passport issuance. In addition, social media has increased exposure for tourist destinations. Findings suggest, around 21% of all Indian travellers in 2022 have visited international destinations and the rest have visited domestic destinations. The average spend on domestic travel was estimated to be around Rs.27,000 and for international travel it was around Rs.1,29,000 in 2022.



Most Active Traffic Routes in India: Past Trends and Projections

Airlines, Railways, and Roads

The most common routes between airlines, railways, and roads, and the ones with the most traffic, have at least 1 metro station, either as the destination or source of travel. The busiest routes between airlines and railways are Mumbai to Delhi and Mumbai to Kolkata, while Mumbai to Bengaluru and Mumbai to Ahmedabad are the busiest routes between airlines and buses. Frequent users of airlines and buses are corporate travellers, which include white-collar employees, traders, and SMEs. For railways and buses, the common routes with most traffic are Bengaluru to Chennai, Hyderabad to Vijayawada and Pune to Mumbai. Official AAI (Airport Authority of India) data illustrates that the share of travel between two Tier I cities has been consistently reducing and it is shifting towards Tier I to Tier II and between Tier II to Tier II/III during the period Fiscal 2017 to Fiscal 2022.

Passengers Carried Across Different Modes of Transport

India has a large population, where numerous modes of transport are required to meet the travel needs of customers. Over a period, people interchange their modes of transport depending on distance, affordability, comfort, and lead time of travel. Most of the travel industry in India is divided into 3 transportation modes: airway, railway, and bus. Of the 140 million commuters on a daily basis in India, road and rail transport absorb more than 75% and 24% of the travel requirements, respectively, together catering to 99% of the passenger demand of the country. Daily, surface transport comprises 60% intra-city traffic and 40% intercity traffic. Intercity travel increases as a direct function of the economy. With India's GDP growth expected at approximately 6 to 7% annually over the next 5 years, roadways are the mode expected to carry the burden of transportation. In the bus segment, the long-haul intercity buses and intra-city buses together account for 25 million daily passengers which is comparable to rail traffic. However, the bulk of bus traffic is the medium haul intercity traffic which takes the overall road contribution much higher than reserved rail. The modern fleet of buses with facilities like washrooms and sleeper coaches offer more convenience and comfort over trains for medium haul journeys. In comparison, daily passenger departures by air despite hitting a record high of almost 459,500, in November 2023, still comprises less than 1% of daily transport requirements of Indian citizens.

Migration from Unreserved to Reserved Class in Railways:

In Fiscal 2023, the total reserved passengers accounted for around 611 million and the unreserved travellers accounted for around 2,307 million. The Indian railways witnessed a 48% growth in the reserved passenger segment, in terms of revenue in Fiscal 2023 (First 10 months Fiscal 2023). The reserved passenger growth was around 7% between the year Fiscal 2022 to Fiscal 2023. More and more of the unreserved class passengers are moving to the reserved class on a yearly basis, the key driver for this is the higher income level. Indian railways are adding two to three reserved coaches per train to cater to this trend. This presents the highest scope of migration on the travel pyramid. The non-air conditioned coaches are being replaced with air conditioned coaches and the reserved passengers are willing to pay more for the additional comfort, potentially hinting at higher Average Transaction Value (ATV) in future. The addition of premium and high speed trains like Vande Bharath sleeper class and high speed rails are expected to be the short-term future drivers in this market.

Due to the affordability of airline travel, along with investments in building airports, secondary airports, and increasing flight slots, there is better connectivity between airports in India. This results in the migration of 1st and 2nd AC rail travellers to air in sectors where the price differential is low. This is further supported by the almost 60% of the annual traffic of any Low-Cost Carriers (LCC) comprising first-time fliers.

Migration from Rail to Road:

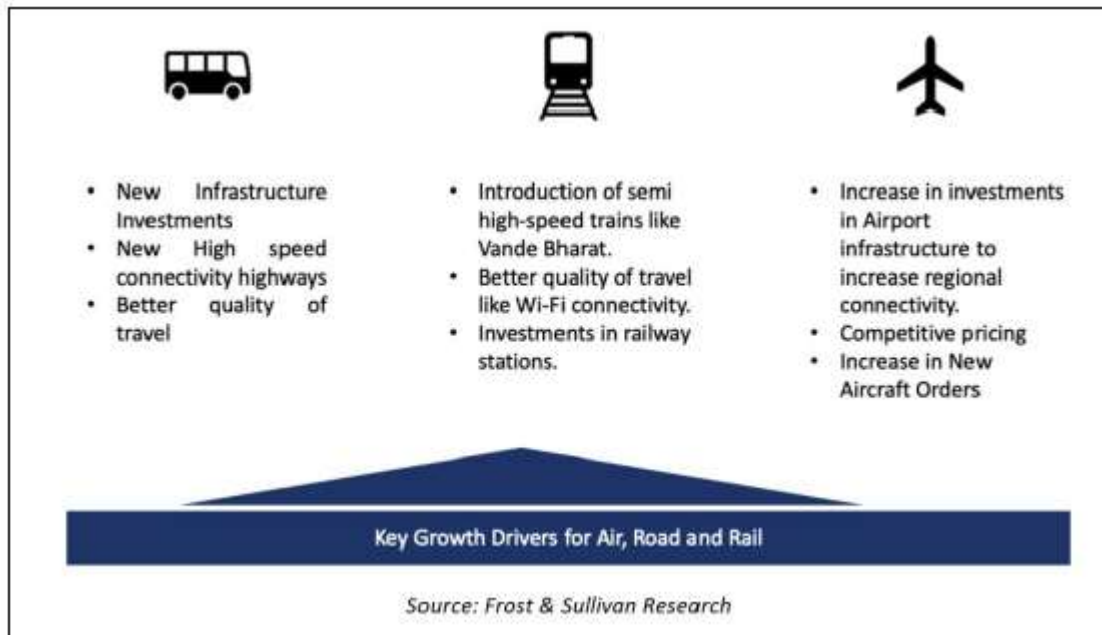
While the bus segment is booming in India, most buses run at only 50% to 60% capacity, even as trains on the same routes have waitlisted and overbooked seats. The private players in the segment are increasing the comfort and convenience of buses in these routes to offer seamless migration. The increased investments in road infrastructure is also increasing the demand for bus travel.

Government Initiatives to Boost Growth per Mode

Infrastructure bottlenecks have been a common woe for all modes of transport. In airlines, capacity is restrained due to the shortage of aircraft, airports and air slots. In railways, there is an upper cap in the number of trains that can be operated due to the shortage of tracks and any capacity addition will also need higher speed for existing trains. Comparatively, road transportation has fewer capacity bottlenecks and can be easily ramped up to meet demand surges. The government has put various policy measures in place to bolster infrastructure capacity for each mode. The details of these policies are enumerated in the respective chapters. Importantly, the efficacy of government measures to boost capacity has been different across modes. In the last five years, UDAN has significantly increased the regional air-connectivity in the country. As of July 2023, there were 74 airports under RCS- UDAN scheme, including 2 water aerodromes and 9 heliports. The government has also planned to increase the routes served from 479 to 1000 by 2024. The National Rail Plan 2030 announced an increase in railway tracks and the introduction of some new AC chair car trains. However, the budgetary outlay and progress by the Ministry of Road and Transport to construct 65,000 kilometres of national highways has been substantial.

An analysis of the number of new airports and railway stations that have opened, along with the miles of roads that have been laid out in the last 5 years, makes it evident that the biggest modern investment and thrust by the government has gone into the development of road infrastructure, when compared to other modes of transport.

Key Drivers for Road, Rail and Air, 2023



Online vs. Offline Travel Booking: India

In Fiscal 2023, the railway sector leads the online penetration amongst all travel sectors in India with a penetration rate of 81% in reserved train ticketing. Online rail tickets are booked via both direct IRCTC route and routed through OTAs. In Fiscal 2023 online penetration of the air segment stood at 70% of all air travel. Share of online hotel booking is low at 32% and only 19% of the bus segment was penetrated with online bookings in Fiscal 2023. Increasing digitization of inventory in general and the COVID pandemic in particular have increased online uptake across all travel modes. The overall travel industry is expected to grow by 9% during the forecast period Fiscal 2024 to Fiscal 2028, but the growth rate of the online segment of the travel industry is expected to be even higher at 13%. The growth in the online segments of the bus at 18% and air at 15% will lead the online travel market growth.

Airlines: This segment is the earliest mode of transport to adopt OTA channels for bookings and has given it the majority share of the value of bookings due to the high-ticket sizes. However, in terms of value, its penetration is at Rs.1,162 billion as offline purchases through traditional travel agents and direct airline website purchases are still important. OTA penetration is expected to increase to 80% by Fiscal 2028. Compared to a CAGR of 12% forecasted for Fiscal 2028 of the overall Indian airline industry, the OTA component of the airline industry will grow at an accelerated pace of 18% for the same period. Thus, both the online penetration within air ticketing and the share of OTAs within online ticketing are set to increase by Fiscal 2028.

Rail: Major source for rail ticketing is IRCTC, introduced to the market in 2002. About 81% of reserved rail tickets were booked online in Fiscal 2023 and the online booking share is expected to increase to 86% by Fiscal 2028. The value of bookings is expected to increase as IRCTC & OTAs offer a better value proposition and take shares away from offline and the average fare for tickets has been rising recently as the share of AC tickets sold has improved. Compared to the moderate growth or CAGR of 6% forecasted for the years Fiscal 2023 to Fiscal 2028 for the overall Indian rail industry, the online component of the reserved rail industry will grow at 8% in terms of value by 2028. The OTA market in Fiscal 2023 accounts to Rs.100 billion and is expected to grow to Rs.202 billion by Fiscal 2028 at a CAGR of 15%. The key drivers for the OTA are gaining share due to various add on features and convenience provided by OTAs.

Hospitality: The online penetration in this segment was about 32% in the overall hotel market by values in Fiscal 2023. This is because fewer hotels operate online. The online penetration is low as many Tier II and Tier III hotels do not provide online services and it proves challenging for an OTA to coordinate among all the hotels. Its online penetration by volumes is expected to increase to 44% by Fiscal 2028. Compared to CAGR of 7% forecasted for the years Fiscal 2023 to Fiscal 2028 for the overall Indian hospitality industry, the online component of the hospitality industry will grow at double that pace, at a CAGR of 14% between Fiscal 2023 and Fiscal 2028. The OTA market in Fiscal 2023 accounts to Rs.238 billion and is expected to grow to Rs.517 billion by Fiscal 2028 at a CAGR of 17%.



Bus: Online penetration of the bus segment is one of the fastest growing segments. The online penetration was low at 19%, for the intercity bus segment and is expected to grow to 28% by Fiscal 2028. Bus ticketing is still in an early stage of growth because of few participants in this market. Additionally, the offline share accounts for 81% of the total market. However, the OTAs account for around 88% of the online bus ticket booking market share in Fiscal 2023.

Airline Industry Overview

The Indian air travel market is one of the fastest growing markets in the world, with total passengers handled across airports amounting to 327 million passengers in Fiscal 2023. Though it is 4% lesser compared to pre COVID numbers, it is expected that the air travel market will recover fully beyond pre COVID levels in Fiscal 2024. In Fiscal 2020 (pre-COVID) 141 million Indian travellers took to the skies to fulfil their domestic travel needs and in Fiscal 2023 (Post-COVID) this number has bounced back to 138 million. The air travel market by value has increased from Rs.1,502 billion in Fiscal 2020 to Rs.1,660 billion in Fiscal 2023.

This increase in air passenger numbers has been supported by the increase in airport investments, doubling of operational airports in India from 74 in 2014 to 148 in 2023. The growth in new airplane deliveries is another key driver, with the Indian fleet expected to be 1200 aircrafts by 2027. Many Indians have migrated from the use of 2nd and 1st class trains to economy-class airlines as first-time flyers contribute a significant 64% to air-passenger traffic in Fiscal 2022.

Indian post COVID air travel has witnessed a steep increase in air fares and load factors. This can be attributed to increase in ATF, overall travel growth and exit of few players leading to reduction in seats and the removal of fare restrictions by the Ministry of Civil Aviation from August 2022.

India's domestic aviation sector - with robust passenger volume growth reaching approximately 136 million in Fiscal 2023, according to ICRA, was only 4% below the pre-pandemic levels of Fiscal 2020. However, due to the overall increase in the ticket prices the value of the market has surpassed pre-COVID levels. This significant surge in passenger volume underscores the resilience of India's aviation industry. With 152 million passengers recorded from January to December 2023, it reflects a record passenger load factor of around 93% in December 2023. This represents a 23.36% annual growth compared to the same period in January of 2022 to December, 2022 and a 8.34% monthly growth compared to December 2022. The domestic air traffic is expected to grow between 15% to 17% in Fiscal 2024 in comparison to Fiscal 2023, surpassing pre-COVID levels.

Airline Industry Trends

The Indian air travel market is the third fastest growing in the world, after the US and China in 2023. The market has experienced a growth of around 10% between the years 2013 to 2023, which is 2.5 times the global average. The airline business in India is dominated by the Indian carrier Indigo with around 60.5% market share, followed by Air India, with a share of around 13.1% in March 2024. Changes in the past 12 months in the airline landscape enumerated below like significant mergers, insolvency and introduction of new airlines and routes have altered the competitive landscape of the Indian airline industry.

Both Indigo and Air India have placed landmark plane orders with aircraft manufacturers recently, with Indigo placing an order of 500 aircraft in June 2023. This 500 aircraft order is not only IndiGo's largest order, but also the largest-ever single aircraft purchase by any airline with Airbus. Air India has also firmed up its order for 250 Airbus aircraft and 220 new Boeing planes in June 2023. The Air India order includes 70 widebody planes, comprising 34 A350-1000s and six A350-900s from Airbus, and 20 787 Dreamliners and 10 777Xs from Boeing. It also includes 140 Airbus A320neo, 70 Airbus A321neo and 190 Boeing 737 MAX narrow body aircraft. Air India has also signed options to buy an additional 70 planes from Boeing including 50 737 MAXs and 20 787 Dreamliners. The delivery of these planes is expected to happen over the next five years.

Railway Industry Overview

Rail Travel

Drivers for the Railway Industry

In the era of globalization, the competitive advantage of each economy depends on facilitating more efficient transport of people and goods, while the key obstacle can be the lack of efficient and high-quality transport infrastructure. India has an Rs.2,400 billion rail travel market as of Fiscal 2023, including both passenger and freight. This is a 25% growth compared to Fiscal 2022. The passenger revenue grew 61% to reach Rs.633 billion in Fiscal 2023, compared to Fiscal 2022. Increasing urbanization and rising urban and rural income, train additions (both premium and regular) and Regional Rapid Transit System (RRTS) is driving growth in the passenger segment of Indian railways.

Preferred Mode of Travel for Middle India

The overall increase in income, increase in infrastructure and the investments by tourism departments have increased the number of travellers in India. For such a traveller profile, trains are the most prominent mode of travel. Increasing incomes, improving infrastructure



and population growth are driving a significant number of new or first-time users from the middle- and lower-middle-income groups, particularly from non-Tier I cities in India and increasing in the rail market.

Government Initiatives

The railway network is highly saturated. New corridors and lines were long required to increase capacity. Of the 1,219 railway track sections, 492 (40%) are running at 100% or above line capacity. Approximately 80% of HDN (high-density network routes) and 48% of HUN (highly utilized network routes) experience capacity utilization exceeding 100%, indicating substantial network congestion. Railway capital investment stood at Rs.2.6 trillion for Fiscal 2024. They have allocated a further Rs.11 trillion by 2025 for the following:

NCRTC: The Delhi- Ghaziabad- Meerut regional rapid transit system was inaugurated on the 20th October 2023. This high-speed rail transport system is expected to reach a speed of 180 KMPH, connecting Delhi to Meerut in less than an hour. The project was developed with an investment of Rs.300 billion. A total of 8 such projects have been identified for future developments.

Semi high-speed corridor: Approximately Rs.6.43 trillion is planned to be invested in developing a semi high-speed rail corridor for the Kerala to Delhi to Agra, Delhi to Kanpur, Chennai to Hyderabad, Nagpur to Secunderabad, Mumbai to Pune to Solapur to Hyderabad, and Mumbai to Goa routes, which are extremely congested with high volumes of commuters.

High-speed rail projects: As many as 8 new rail corridors are in the pipeline as Indian Railways plans to expand India's first bullet-train project. The first corridor that would connect Mumbai and Ahmedabad is expected to be completed by 2026. It is expected that 35 individual trains would be operational in the first year of operations. Detailed Project Reports (DPRs) for an additional 7 high-speed rail projects have been sanctioned by Indian Railways. This would lead to the provision of faster, more convenient, and on-time arrivals of Indian trains.

Dedicated freight corridors: The Government of India is currently developing two dedicated freight corridors. These are named Eastern Dedicated Freight Corridor (EDFC) and WDFC (Western Dedicated Freight Corridor). EDFC would connect Ludhiana, Punjab to Sonnagar, Bihar and WDFC would connect Jawaharlal Nehru Port Terminal, Maharashtra to Dadri, Uttar Pradesh. The work on these dedicated freight corridors began in 2014, 66% of work for EDFC and 57% of work for WDFC was completed as of April 2023.

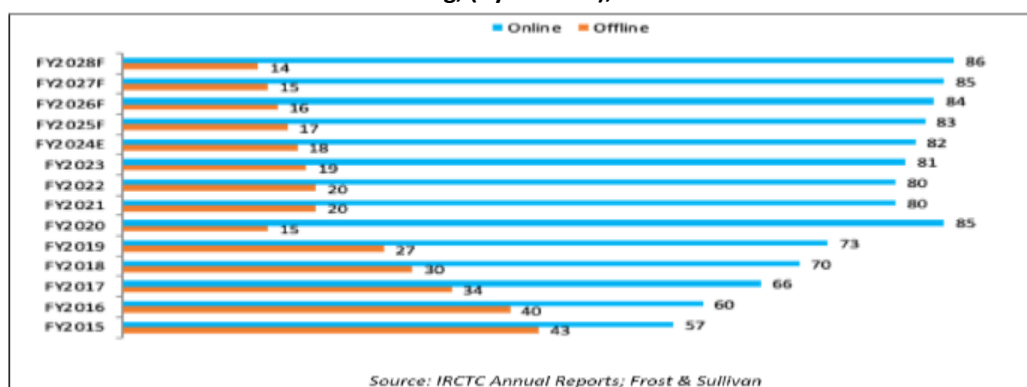
Redevelopment of stations: By redeveloping stations, the government plans to bring back the passengers that were lost to air travel by providing a cleaner, better organized, more valuable, and comfortable option. On August 2023, foundation stone was laid to redevelop 508 railway stations across the country under the Amrit Bharat Station Scheme at a budget of Rs.244 billion.

Wi-fi connectivity: The Ministry of Railways provides free, high-speed wi-fi connectivity at several railway stations across the country to improve connectivity. It serves as the driver for increased convenience and contributes to the value generating initiative.

Ticketing Modes (Online vs. Offline)

The Indian rail travel market has significantly evolved with digitization. The trend of online rail bookings was further increased with the IRCTC online ticketing services introduced in 2002. There was an average daily booking of 0.8 million tickets on the IRCTC website and app in Fiscal 2020, which rose to over 1.2 million tickets in Fiscal 2023. The IT infrastructure of Indian railways was revamped in February 2023 to handle 0.3 million tickets in a minute compared to what used to be 25,000 tickets per minute. Similarly, the enquiry handling per minute capacity was also increased to 0.4 million per minute compared to 40,000 per minute. Railway ticket bookings started off as a sole offline booking service with 70% being booked offline in 2009. Within 4 years, online ticketing took over as the major mode of booking. In Fiscal 2023, 80.99% of Indian railway tickets were booked online, with the remaining still being booked offline on passenger reservation system ("PRS") ticket counters.

Growth of Online Ticketing, (By Volume), Fiscal 2015 to Fiscal 2028





Total 770.6 million passengers booked on E-Tickets in Fiscal 2023 as compared to 734.3 million passengers in Fiscal 2022. This amounts to an average of 2.1 million passengers who booked their tickets online per day during Fiscal 2023. The ratio of Passenger to Ticket during the year Fiscal 2022 to Fiscal 2023 was 1.79:1. Prior Fiscal 2016, only 60% of the reserved tickets were booked online. In Fiscal 2023, the proportion increased to 81%. The pandemic has further driven the loyal offline ticketing customers to rethink their ticketing methodology as PRS counters were closed or restricted, pushing the online uptake even higher. In Fiscal 2028 online ticketing is expected to reach 86% of all reserved railway bookings in India, with a 14% buffer for those who may prefer an over-the-counter booking or through offline travel agents.

Bus Industry Overview

The Indian road network accounts for around 6.5 million kilometers of road and is the second largest road network in the world, after the US. Indian roadways density of around 0.66 km of road for every square kilometre of land is higher than the US which is 0.65 and much higher than China and Brazil which are at 0.16 and 0.20, respectively. The Indian road network has grown 59% in the past nine years. The road transport in India accounts for around 85% of the country's passenger traffic and more than 60% of freight traffic. Of the total road demand, 82% relates to intracity and 18% relates to intercity distances. Most of the accessibility of interior Indian villages and Tier III and Tier IV towns to the rest of the country depends on the lifelines created by subsidized government buses that carry passengers, agricultural produce, and small artisanal goods to the nearest towns for sale to the Indian rural population. The Indian road infrastructure plays an important role in the Indian economy and contributes to around 3.6% of the total GDP.

In India, growth in the road transport sector is proportional to the growth of the economy. As India grows, the burden of carrying most of its people falls on road transportation. Bus is the most preferred mode of travel for the teeming masses in both urban and rural India, accounting for the largest share of 70% of all transportation used in India as of March 2023.

Higher Focus on the Development of Road Infrastructure than Rail or Air

The road and highway network in India is the second largest road network in the world. Between Fiscal 2016 and Fiscal 2024, highway construction is expected to increase at a CAGR of 21.2%. In Fiscal 2023, the government set a target to complete construction of 12,500 kilometers of national highways to improve connectivity in India - connecting rural India to metros, Tier I, and Tier II cities.

Development of Smart Cities

It is estimated that by 2030 there would be 6 megacities in India and around 60 cities would account for one million population, each. According to the latest reports, 66 smart city projects have not met their target and the deadlines have been extended to July 2024. At the individual project level, two thirds of the total 7,804 projects have been completed as of January 2023. Around 48 billion had been budgeted for the Smart City project. The development of smart cities and their connectivity needs to metros, Tier I, Tier II, and Tier III cities in India will be met disproportionately by road travel. This is due to the plug-and-play nature of bus supply that is dependent on bus operators adding more buses, compared to the heavy infrastructure costs of setting up airports or constructing rail networks.

Growth of OTAs

The rise of OTAs providing bus ticketing services has further increased the convenience of buses and driven more existing and new users, driving up the overall market size.

Ticketing Mode (Online vs. Offline)

The offline mode of ticketing includes the proportion of passengers who purchase their tickets from offline modes (travel agents or bus stations) and make payments in cash. Primarily, the mode of ticketing varies with the category of buses, which include long-range buses (intercity), medium-range buses (intercity), and intracity buses. The overall online penetration is low in the Indian bus market and is limited to intercity buses but is increasing due to the growing information asymmetry being filled by OTAs. In bus market, the share of online ticketing was 19% in Fiscal 2023, an increase from 5% in Fiscal 2012. Online ticketing surged during the pandemic as people opted for contactless digital purchases. During the COVID period a significant 30% of bus-ticketing transactions were conducted online and are forecasted to settle at 28% by Fiscal 2028, which is a significant acceleration from the pre-COVID penetration. The share of online payments in the medium-range intercity and intracity buses is negligible. For these categories of buses, the tickets are available from the bus station and are transacted in cash. With the rise in the number of OTAs and electronic devices (PoS) in the intracity buses, the proportion of online ticketing is expected to rise in the intracity and medium-range bus segment as well.

Online Travel Agency (OTA) Industry Overview

Drivers for the OTA Industry

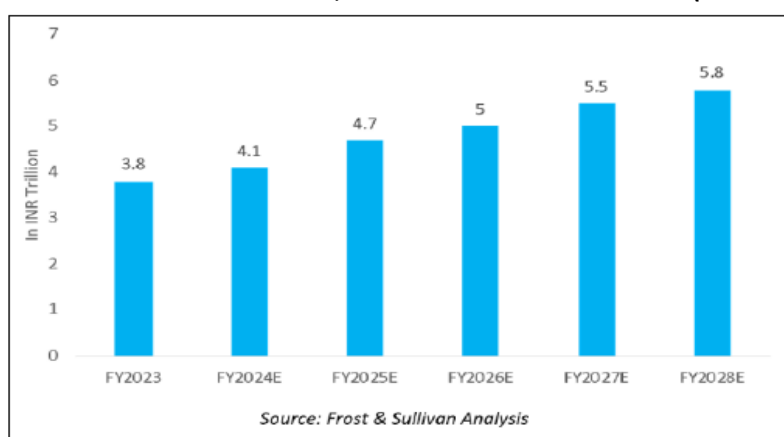
The global travel market is valued at about Rs.821 trillion in 2023 and is expected to grow to Rs.1,232 trillion in 2033. After having absorbed a major contraction of 50% due to COVID in 2021 and 2022, the sector is recovering to the pre-COVID levels in 2023 according to World Travel and Tourism Council (WTTTC). The Asia-Pacific market has the highest growth potential for the OTA industry, with India being one of the most lucrative markets within the region. The online travel market is driven mainly by quick and convenient booking of

tickets or rooms, affordability owing to offers and discounts, customer service, rising trust of customers in online payments as well as their increased integration and the ability to compare various services. Increased internet connectivity and smartphone penetration in Tier-II & III cities along with investments from OTAs to make their interface more friendly with regional language set-ups, help in attracting regional traffic.

Total Indian Travel:

In Fiscal 2022, the Indian travel and tourism contribution to the Indian economy was Rs.15.7 trillion and was Rs.16.5 trillion in Fiscal 2023. This is 3.5% less than pre-COVID levels, which indicates a strong recovery of this sector according to WTTC. The domestic travellers spending alone grew 86% to reach Rs.2.3 trillion in Fiscal 2022 compared to Fiscal 2021. 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.

Growth of Indian Travel Market, India Fiscal 2023 to Fiscal 2028 (Rs.Trillion)



By the end of Fiscal 2023 the rail passenger volumes had recovered to 76% of pre-COVID levels for all tickets, with recovery in the reserved segment already well beyond pre-COVID levels. The domestic air travellers during the period January to November 2023 had already surpassed the number of domestic air travellers during the same period in pre-COVID times. The bus travel has bounced back to 80% to 90% of Pre-COVID levels and hotel bookings are also expected to reach pre-COVID levels by the end of 2023. Though full recovery is expected in 2023, pace of recovery will differ across sectors.

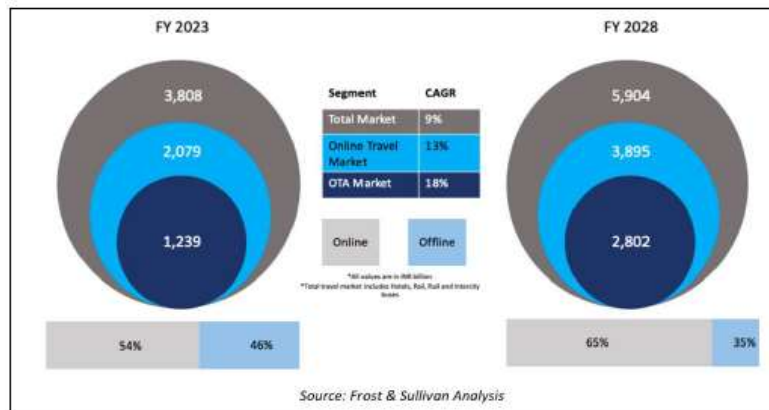
Share of Online in Overall Travel Market:

In the overall Indian Travel market, 54% of all travel spends were made online in Fiscal 2023. Online penetration varied across the different modes of transport with penetration being the highest in rail and air travel as compared to buses and hospitality. However, across all modes, there is a marked secular trend towards increasing digitization and online penetration of travel bookings. Online penetration of travel is expected to reach around 65% in Fiscal 2028. The online travel market is estimated at Rs.2,079 billion in Fiscal 2023 and is anticipated to grow faster than the overall travel market at 13% CAGR for the forecast period of Fiscal 2023 to Fiscal 2028 and reach Rs.3,895 billion by Fiscal 2028.

Indian OTA Market:

The Indian OTA industry increased from a gross booking revenue of Rs.749 billion in Fiscal 2020 to Rs.1,239 billion in Fiscal 2023, registering an impressive CAGR of 18% for the period. COVID impacted the growth of the sector in Fiscal 2021 and Fiscal 2022, especially on account of lockdowns, COVID related restrictions, the slow revival of international passenger traffic as well as a decrease in the market size of the hotel industry. However, the OTA industry has bounced back due to pent up demand, revenge travelling post COVID and since then has accelerated. The Indian OTA industry is estimated to be at Rs.1,239 billion in Fiscal 2023 and is expected to reach Rs.2,802 billion in Fiscal 2028, with a CAGR of 18% for the forecast period of Fiscal 2023 to Fiscal 2028. ixigo's market share of the overall OTA market (flights, trains, hotels and buses) by GTV stood at 9.24% in Fiscal 2021, 11.72% in Fiscal 2022 and 6.01% in Fiscal 2023. For the nine months ending Fiscal 2023, ixigo's market share of the overall OTA market by GTV was 5.88% which increased to 6.52% for the nine months ending Fiscal 2024.

Size of Indian Travel Market, India Fiscal 2023 to Fiscal 2028 (Rs.billion)



Challenges and Future Outlook:

By the end of Fiscal 2023 the rail passenger volumes had recovered to 76% of pre-COVID levels, with faster and full recovery in reserved class. The domestic air travellers during the period January to November 2023 has already surpassed the number of domestic air traveller during the same period in pre-COVID times. The bus travel has bounced back to 80% to 90% and hotel bookings have also reached pre-COVID levels. Though full recovery is expected in 2023, pace of recovery will differ across sectors.

Increasing market share in relatively higher margin segments remains a challenge for OTAs as both larger chain hotels and direct airlines focus on reaching their customers directly. However, given the OTAs hyper focus on differentiating their offering, they are bound to have an advantage over the direct supplier in the forecast period. The more NBU and domestic demand focused OTAs have fared relatively well even in the face of demand shocks such as COVID since their demand has been more resilient and bounced back faster given the underpenetrated categories, they operate in. Though players such as MakeMyTrip have gained an early advantage and dominance in many categories of this industry, it is a given that most of the future growth on segments such as air travel and hotels will come by virtue of NBU demand shifting from rail to air as a mode of travel or shifting its behaviour from offline booking to online booking. OTAs such as ixigo will play a very important role in enabling this shift since they have made a head start in acquiring the relevant users by building relevant use cases for them. Efforts of OTAs themselves in brand building have borne fruit. They have also benefited from the increasing trust extended to online payment platforms. OTAs are also increasingly able to meet customer service concerns by an increasingly responsive customer service platform, often enabled by technology to offer seamless resolution of queries.

There are several factors that are also delaying the recovery of international travel. Current geopolitical tensions (Russia-Ukraine war), high inflation, weak macroeconomic indicators, disruptions caused in airport services due to labour supply constraints and visa processing delays are some of the downside risks that the industry is currently facing. In case of domestic air travel, the industry has witnessed a disruption or stoppage of multiple airlines in the past 3 to 5 years. These have directly impacted the overall seat volumes which are available in the market. This imbalance of growth in demand for air travel and the available volume of seats would stabilise once newer inventory is infused into the system. These are expected to be infused by Air India and Indigo in the next two to three years.

There is also increasing competition from international OTAs in the hospitality sector. Though their advantage in competitive pricing persists, differentiation by OTAs is ensuring that even in these segments the international players do not have much of an advantage from a product perspective. Their play in the other modal sectors is insignificant.

The Indian railways is trying to set an international benchmark by focussing on safety, comfort and cost effectiveness. The introduction of Vande Bharat and the increase in air-conditioned coaches are expected to be a key revenue driver for Indian railways. The GTVs of OTAs with a strong presence in the rail segment would directly benefit from the increased cost per ticket.

The high-speed connectivity express highways are the backbone of luxury road travel growth in India. The investment in road infrastructure is expected to reduce the travel time between cities. This will have a positive impact on the growth of inter-city bus connectivity and OTAs catering to the bus segment. The issues with ticket confirmation in the rail segment could drive the shift towards road travel. In conclusion, the burgeoning organic demand for travel by the Indian population is being astutely met by the OTA business players and ably supported by government policy. The OTA market is well poised to be a catalyst for growth of the overall Indian travel industry with clear and strong value propositions vis a vis the direct players. This is a sunrise industry that is on course to flourish in the forecast period.



Key Concerns

- Ixigo originally commenced operations as a meta search website and subsequently transitioned to become an OTA. It has limited experience of operating as an OTA.
- Train ticketing services depend on the agreement with IRCTC. The termination of the agreement with IRCTC could preclude Ixigo from undertaking train ticketing services and could otherwise have a material adverse effect on its results of operations, cash flows, financial condition and business prospects.
- Arrangement with IRCTC is on a non-exclusive basis and IRCTC may engage with other distribution partners including its competitors.
- Any failure to maintain satisfactory performance of technology infrastructure, including OTA platforms, particularly those leading to disruptions in the services, could materially and adversely affect the business and reputation, and its business may be harmed if its technology infrastructure or technology is damaged or otherwise fails or becomes obsolete.
- Incurred net losses in the past and anticipate increased expenses in future. Any loss in future periods could adversely affect the operations and financial conditions and the trading price of the Equity Shares.
- Ixigo is subject to privacy regulations, and compliance with these regulations could impose significant compliance burdens.
- Launched products and features such as ixigo Assured, ixigo Assured Flex and Abhi Assured to improve customer experiences, and intends to continue offering new features and products. If the rollout of new products and services, features, improvements and strategies do not meet the objectives or customer expectations, it could adversely impact the business and financial condition.
- If the Company fails to maintain and enhance brands “ixigo”, “ConfirmTkt” and “AbhiBus” or if fails to maintain the quality of customer service, it may face difficulty in maintaining existing and acquiring new users and business partners and its business may be harmed.
- Customer Acquisition Cost has progressively increased, and it may not be able to achieve the Customer Acquisition Cost that it anticipates.
- Sales and marketing efforts to attract customers may turn out to be ineffective.
- The COVID-19 pandemic had a material adverse effect on the travel industry and operations, including an increase in cancellations and refund requests, and reduction in travel volumes.
- Ixigo 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.
- Required to incur significant expenses towards Partner Support Costs.
- Some of the travel suppliers may reduce or eliminate the commission, incentive and other compensation they pay to Ixigo for the sale of tickets and this could adversely affect the business, cash flows and results of operations.
- Business depends on relationships with a broad range of travel suppliers, and any adverse changes in these relationships, or inability to enter into new relationships, could negatively affect the business and results of operations.
- As part of bus ticketing operations, Ixigo is required to provide performance guarantees to various state road transport corporations.
- Business depends on ability to ensure continuity of relationships with distribution partners and in the event of any termination or non-renewal of such arrangements, the business, financial condition and results of operation may be adversely impacted.
- Failure to generate and maintain accurate crowd-sourced information for train-centric mobile applications could negatively impact the business.



- Ixigo may not derive the anticipated benefits from strategic investments and acquisitions and it may not be successful in pursuing future investments and acquisitions.
- An inability to effectively manage growth and expansion may have a material adverse effect on the business prospects and future financial performance.
- Rely on artificial intelligence ("AI") and machine learning ("ML") to enhance user experiences, optimize operations and deliver personalized recommendations. AI/ ML technology and its advancement may require to comply with additional regulations and subject it to evolving risks.
- Rely on third party service providers for a significant portion of operational services and the business may be adversely affected if it fails to meet requirements or face operational disruptions
- Business depends on relationships with banks and payment gateway service providers and are exposed to risks associated with the online payments, including online security and online payment fraud.
- Ixigo could be negatively affected by changes in Internet search engine algorithms and dynamics, or search engine disintermediation.
- Use of open source software could adversely affect the ability to offer products and services and subject it to possible litigation.
- Dependent on limited suppliers and distributors for a significant portion of revenue from operations. Any change in the arrangements with such suppliers or distributors could have an adverse impact on the revenues, financial conditions, results of operations and cash flows.
- A general decline or disruptions in the travel industry may materially and adversely affect the business and results of operations.
- Confirm Ticket, erstwhile Subsidiary, which has now been amalgamated into Ixigo, had defaulted in payment of certain statutory dues prior to its acquisition by the Company.
- There have been certain instances of delay in payment of statutory dues by Ixigo. Any delay, or default in payment of statutory dues in future, may attract financial penalties from the respective government authorities and in turn may have an adverse impact on the financial condition and cash flows.
- The Company is subject to laws, rules and regulations applicable to the OTA industry, including in relation to advertisements on its platforms, which results in additional costs towards compliance, and may result in penalties.
- There are outstanding litigation proceedings against the Company and one of its Directors. Any adverse outcome in such proceedings may have an adverse impact on the reputation, business, financial condition, results of operations and cash flows.
- Failure to obtain or renew approvals, licenses, registrations and permits to operate the business in a timely manner, or at all, may adversely affect the business, financial condition, cash flows and results of operations.
- Any failure to protect intellectual property could have a material adverse effect on the business. It is and may also in the future be, subject to intellectual property infringement claims, which may be expensive to defend and may disrupt its business.
- An inability to maintain adequate insurance cover in connection with the business may adversely affect the operations and profitability.
- Ixigo and other OTAs are required to collect tax from airlines/ other suppliers and deposit such tax with the Government of India
- Operations are seasonal in nature, due to which performance in a particular quarter may fluctuate and may not be indicative of its performance for a full year.
- Business growth and operations are dependent on the growth of the online segment of the travel industry.



- Inability to maintain adequate internal controls may affect the ability to effectively manage its operations, resulting in errors or information lapses.
- Customers may engage in transactions in or with countries or persons that are subject to U.S. and other sanctions.
- A slowdown in economic growth in India could cause the business to suffer.

Profit & Loss

Particulars (Rs in million)	9MFY24	FY23	FY22	FY21
Revenue from operations	4910.2	5012.5	3795.8	1355.7
Other Income	60.8	163.2	53.6	28.4
Total Income	4971.0	5175.7	3849.4	1384.1
Total Expenditure	4627.8	4725.3	3919.0	1322.6
Employee benefits expense	1064.1	1262.6	951.6	348.0
Other expenses	3563.7	3462.7	2967.4	974.7
PBIDT	343.2	450.5	-69.5	61.4
Interest	23.9	9.5	28.0	15.5
PBDT	319.2	441.0	-97.6	45.9
Depreciation and amortization	103.1	108.2	78.4	18.9
PBT	216.1	332.8	-176.0	27.1
Share of loss of an associate, net of tax	-28.3	0.0	0.0	0.0
Exceptional items	297.2	-126.1	0.0	0.0
Tax (incl. DT & FBT)	-172.1	-27.2	34.9	-48.3
Current tax	0.7	76.8	55.4	2.8
Deferred tax Credit	-172.7	-104.0	-20.5	-51.1
PAT	657.1	234.0	-210.9	75.3
EPS (Rs.)	1.8	0.6	-0.7	0.3
Face Value	1	1	1	1
OPM (%)	5.8	5.7	-3.2	2.4
PATM (%)	13.4	4.7	-5.6	5.6

Balance Sheet

Particulars (Rs in million) As at	9MFY24	FY23	FY22	FY21
Non-current assets				
Property, plant and equipment	17.0	17.3	16.2	4.0
Capital work-in-progress	0.0	28.9	0.0	0.0
Right-of-use assets	34.8	71.0	25.1	33.4
Other intangible assets	199.6	246.8	303.8	141.8
Investment in Associates	364.4	0.0	0.0	0.0
Intangibles under development	0.1	48.4	0.0	0.0
Goodwill	2,483.0	2,584.8	2,541.4	817.0
Financial assets				
<i>Investments</i>	0.0	0.0	5.6	3.4
<i>Other financial assets</i>	58.90	106.51	66.4	10.0
Non-current tax assets (net)	158.2	103.6	88.6	78.9
Deferred Tax assets (net)	310.8	158.9	5.0	51.2
Other non-current assets	0.0	0.5	3.5	6.5
Total non-current assets	3,626.8	3,366.6	3,055.6	1,146.2
Current assets				
Financial assets				
<i>Investments</i>	807.2	477.4	397.9	21.5
<i>Trade receivables</i>	327.2	118.9	86.2	263.3
<i>Cash and cash equivalents</i>	520.2	731.3	247.3	201.1
<i>Bank balances other than cash and cash equivalents</i>	322.3	194.5	798.0	104.3
<i>Loans</i>	0.7	25.7	0.0	0.0
<i>Other financial assets</i>	144.7	117.9	114.4	10.0
Other current assets	1,038.0	826.9	685.3	104.3
Total current assets	3,160.3	2,492.6	2,329.1	704.5
Total assets	6,787.1	5,859.3	5,384.7	1,850.7
EQUITY & LIABILITIES				



Equity				
Equity share capital	373.0	371.2	369.8	0.4
Instruments entirely equity in nature	0.0	0.0	0.0	2,325.7
Non-Controlling interests	0.0	133.6	0.0	0.0
Other equity	3,998.3	3,366.4	3,057.1	-2,026.7
Total equity	4,371.3	3,871.2	3,426.9	299.4
Liabilities				
Non-current Liabilities				
Financial Liabilities				
<i>Borrowings</i>	0.0	0.0	0.0	98.4
<i>Lease liabilities</i>	33.1	63.3	30.9	43.4
<i>Trade payables</i>				
<i>Other financial liabilities</i>	0.0	295.6	507.2	310.9
Deferred tax liabilities (net)	0.0	25.2	28.8	37.3
Provisions	52.7	41.1	27.7	18.6
Total non-current liabilities	85.8	425.2	594.7	508.6
Current liabilities				
Contract liabilities	115.6	91.5	52.1	41.5
Financial liabilities				
<i>Borrowings</i>	433.6	5.4	27.3	51.0
<i>Lease liabilities</i>	35.5	31.6	12.5	8.7
<i>Trade payables</i>				
<i>total outstanding dues of micro enterprises and small enterprises</i>	5.1	12.6	5.5	2.7
<i>total outstanding dues of creditors other than micro enterprise and small enterprise</i>	585.7	348.2	439.9	192.5
<i>Other current financial liabilities</i>	753.5	745.2	700.8	642.6
Provisions	56.0	43.0	27.2	13.4
Other current liabilities	344.9	285.3	97.9	90.4
Total current liabilities	2,330.0	1,562.8	1,363.2	1,042.7
Total liabilities	2,415.8	1,988.1	1,957.9	1,551.3
Total equity and liabilities	6,787.1	5,859.3	5,384.7	1,850.7

Source: RHP

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