

11th June 2024

Le Travenues Technology – SUBSCRIBE

Investment Thesis

Le Travenues Technology Ltd. (Ixigo) is coming out with a initial public offering (IPO) of 79,580,900 equity shares at face value of Rs 1, each in a price band Rs. 88-93 per equity share. The aggregate size of the offer is around Rs 706.76 crore to Rs 746.92 crore based on lower and upper price band, respectively. The issue is open for subscription from June 10, 2024 and will close on June 12, 2024. The shares will be listed on BSE as well as NSE.

Object of the issue is to part-funding working capital requirements of the company. Investments in cloud infrastructure and technology. Funding inorganic growth through unidentified acquisitions and other strategic initiatives and general corporate purposes

Ixigo is a technology company focused on empowering Indian travelers to plan, book and manage their trips across rail, air, buses and hotels. Its Online Travel Agency (OTA) platforms allow travelers 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 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 increased from 46.4% in the first half of FY23 to 52.4% in the first half of FY24. Its bus-focused app, AbhiBus, was the second largest bus-ticketing OTA in India, with 12.5% market share in the first half of FY24. Ixigo 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. Ixigo is also the fastest growing OTA in India, in terms of revenue from operations between FY20 and FY23.

Financials

Ixigo's revenue from operations have grown at a CAGR of 92.29% between FY21-FY23.

Consol. (Rs. Cr.)	FY21	FY22	FY23	9MFY24
Revenue	135.57	379.58	501.25	491.00
EBITDA	3.30	-12.30	28.70	28.20
EBITDA Margin	2.4%	-3.2%	5.7%	5.7%
PAT	7.53	-21.09	23.40	64.70
EPS (Rs.)	0.25	-0.66	0.57	-
P/E	460.00	-	148.00	-
ROE	25.20	-	6.30	-

* At highest price band # Post listing

IPO Details

Issue Open Date	10 June 2024
Issue Close Date	12 June 2024
Price Band (Rs.)	Rs.88 – Rs. 93
Issue Size*	Rs. 7,401 Mn
Issue Size (Shares)	79,580,900
Market Lot	161 Shares
Listing Exchanges	BSE and NSE
Face Value (Rs.)	Rs. 1/-

* At highest price band

Key Details

Fresh Issue*	Rs. 1,200.0 Mn
Issue Type	Book Building
Book Running Lead Manager	Axis Capital, JM Financial and Dam Capital Advisors
Issue structure	QIB: 30% Non Institutional: 15% Retail: 10% Anchor Investors: 45%
Credit of Shares to Demat Account	14 June 2024
Issue Listing Date	18 June 2024

* At highest price band

Key Business Highlights

- As of March 31, 2023, it had 429.38 million Annual Active Users and 49.07 million transactions were booked through its OTA platforms in FY23. As of December 31, 2023, it had 213.21 million Registered Users and 42.00 million transactions were booked through its OTA platforms in the nine months ended December 31, 2023. As per data.ai (formerly App Annie), in 2022, the ixigo trains app and ConfirmTkt app was also featured in the top 10 travel apps in India with the ixigo trains app ranked 2nd and ConfirmTkt ranked 7th, in terms of most downloaded travel apps. The company is 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.
- Ixigo'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.
- Ixigo has a significant penetration in the 'next billion users' market. 'Next billion users' refers to an existing as well as anticipated market of 'new to Internet' users that includes all non-Tier I market demand i.e., all travel demand originating from and/or concluding in Tier II, III and rural areas in India as well as 'new to Internet' users emerging from middle and lower income groups of Tier I cities. In the next five years, it is expected that 20% of the 'next billion users' will come from Tier I cities, and a substantial 50% to come from Tier II and Tier III cities, and the rest of 30% will come from rural India.
- 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

Valuation

- 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 Sept'23. The number of transactions booked through its OTA platforms has increased at a CAGR of 139.4% from 8.56 mn in FY21 to 49.1 mn in FY23.
- According to the World Travel & Tourism Council (WTTC), Indian travel and tourism spending was Rs.16.5 trillion in FY23 with an equally high contribution to GDP at 9.7% of GDP as of FY23, and this contribution is expected to grow strongly in the forecast period. The Indian travel and tourism market for air, road, and hotels accounts to around Rs.3,808 billion and this is expected to grow to Rs.5,904 billion in FY28. The overall travel market is expected to grow at a CAGR of 9%. There is a growing share of discretionary spending in overall income, of which the share of travel spending is also increasing. Indians in Tier II and Tier III towns are increasingly contributing to the growth of the travel industry.
- We are recommending **SUBSCRIBE** rating to the IPO of Le Travenues Technology (Ixigo) Ltd. for medium to long term perspective.

Risk & Concern

- Ixigo originally commenced operations as a meta-search website and subsequently transitioned to become an OTA. Accordingly, the company has limited operating history and experience as an OTA, which could lead an adverse impact on its business and results of operations.
- Any failure of the company to maintain satisfactory performance of its technology infrastructure, including its OTA platforms, particularly those leading to disruptions in its services, could materially and adversely affect its business and reputation, and its business may be harmed if its technology infrastructure or technology is damaged or otherwise fails or becomes obsolete.

Graphs & Charts

Figure 1: Growth in Indian Travel Market (Rs. Trillion)

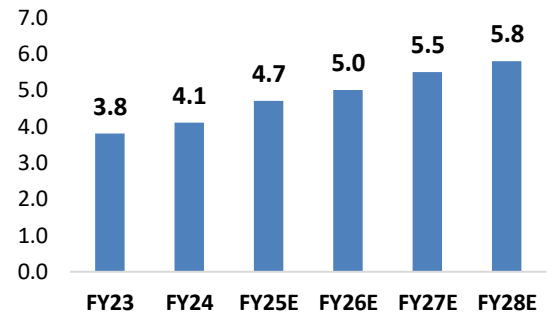


Figure 2: Revenue (Rs. Crore)

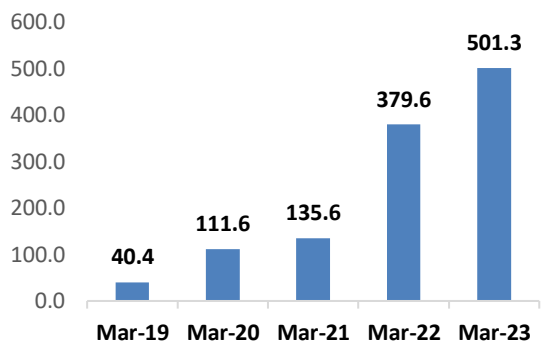


Figure 3: EBITDA (Rs. Crore)

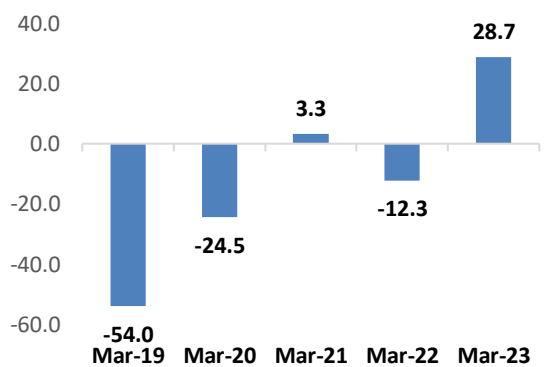
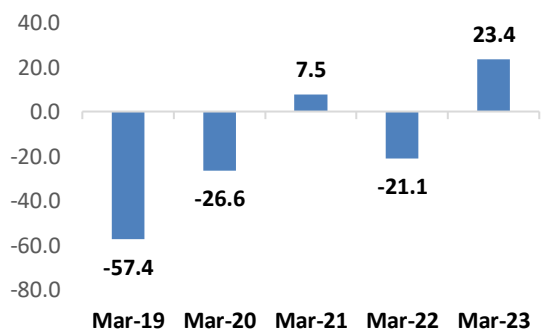


Figure 4: PAT (Rs. Crore)



Name
Vaibhav Vidwani

Designation
Research Analyst

Disclosure: M/s. Bonanza Portfolio Ltd here by declares that views expressed in this report accurately reflect view point with subject to companies/securities. M/s. Bonanza Portfolio Ltd has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations. The Analysts engaged in preparation of this Report or his/her relative: - (a) do not have any financial interests in the subject company mentioned in this Report; (b) do not own 1% or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the Report. The Analysts engaged in preparation of this Report:- (a) have not received any compensation from the subject company in the past twelve months; (b) have not managed or co-managed public offering of securities for the subject company in the past twelve months; (c) have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (d) have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (e) has not received any compensation or other benefits from the subject company or third party in connection with the Report; (f) has not served as an officer, director or employee of the subject company; (g) is not engaged in market making activity for the subject company.

M/s. Bonanza Portfolio Ltd is a registered Research Analyst under the regulation of SEBI, the year 2014. The Regn No. INH100001666 and research analyst engaged in preparing reports is qualified as per the regulation's provision.

Disclaimer: This research report has been published by M/s. Bonanza portfolio Ltd and is meant solely for use by the recipient and is not for circulation. This document is for information purposes only and information / opinions / views are not meant to serve as a professional investment guide for the readers. Reasonable care has been taken to ensure that information given at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. If this report is inadvertently send or has reached to any individual, same may be ignored and brought to the attention of the sender. Preparation of this research report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Past performance is not a guide for future performance. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by Bonanza portfolio Ltd to be reliable. This report should not be taken as the only base for any market transaction; however this data is representation of one of the support document among other market risk criterion. The market participant can have an idea of risk involved to use this information as the only source for any market related activity. The distribution of this report in definite jurisdictions may be restricted by law, and persons in whose custody this report comes, should observe, any such restrictions. The revelation of interest statements integrated in this analysis are provided exclusively to improve & enhance the transparency and should not be treated as endorsement of the views expressed in the analysis. The price and value of the investments referred to in this report and the income from them may go down as well as up. Bonanza portfolio Ltd or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of M/s. Bonanza portfolio Ltd shall be liable. Research report may differ between M/s. Bonanza portfolio Ltd RAs and other companies on account of differences in, personal judgment and difference in time horizons for which recommendations are made. Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. Research analyst have not received any compensation/benefits from the Subject Company or third party in connection with the research report.

M/s. Bonanza Portfolio Ltd at Bonanza House, Plot No. M-2, Cama Industrial Estate, Walbhat Road, Goregaon (E), Mumbai – 400063
Web site: <https://www.bonanzaonline.com>

Research Analyst Regn No. INH100001666

SEBI Regn. No.: INZ000212137

BSE /NSE/MCX : | CASH | DERIVATIVE | CURRENCY DERIVATIVE | COMMODITY SEGMENT |

| CDSL: | 120 33500 | NSDL: | IN 301477 | | PMS: INP 000000985 | AMFI: ARN -0186