



MSEARCH

INITIAL PUBLIC OFFER (IPO)

10-06-2024

LE TRAVENUES TECHNOLOGY LTD (IXIGO)

10-06-2024 - 12-06-2024

Industry: Tour, Travel Related Services
Recommendation: Subscribe with Risk

Price Band: ₹88 - 93
Post Implied Market Cap: - ₹3,416 - ₹3,603 Cr

Key Data

Issue Size (₹ Cr)	707 - 740
Fresh (₹)	120
OFS (₹)	620.00
No. of shares offered	80,314,037 -
	79,580,900
Face Value (₹ /share)	1
Bid Lot	161

Indicative Timetable

Activity	On or about
Finalisation of Basis of Allotment	13-06-2024
Refunds/Unblocking ASBA Fund	14-06-2024
Credit of equity shares to DP A/c	14-06-2024
Trading commences	18-06-2024

Shareholding (No. of shares)

Pre-Issue	374,519,945
Post Issue (Lower price band)	388,156,308
Post Issue (Higher price band)	387,423,170

Shareholding Pattern

Promoter & Promoter Group:

Pre Issue	0.00%
Post Issue	0.00%

Public - Others:

Pre Issue	100.00%
Post Issue	100.00%

Issue Breakup

QIB	75%
NIB	15%
Retail	10%

Other Details

BRLMs: Axis Capital, DAM Capital, JM Financial

Registrar: Link Intime India Pvt. Ltd

Listing: BSE & NSE

Research Analyst

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About the Company

Le Travenues Ltd (IXIGO) is a leading Online Travel Agency (OTA) in India, specializing in empowering travellers from Tier II and Tier III cities. The company uses AI, machine learning, and data science to help users plan, book, and manage trips across rail, air, buses, and hotels through its websites and mobile applications.

Investment Rationales

- Leading online travel agency ("OTA"), with significant penetration in the underserved 'next billion user' market segment:** IXIGO is the leading Online Travel Agency (OTA) in India for the 'next billion users,' with the highest Monthly Active Users for mobile apps among key OTAs as of September 30, 2023. They were the 2nd largest OTA by consolidated revenue in Fiscal 2023. The number of transactions through their platforms grew at a CAGR of 139.43% from 0.86 crore in Fiscal 2021 to 4.91 crore in Fiscal 2023. Ixigo and ConfirmTkt held a 51% market share in rail bookings among OTAs as of March 31, 2023. The company's mobile apps had 53.94 crore cumulative downloads and 21.32 crore Registered Users by December 31, 2023.
- Artificial intelligence ("AI") and technology driven operations:** IXIGO leverages artificial intelligence, data science, and machine learning to enhance its travel offerings and operational efficiency. Their scalable technology platforms address traveler needs with advanced solutions like IXIGO PLAN, an AI-based trip planner, and a generative AI plugin for conversational interactions. They offer IXIGO Assured Flex, a service for flexible airline or train tickets with minimal extra costs. IXIGO's OTA platforms provide real-time availability and pricing through supplier APIs or GDS connections. Their AI-driven personal travel assistant, TARA, and dynamic pricing tools like IXIGO Assured and Assured Flex, along with the OneView customer experience platform, improve customer support and overall user experience.
- Established consumer travel brands built with user-first approach:** IXIGO Group apps are highly rated at 4.6 on the Google Play Store and lead in usage and engagement among Indian OTAs and train apps as of late 2023. Their Monthly Active Users grew from 2.16 crore in March 2021 to 7.70 crore in December 2023. They use cost-efficient marketing strategies, leveraging their brand for significant organic traffic and employ a mix of online, offline, and viral marketing. IXIGO focuses on enhancing user experience with user-generated reviews, destination guides, and innovative features, targeting the 'next billion users.' Their loyalty program, 'IXIGO money,' encourages repeat bookings and increases user retention.
- Diversified business model with significant operating leverage and organic flywheel:** IXIGO's business model offers a comprehensive mix of products and services across trains, flights, buses, and hotels, addressing the entire online travel market in India. Their Gross Transaction Value (GTV) was ₹ 7,592.93 cr for the 9 months ending December 31, 2023, up from ₹ 5,462.58 cr in the same period in 2022. The GTV has grown at a CAGR of 86.04%, from ₹ 2,153.30 cr in Fiscal 2021 to ₹ 5,615.25 cr in Fiscal 2022, and ₹ 7,452.43 cr in Fiscal 2023.

Risk

- 1) Indian OTA high competitive segment with low margin profile.
- 2) Low promoter holding.

MView

We believe Le Travenues Ltd (IXIGO) IPO brings investors a unique opportunity to invest in a prominent player in India's online travel agency (OTA) market, particularly targeting the 'next billion users.' IXIGO stands out with the highest Monthly Active Users for mobile apps among key OTAs and ranks as the second-largest OTA by consolidated revenue in Fiscal 2023. We think leveraging artificial intelligence, data science, and machine learning, IXIGO has developed advanced platforms like IXIGO PLAN and the AI-driven personal assistant TARA. These innovations have enhanced their user experience and operational efficiency. We also believe the company has successfully established a robust consumer travel brand, with its app rated at 4.6 stars on the Google Play Store and boasting the highest usage and engagement among all major OTA players. Their user-first strategy prioritizes enhancing user experience through user-generated reviews, destination guides, and innovative features, all geared towards targeting the 'next billion users.' We also think the company's diversified business model spans across trains, flights, buses, and hotels, effectively catering to the online travel market in India. Their business model monetizes all aspects of their online travel agency platforms, promising significant operating leverage and organic growth. By looking at the financials company shown a robust growth in revenue from operations in FY2022 and FY 2023 by 180%/32.1%, and net profit(loss) by ₹ -210.94cr/₹ 233.96 cr in FY 2022 & FY 2023. The company posted a loss for FY22 on account of the pandemic. On valuation parse at the upper band of ₹ 93/-, the issue is asking for a Market Cap of ₹ 3603/- Cr. Based on annualized FY 2024 earnings and fully diluted post-IPO paid-up capital, the company is asking a P/E of 41.12x (which includes onetime exceptional gains) which appears to be fully priced by looking at the near term growth triggers. If we exclude the one time exceptional gains the valuations get more expensive when compared to listed peers. Investors should also understand the offer which comes with higher OFS also with the low founder holding giving less skin in the business game which is an area of concern for new investors. Given IXIGO's strong presence in rail bookings and a significant market share through IXIGO and ConfirmTkt, the company is well-positioned in the rapidly growing travel sector. Hence considering all parameters, we recommend only risk taking investors can "SUBSCIRBE with Risk" to the Le Travenues Ltd (IXIGO) IPO for long term perspective only.



CONSOLIDATED FINANCIAL TABLES

BASIC FINANCIAL DETAILS

Particulars ₹ (in Cr)	As at Dec' 31		As at March' 31		
	2023 (09)	2022 (09)	2023	2022	2021
Equity Share Capital	37.3	37.12	37.12	36.98	0.04
Instruments entirely Equity in Nature	-	-	-	-	232.57
Reserves	399.83	327.52	336.64	305.71	-202.67
Net worth	437.13	364.64	373.76	342.69	29.94
Total Borrowings	43.36	0.82	0.54	2.73	14.94
Revenue from Operations	491.02	364.31	501.25	379.58	135.57
Revenue Growth (%) as stated	34.78%	-	32.05%	179.99%	-
Adj. EBITDA as stated	38.18	27.33	44.35	6.20	8.21
Adj. EBITDA Margin (%) as stated	7.78%	7.50%	8.85%	1.63%	6.06%
Net Profit for the Year	65.71	18.66	23.40	-21.09	7.53
Net Profit (%) as stated	13.38%	5.12%	4.67%	-5.56%	5.55%
EPS - Basic (₹)	1.80	0.46	0.58	-0.66%	0.25
RONW (%)	15.26%	4.65%	5.74%	-7.15%	24.13%
NAV (₹)	11.43	9.55	9.79	9.29	1.02

Source: Company RHP

COMPARISON WITH INDUSTRY LISTED PEERS ₹ (in Cr)

Companies	Consolidated/ Standalone	Mcap (in Cr)	FV	Total Income FY 2023 (in Cr)	EPS	NAV	P/E	P/B	RoNW
Le Travenues Technology Ltd	Consolidated	3,603	1	517.57	2.26	14.95	41.1	6.2	5.74%
Easy Trip Planners Ltd	Consolidated	7,446	1	464.20	0.77	2.13	49	12.3	36.21%
Yatra Online Ltd	Consolidated	2,040	1	397.47	0.69	14.8	-	2.72	4.50

Date as on 31st March 2023, Cline Mcap, PE, calculated as on 10-06-2024

Le Travenues Technology Ltd, Revenue EPS/PE, P/B, NAV calculated on annualised basis post money



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Msearch's Recommendation (Absolute Performance)

Buy: > 20% within the next 12 Months

Accumulate: 5% to 20% within the next 12 Months

Sell : < -20% within the next 12 Months

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