

July 11, 2024

LTTL/L&S/2024-25/07/10

To,  
The Sr. General Manager,  
Listing Department,  
BSE Limited,  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai - 400 001  
Maharashtra, India

The Sr. General Manager,  
National Stock Exchange of India Limited,  
Exchange Plaza, C-1, Block G,  
Bandra Kurla Complex,  
Bandra (E), Mumbai - 400 051  
Maharashtra, India

Dear Sir/Madam,

**Sub : Announcement under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Transcript - Earnings Call - Financial Results for the quarter and financial year ended March 31, 2024**

**Ref : Le Travenues Technology Limited (the "Company")**

**BSE Scrip Code: 544192 and NSE Symbol: IXIGO**

In compliance with Regulation 30 and other applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended), please find enclosed the transcript of the Earnings Call conducted on July 04, 2024, pertaining to the financial results of the Company for the quarter and fiscal year ended March 31, 2024.

This is for your information and records.

Thanking You,

**For Le Travenues Technology Limited**

  
**Suresh Kumar Bhutani**  
**(Group General Counsel, Company Secretary and Compliance Officer)**



**Le Travenues Technology Limited (“ixigo”)**

**Q4 FY24 Earnings Conference Call**

**July 04, 2024**

**Management Representatives:**

- Mr. Alope Bajpai, Chairman, Managing Director And Group CEO
- Mr. Rajnish Kumar, Director And Group Co-CEO
- Mr. Saurabh Devendra Singh, Group CFO

**Moderator:**

- Mr. Rohit Thorat – Axis Capital Limited



**Moderator:** Ladies and gentlemen, good day and welcome to ixigo's Q4 FY '24 Earnings Conference Call hosted by Axis Capital Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal the operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand over the conference to Mr. Rohit Thorat from Axis Capital. Thank you and over to you, Mr. Thorat.

**Rohit Thorat:** Thank you, Neerav. Good evening, everyone. On behalf of Axis Capital, I welcome you all to ixigo's Q4 FY '24 Earnings Call. We have with us Mr. Alope Bajpai, Chairman, Managing Director and Group CEO, Mr. Rajnish Kumar, Director and Group Co-CEO, and Mr. Saurabh Devendra Singh, Group CFO. Before I hand over the call to Alope, I would like to highlight that the Safe Harbor Statement on the first slide of the earnings presentation is assumed to be read and understood. Over to you, Alope.

**Alope Bajpai:** Thank you. We welcome everyone to our first Earnings Call post our listing for the Fourth Quarter and the Full Year of Fiscal '24. FY '24 has been a great year for the ixigo Group. Our playbook of building the best customer experience for travelers has helped us continue our robust growth trajectory. For the full year, we crossed 480 million annual active users cumulatively across our Group and our GTV for FY '24 has shown significant growth of almost 38% year-on-year, reaching an all-time high of INR10,283 crores, up from INR7,452 crores during last year, making us the fastest growing OTA on GTV in India in FY '24.

In Q4, we also crossed 10% adjusted EBITDA margin on the back of expanding contribution margins in our buses and trains businesses, where we are now able to see some more synergies playing out with tighter integration with our acquisitions, ConfirmTkt and AbhiBus. Robust GDP per capita growth in India is leading to growth in disposable incomes, fueling higher frequency and share of wallet spend on travel by both the middle class and the affluent travelers.

Increased government investments in railway infrastructure, roads, highways, airports and public transportation have improved accessibility and overall traveler experience in our country and improved the overall connectivity to Tier 2, 3, 4 towns, allowing us to grow faster in capturing share of the next billion user travel

segment's needs. As of March 24, there were more than 100 Vande Bharat train services operational across Indian railways, offering travelers a convenient and modern train with comfortable seats.

The Amrit Bharat station scheme has also been launched for the development and modernization of railway stations in India, with 1,318 stations selected for redevelopment. Most of these lie in Tier 2, 3, 4 towns. With the introduction of Vande sleeper rakes and Amrit Bharat non-AC trains in the next couple of years, we expect capacity growth to accelerate, which will be further aided by freeing up of the freight corridor at some point.

On 28 June, we have been informed by IRCTC that the existing restrictions on OTAs and agents, to not be able to sell advance reservation period train tickets, which are booked 120 days in advance, and Tatkal bookings, which are the next day bookings, for the first 15 minutes is now being lowered to just 10 minutes, with effect from the very next day, which is 29th June.

This means OTAs such as ourselves now have five extra minutes for bookings during the peak demand time in the morning, when the 120-day prior bookings open, as well as when the next day bookings open under the Tatkal scheme. In 2018, this restriction had already been lowered from 30 minutes to 15 minutes and we welcome this further reduction to 10 minutes as a consumer-friendly move by the Railway Ministry. We expect to see some bookings upside coming from this move, and the early days look promising.

In the bus market, we've grown slightly faster than the overall market, with 21.2% growth in passenger segments for the full year and we've also seen greater operating leverage coming in, both at the revenue level and the contribution margin level. We've managed to onboard more operators on our popular free cancellation and service guarantee program, Abhi Assured and we continue to work on supply enrichment pan India, as well as product enhancements.

International air traffic in India has seen faster growth than domestic air traffic in FY '24, with a 22.5% year-on-year growth in the overall market. We are proud to report that our international flight passenger segments have grown by 100% year-on-year in FY '24, fueled by inventory and supply-side expansion as well as product enhancements such as the rollout of ixigo Assured for our international flights business.



Interestingly, one-third of our international flight bookings for FY '24 came from Tier 2, 3, 4 airports. India's domestic air traffic stood at 15.34 crores passengers in FY '24, a 13.5% year-on-year growth. There are over 545 routes operationalized under the UDAN scheme, aimed at improving air connectivity to underserved regions and regional airports.

With over 1,100 planes on order by airlines in India and plans to construct 70 more airports over and above the existing 150-plus airports, India is poised to become the fastest-growing aviation market in the world in the coming decade. However, in the short term, capacity issues, grounding of planes due to engine troubles, high load factors and high airfares are constraining the growth of the overall market, as could be seen by the single-digit percentage growth in both Q4 FY '24 and Q1 FY '25 for the overall domestic flight market.

Despite these headwinds, ixigo managed to grow our flight passenger segments by 41.8% for Q4 FY '24 versus Q4 FY '23, and by a remarkable 77% for the full year. This was largely because of our ability to cross-market better within our user base, improve our product user experience and initiatives such as performance and brand marketing, coupled with our new AU- ixigo co-branded credit card, which has started to clearly become a card of choice for many frequent travelers, including international ones.

We see a unique opportunity over the long term for our flights business, given the number of new flight bookers being added in India every year. Therefore, we are also leveraging more distribution channels now to go deeper into the NBU market. Firstly, through online distribution partnerships, for example, with PhonePe, the leading payment app in India, we had an existing partnership for powering their trains ticketing through our ConfirmTkt brand. Recently, PhonePe has chosen to extend this partnership to exclusively partner with us for our flights and buses business as well, primarily due to the superior customer experience we've built and our ability to serve the fast-evolving travel needs of Indians.

PhonePe will now have flights, buses and trains in their travel section powered solely by ixigo, AbhiBus, and ConfirmTkt. This is a branded distribution deal that will expose our brand to nearly 54 crores users of the PhonePe app. And though it is early, it's already resulting in some gain of market share on both the flights and



buses business for us. We have entered into a similar partnership with Meesho, a leading e-commerce company catering to the Next Billion Users.

Secondly, we are expanding into indirect and offline distribution through travel agents through technology-enabled solutions. Today, our group has launched [travelsupermall.com](https://travelsupermall.com), nicknamed TSM, our B2B2C distribution platform. TSM will distribute travel inventory to offline travel agents and help travel agencies grow their business with our industry expertise, giving us some far deeper reach within the NBU segment where the travel agents will be enabled to serve customers from every nook and cranny of India.

You would notice an increase in our brand marketing spend in FY '24, going from INR 21.4 crores in FY '23 to INR 55 crores in FY '24. This is intentional, and this is in line with our plans to grow our unaided brand recall and build more trust with the Next Billion Users. We recognize that when it comes to consumer brands, marketing spend is a long-term investment for improving brand salience.

Some major marketing initiatives in FY '24 were the branding activities at the Asia Cup ixigo deal and signing up of Rana Daggubati as the brand ambassador for ConfirmTkt, renewing our partnership with Mahesh Babu as the brand ambassador of AbhiBus, as well as a campaign we did in Tamil Nadu for AbhiBus with Simbu as the brand ambassador. These superstars helped us build trust and brand recall in southern markets for our apps, and we have seen a decent response to the regional campaigns featuring these celebrities.

With this, I am now handing over our call to our Co-CEO, Rajnish, who will give you some interesting updates on our product technology and AI initiatives.

**Rajnish Kumar:**

Thanks, Alope. It's great to be doing our first earnings call. The scale of our users we now have is mind-boggling. We hit around 8.3 crores MAUs in September 2023, and for (FY) 2024, we had almost 7.7 crores Monthly Active Users on average with over 10.5 crores app downloads added across ixigo, ConfirmTkt's, and AbhiBus during the year. Over 9.5 crores passenger segments were booked with us during FY '24 and we touched an MTU to MAU ratio of 3.4% in Q4 of FY '24.

We've always believed in making investments in AI and new technologies ahead of the curve since it helps us with three things. Firstly, it helps us understand the potential impact of new technologies and the more data patterns we can analyze in



production from the deployment of these features, the faster we can iterate to use it to build more operating leverage in our business.

Secondly, it helps us stay more efficient and frugal as a company since these early tech investments allow us to build a mindset of not throwing people at problems. And lastly, it helps us attract and retain the best tech talent since the best folks love to work on bleeding-edge technologies. However, at times it takes a few years before that operating leverage shows materially in our top line and bottom line as that product launch becomes more mainstream since innovation typically starts with niche use cases that over time become mainstream.

Case in point, we used machine learning and AI back in 2015 with our PNR prediction functionality, and we demoed TARA, our AI chatbot, in 2017 and deployed it from 2018. In FY '24, TARA was already answering over 87% of our customer support queries over chat without any human intervention. Our ixigo Assured and Assured Flex pricing engine is now fully dynamic, fully automated and completely powered by AI.

In fact, we are now enhancing our customer support AI platforms with the use of voice-based AI bots that work in Hindi, English and Hinglish on certain customer support use cases, now handling nearly 1,000 calls and over 100 hours of conversation end-to-end without any human intervention every single day. We are optimistic about our ability to deploy AI bots for calls instead of human agents with extremely low latency, fast response times, and NPS, which is very similar to human beings. As we incrementally roll this out over other use cases, the next few quarters, this can deliver further operating leverage to our business in the long run.

We have enhanced ixigo PLAN, the gen AI trip planner we launched in mid-2023. Now, ixigo PLAN can help you generate destination ideas for your travel based on various options, such as the month of the year, type of experience desired, budget, weather; cold, hot, rain, snow, or even pollution, AQI, visa requirements, and many more. You can then chat with PLAN to fine-tune your trip and get itineraries as it gives intelligent recommendations for things to do, places to visit, restaurants, and more for your trip. It will even suggest what dishes you should order at those restaurants and summarize praises or criticisms of those places. Even though this is an experimental product for now, it has already been used by over 1 million users. We have recently become a launch partner for the Google Wallet launch in India,



and we are now live with the ability to add boarding passes inside Google Wallet. Notably, this was already available to our iPhone users via the Apple Wallet functionality. But last month, for our iPhone users, we also launched live activities on Dynamic Island for tracking flights and trains in real-time directly from the traveler's lock screen without requiring them to open the app again and again.

As we double down on our product marketing efforts for selling more flights and hotels to existing users across ixigo, ConfirmTkt and AbhiBus, we are gaining more insights about customer behavior and we are getting more data for optimizing these cross-conversions. Our hotels OTA product is now available across ixigo, ConfirmTkt and AbhiBus platforms, and based on customer feedback, we have recently launched "Book with Zero", allowing travelers to book the hotel and make the payment closer to the check-in date instead of upfront. Early days, but we are seeing double-digit month-on-month growth percentage from within our captive user base when it comes to our hotel room nights.

Moving to Saurabh now to talk about our financial highlights.

**Saurabh Singh:**

Thanks, Rajnish, and 'Hello World'. I've been on this stage many times before, both as a fund manager, pre-global financial crisis, and an analyst post, though I have to admit that representing a company that I've admired for nearly a decade is a completely different feeling. Now, Alope and Rajnish have discussed our differentiated product offering and our quest to identify and to solve the problems for the next billion users. The impact of these efforts is reflected in our financial numbers.

In FY '24, our gross revenue, which includes discount, increased by 29.9% climbing to INR 831.8 crores from INR 640.5 crores in FY '23. Personally, though, I prefer to focus on revenue from operations, excluding discounts, which increased by 30.85%, reaching INR 655.9 crores from INR 501.3 crores last year. Now, when we started the IPO process some months ago, we promised to have a higher level of disclosures. Declaring contribution margin for each segment or line of business is another step in that direction.

Contribution margin is defined as net ticketing revenue plus other operating revenue, less direct expenses. Now, direct expenses would be things like partner fees, payment gateway fees, performance marketing costs, cancellation costs,





etcetera. At a group level, our contribution margin in FY '24 increased to INR 293.9 crores, up from INR 218 crores in FY '23.

This improvement highlights our ability to generate some amount of operating leverage. And we can see that when we look at the contribution margin percentage, it's a percentage of net revenue and it's risen from 43.51% to 44.8% in this fiscal year. Alope has talked about investments in branding and Rajnish on cutting-edge technology both are items which appear between contribution margin and EBITDA.

Even with these investments, which are being done for the long run, we have been able to increase our adjusted EBITDA. We define Adjusted EBITDA as EBITDA excluding other income and including ESOP costs. Our group adjusted EBITDA increased to INR 55.3 crores in FY '24 compared to INR 44.3 crores in FY '23. Our PAT for FY '24 came in at INR 73.1 crores as compared to INR 23.4 crores in the previous fiscal, recording a nearly 212% increase. I have to highlight that FY '24 PAT includes INR 29.7 crores exceptional item related to loss of control in an associate business, where we've moved to a minority position.

On a quarter-over-quarter basis, these numbers would look like the following. FY '24 Q4, gross transaction value at INR 2,684 crores, grew nearly 35% year-over-year. Revenue from operations was INR 164.9 crores, a 20% increase Y-o-Y. Contribution margin in Q4 '24 stood at INR 71.7 crores, which was an 8.1% increase over Q4 FY '23 and adjusted EBITDA of INR 17.1 crores in Q4 '24 was up 0.66% over the previous year. I will highlight here that Q4 FY '23 included INR 4.4 crores one-off reversal in expenses.

Here, let me double-click on our three lines of business. Our train business continues to be a bedrock for us, optimizing our core values and principles. In FY '24, trains contributed 54% of our group GTV, which was down from 60% of our group GTV in FY'23, and 44% of our group contribution margin, which was flat. We continue to dominate this and increase our market share. In FY '24, we booked 7.7 crores train passenger segments worth INR 5,568 crores of gross transaction value. The contribution margin grew to INR 129 crores, with the contribution margin percentage as a percentage of segment revenue expanding from 32.28% to 34.9%, driven by continued synergies from our merger.

Our bus business remains what I call "beautiful". Good industry dynamics, unique product offerings and relentless execution define the AbhiBus business. In FY24, the



bus vertical booked 1.2 crores passenger segments worth INR 1,175 crores in GTV representing 21.2% more segments and 21.7% higher GTV as compared to FY '23. The take rate increased to 11.05% from 10.32% contributing positively. The contribution margin percentage grew to 66%. Now the beauty of the bus business is evident by the fact that even though the business is only about 11.4% of our FY '24 group GTV, it was worth 30% of our group contribution margin.

Lastly, our flight vertical highlights how we approach expansion into new areas where we differentiate through uniqueness of our product offering, targeted performance marketing and brand initiatives for our core segment. In FY '24, we booked 57.7 lakh flight segments worth INR 3,526 crores in GTV. As Alok mentioned earlier, our flight take rate suffered due to supply constraints. Despite this, our contribution margin grew at a rate of 26% to INR 70.98 crores in FY '24. Now the contribution margin percentage for FY '24 was 48.5%. In FY '24 flights as a business contributed 34% of our group GTV and 24% of our group contribution margin.

Before concluding, I would like to provide a couple of tax-related disclosures. Although already disclosed in our Red Herring Prospectus, we want to keep you updated about the tax assessment orders for financial year 2021-22 of approximately INR 19 crores of demand basis on some addition/disallowances made by the assessing officer. We are contesting this with the help of our tax advisors and we remain confident, we remain optimistic about a favorable outcome. Additionally, on July 2, 2024 we have received a show cause notice from GST authorities relating to our past meta-search business model amounting to approximately INR 90 lakhs of principal amount. We have reasonable grounds to contest this matter as well.

Lastly, thank you all for all the love and support we got during our IPO process. I would end with a quote from the movie Casablanca.

*"We see it as the start of a beautiful relationship".*

Over to all of you for questions and answers.

**Moderator:**

Thank you very much. We will now begin the question and answer session. The first question is from the line of Anmol Garg from DAM Capital Advisors. Please go ahead.



**Anmol Garg:** Hi Alope, Rajnish and Saurabh and congratulations on a spectacular IPO. I had a few questions that I wanted answers of. Yes. So firstly on the PhonePe partnership, so what led to the signing of this deal with PhonePe when PhonePe or the parent company already has one travel company in the city and how much do you think that it can add to the GTV of the company in FY '25?

**Alope Bajpai:** See PhonePe already had a travel section which was being powered by another OTA and we've essentially displaced them on flights and buses. Trains, we were already powering them for a long time and I think PhonePe being a payment app and it's more of a super app strategy as you look at it across payment apps where you want to offer high value add and high frequency use cases to your users and with 54 crores of user base that PhonePe has, it kind of makes sense for them to offer travel as a category.

And I think their choice of partner boiled down to largely the ability to offer the right product experience and customer experience and we are very happy to work on this together and we were very optimistic about how fast PhonePe is growing and capturing market share in the payment space and UPI space and also our ability to discover more new bookers in that funnel where we are able to expand in the two verticals where we want to gain market share.

So I won't be able to give any guidance as such on how the GTV will grow, but in the early days of this partnership we are seeing decent potential and market share gains.

**Saurabh Singh:** And Anmol I guess I would just add to that on why we are doing this. They've seen our execution from what we've done with one business. So maybe I would like to believe that we did a good job with the train LOB. A good advertisement for what we intend to achieve in the other LOBs too.

**Anmol Garg:** Sure. I wanted to ask a question on the flights...

**Moderator:** I am sorry to interrupt you. We lost your audio in between. Can you repeat it?

**Anmol Garg:** Yes secondly I wanted to ask a question on the flight take rates. Now as you have indicated that there has been some supply constraint which has lowered down the flight take rate for us. Do you see this going further down, at least in near term before it stabilizes? What's the guidance over here?

**Aloke Bajpai:**

Yes. So see what's happening is like if I compare Q4 to Q4 FY '24 versus FY '23 the segment ATV for flight has actually expanded 15% and if I compare with FY '22 that number will be even higher and if I compare to pre-COVID that number will be even higher. So I think we are sitting in an environment where planes are not getting added fast enough. We had Go First insolvency then we had Pratt & Whitney issues that multiple airlines faced and, I think that has, resulted in capacity constraints and therefore high load factors and high airfares. Now in such an environment typically and this is true in all markets when you look at a cyclical environment where the supply side essentially needs more help during times when it needs to sort of fill up planes and at the time when we are seeing like currently the take rates are normalizing to where they were in pre-COVID times and this is across all OTAs. So if you want a guidance of sorts I would say that, look we would expect these take rates on flight side to hover between 7% and 7.5% kind of going forward. That's what we believe is where they will be at and remember a large part of this is convenience fees. So as the ATV goes up optically the take rate shrinks, even though you might be earning the same amount on convenience fees.

**Anmol Garg:**

Right. And also just on the similar question, do you think that our partnership with the PhonePe will actually lower down our take rate in the flight segment, given that we have to share the commission with PhonePe?

**Aloke Bajpai:**

So the way we report take rate is gross take rate. So those are, I don't think it will impact our gross take rates. I mean, on the contrary, with certain smaller carriers, it might give us more leverage to negotiate better deals, given more volumes. But I think with the fact is that, look, the way this flows into our P&L is that you will start seeing some impact of it on our distribution cost, etcetera. And the way we are looking at this deal is very simple. There are two components. One is that it's a branded deal. So there's a lot of exposure of our brand to the large user base that PhonePe has. And secondly based on the volume of transactions or the revenue that we generate together there's obviously going to be a distribution cost element to it, which will start showing up in the subsequent quarters.

**Saurabh Singh:**

So contribution margin is the number which you have to look at. We'll be letting go of some contribution margin at, for growth / for getting more volume.

**Anmol Garg:**

Sure. And lastly if you can indicate your plans on the hotel side of things how do you want to scale up that side of the business?

**Rajnish Kumar:**

Yes, sure. I will, this is Rajnish. So frankly it's a little too early to comment on hotels, given that it's just been hardly six months since we launched. But having said that, we are extremely satisfied with the growth we are seeing, as we are growing in double digit percentages month on month, I'll be on a very small base, I would say. And this is without relying on any external marketing channels or distribution. So you're not really spending anything outside, because we have a very massive captive user base already in-house, which we're basically just cross-selling, up-selling to when it comes to growing hotels.

We still need to get much stronger on the product market for it. So it's a learning phase for us, building out deeper supply, before we discuss more on hotels. So I would say we are still like in that learning phase, where we are kind of figuring out what kind of need gaps, user base, our user cohorts have and then basis that, we'll have to optimize our product, create better product market going forward.

**Aloke Bajpai:**

Yes just to add see, just like when we entered flights, even though there had been several flight OTAs operating for a couple of decades, we applied first principle thinking to identify what is broken still in the space. And especially for our next billion user kind of audience, Tier 2, 3 audience how could we deepen our penetration there and build the right solutions that satisfy their pain points. So I think that process is still going on in identifying those specific problems on the hotel side, which we can solve better than others. And I think the template and playbooks will remain the same on how we've grown in other verticals. That's how you will see. Except that here supply creation etc., will take obviously a little longer, given the depth of inventory out there.

**Anmol Garg:**

Sure. So what I meant to ask is that will the hotel growth be in direct relationship with hotels where we add in APIs of hotels into our business or it will be through a third party?

**Aloke Bajpai:**

Yes see, actually no OTA in the world on hotels started with their own inventory. We should understand that all the incumbents out there started on third party inventory and nothing special that we are doing. And over time once you identify what is selling better, you go and build out that inventory yourself and once you identify what the customer values is the kind of inventory you optimize for.

So I think that learning curve we are riding at this point. And again, very early to talk about this, but like Rajnish said, in the last couple of months we've almost doubled



the number of room nights we were doing without getting into the specifics. So we are seeing and this is without spending anything outside like we're not going out there and burning money on any third party distribution to acquire these customers. These are all already existing ixigo users who are now being exposed to the hotel funnel and that will be the short to mid-term strategy.

**Anmol Garg:**

Sure. Thanks, guys. I'll join back in the queue.

**Moderator:**

Thank you. Next question is from the line of Aditya from DeLorean Partners. Please go ahead.

**Aditya:**

Hi, I'm sorry. I might have some disturbance on the line. Can you talk about a few use cases for the AI voice that you talked about?

**Rajnish Kumar:**

Just to rephrase the question, you want to know about the use cases for the AI voice support that we launched recently?

**Aditya:**

That's right.

**Rajnish Kumar:**

Okay, great. So voice call, voice as a channel for customer support has always been like, in India one of the most important.

**Moderator:**

Aditya, may I request you to mute your line from your side, please? Thank you. Sir go ahead.

**Rajnish Kumar:**

Okay so like I was saying, voice as a channel for customer support has been like one of the primary channels, especially in India. And some of those use cases which are usual suspects, you can think about, people calling to confirm their booking or to check the status of their refunds, etcetera. I mean, apart from those usual suspect use cases that we are now progressively moving to AI because earlier, there used to be like very irritating IVR calls that people had to face and go through like on phone lines.

And now there is this ability for the agents to talk in your language in English, Hindi, Hinglish, etcetera and directly have a real conversation just as you would have with a human being and get those status updates or resolve those queries. Some of the other interesting use cases that we have started using as well is, when people check out from a hotel, we're able to kind of ask them, how their experience or their stay was and kind of collect those reviews directly over the phone calls to these agents.

And all of this is happening without any human intervention. So you could imagine there's a lot of operating leverage that is to create in the business going forward. But like I said previously over the call, these are very early days still.

**Aditya:** Thank you very much.

**Moderator:** Thank you very much. Next question is from the line of Daivik Rawal from Trifecta Capital. Please go ahead.

**Daivik Rawal:** Hey, thank you. First of all congratulations, stellar IPO and great numbers. I just wanted to check on the contribution margin fees for flight segment as it has been on a percentage of net revenue. It's slightly lower than FY '23. So how to think about it? And considering the new partnership, etcetera, do we see that going around the current level or any further compression or expansion do we expect from you? Thank you.

**Saurabh Singh:** Hi. Thanks for your question and thanks for actually asking it because we alluded to it before. But it's an important question. So look there are two or three points on the contribution margin percentage, which is contribution margin divided by the segment revenue. If we start from the top, I think Alope in his initial talks also mentioned and in the first question, which was also mentioned, that there has been an issue with the take rates and in general, the supply side has been under stress on the flight side. So there is some pressure on that side.

Having said that, what changes with our relationship (with PhonePe) is we would share the distribution. We would have a share with the counterparty and which lowers our contribution margin percentage to some extent. And usually these deals are specific deals and are complex deals. So the impact varies. As we've always said that we believe that at the stage we are in, having a 48% contribution margin for this LOB, we would be willing to let go of some percentage of that for growth.

Again, we want to grow profitably and that has been our focus. But we would invest in growth at the LOB level and where you'll see either through distribution deals or occasionally through performance marketing focus, we would be investing a bit on our growth because we see a massive opportunity for our user base. The NBU world is starting to travel a lot more.

We believe the offering that we have, even for tier 1, tier 2 cities is very interesting. And in fact, I would recommend that you try our flights app if you haven't and you'll see the difference and the product that we are offering. So that's the idea.

**Aloke Bajpai:**

I just want to add that Q4 FY '23 was a bit of -- anomaly to compare with because in that environment we were actually spending a lot lesser on performance and in general on brand as well. And I think what has happened is, being in the 40s on contribution margin in flights is where our comfort zone is. I don't think that's going to change. So, like Saurabh said, we might have some compression there because of our distribution deals, etc. But I think given the pace of growth we are experiencing, despite the overall market growing in the single digits, we have grown at close to 42% Q4-over-Q4. And I think just maintaining it in the early 40s also, we are happy with and pushing the pedal on growth, taking market share as much as possible despite the difficult environment. That is what we are out to do.

**Daivik Rawal:**

And just on the revenue from operation bit, which is a combination of the ticketing revenue and the other revenue, which is like advertising and ancillary services revenue, etc. So, any guidance like it used to be 93% net ticketing revenue of the total revenue. How was it this year overall in terms of split? If you can guide us, that would be super helpful?

**Aloke Bajpai:**

So, I doubt if we have given any split on ancillary revenue even in the past, nor were we intending to do that in the future. I think from a ticketing revenue perspective, I mean, the only thing outside of that is advertising revenue, which again, I don't think there's been any material change in mix between ticketing and advertising revenue. The mix between the two remains almost the same. But ticketing obviously will grow much faster from here, given the pace of flight and bus business growth that we have seen.

**Saurabh Singh:**

On advertising revenue, a couple of things I would highlight or talk about by saying is that again, not in the short term, but in the long run. We believe when I say a long run in the next couple of years, because these kind of things need time to develop, time to create. But we see a potential in advertising revenue growing much more than what it is right now as the business grows. So it's a multi-years story. But yes, that as a percentage will grow. But it's a multi-years story.

**Daivik Rawal:**

That's it. Thank you.





**Moderator:** Thank you. Next question is from the line of Swapnil from JM Financial. Please go ahead.

**Swapnil:** Congratulations to all you guys for a successful IPO. I had 2 to 3 questions, starting with your ambitions on the B2B2C side. You mentioned travel supermall. So, just curious as to what was the reason that we are entering the B2B2C side. And that's one that I follow up to that is like, how do we intend to do this business? Do we intend to have our feet on the street or it will be just a platform for the agents where they can book the ticket size as and when they want?

**Aloke Bajpai:** Yes, so I'll point you back to our vision, which is to become the most customer centric travel company by offering the best customer experience to our users. And I think if we really want to do that in the Indian context, where for every vertical out there, a significant double digit percentage of bookings are still being done through travel agents. And if you look at all OTAs out there, they do have some B2B mix in their businesses.

It's just that ixigo as an OTA is so new in this game, right? We've become an OTA just over the last 5-6 years that it's only now that we have reached a point where it kind of makes sense for us to expand our horizons. And one reason to do it is that remember that in tier 2, 3, 4, the skew towards offline remains a bit bigger in categories like hotels or even buses, etc.

Just trying to do this online in the short term will not yield as much growth as also doing a hybrid approach where if you're able to buy a ticket through your local travel agent, but they're using an ixigo interface meant for agents to do the ticketing for you, right? And we intend to do this across the four verticals, although we will roll out more incrementally. But we believe this will expand our reach in the smallest of towns and villages in India.

We could sign up agents who can distribute around them. It also solves the problem of payments, because there could be people still out there who have not set up UPI, who have not set up payment methods, etc. And if we want to serve them, especially on categories like buses and trains eventually, we could want to tap into that.

But even on flights, like, look at what percentage of international flight bookings still get done by offline agents in our country, right? And I think over time, it just makes

sense for us to augment our business. Having said that, it's very very young. We launched it today. So, I don't want to set unreasonable expectations on where it will get to. It's going to be another learning curve for us. We will try to do it in a tech intensive manner. So, we will need to have some people on the ground, obviously.

**Saurabh Singh:**

Swapnil, just on the cost part, I would reiterate that there is no significant new cost that is being allocated to this business as of right now. The people, as in the launch, or what has been done, has been planned and done over the last 1 year. So everything, in terms of the cost part, is already being baked in for this business as of right now.

**Swapnil:**

Okay. The second question is with respect to your international flights. You mentioned the business doing very well last year. Can you just help us understand what percentage of your flight GTV will be coming from international today? And how do you see that doing in the near term, next 1 years or 2 years?

**Aloke Bajpai:**

We are not giving a break out of international GTV slash bookings, etc. At this point of time. It's still tiny, to be honest, in comparison to some of the incumbent players. But we are very happy with two things. One is that one third of our international flight bookings are coming from Tier 2, 3, 4 airports, which is not how the overall market looks like. And secondly, the fact that we are able to grow this at 100% year-on-year, which is way faster than the overall market. So, I think we will continue working on this. I don't think we have the best product out there yet. We are still working on inventory in international markets, product, deeper integration with certain airlines, etc. So over time, you'll see us talk more about this.

**Swapnil:**

And another query is with respect to your advance reservation period that you mentioned in the beginning, that you are now allowed to do bookings 120 days prior to the travel date on train. What was the situation earlier? What was the restriction earlier? If you could just elaborate on that.

**Aloke Bajpai:**

So here's how it works. The ARP 120 days prior bookings were available to us. It's just that when the window opens, which is 8 in the morning, it used to open for OTAs at 8.15. And now it opens for OTAs at 8.10. So for the first 10 minutes, obviously, it's only available on IRCTC. Neither offline nor online agents have access to that inventory. For example, let's say for Diwali, the inventory has just opened up. And the first 10 minutes of that, we would not have access to it. But earlier remember that this used to be 30 minutes back in 2018. So it has come down

substantially. And we believe that this is a great step and reflective of the intent of the government to bring more parity in this space.

**Swapnil:**

So next question is with respect to your growth guidance, if any, if you would like to give out across the three main segments, starting with rail, given that you have significantly high market share there, how do you see that doing? And then flights and buses, if you could just elaborate on that.

**Aloke Bajpai:**

I think our intent on all these three categories will be to try to grow faster than the market. And on trains, we've been doing that now for several years. We think that maintaining double-digit growth, mid-teens growth on volumes is something which is quite doable there.

On the flight side, we have been growing way faster than the overall market. And we intend to continue that. On buses side, we've been growing marginally faster than the overall market. And again, I think there is scope to improve certain things there over time and continue that momentum. So I don't think we have any specific guidance at this point beyond this.

**Saurabh Singh:**

But it's a great place to be in as an OTA. As in, if you look at industry reports, the underlying industry is moving at an 18% CAGR. And the second point that I would say is that what we call NBU, Next Billion Users, they are the ones who are using more of these services and are spending a higher percentage of their discretionary income. So, when I look at this, I see the world, I see the market traveling towards our captive area and the underlying business, anyway moving fast.

**Aloke Bajpai:**

The only caveat I'll add is, this last quarter, this quarter, and maybe one or two more quarters, there will remain capacity constraints across a couple of the categories we operate in. So, overall market, we would wish it to grow much faster than how it's moving. And obviously, as and when that happens, it will benefit us as much as all other players.

**Swapnil:**

And just one question on the cost side as well. Now, you have been calling out adjusted EBITDA, wherein we add back the ESOP expenses. I just wanted to get a sense as to how should we look at this ESOP expenses going forward? Will there be a meaningful increase going ahead, or will it be at the current levels? Any sense on that would be very helpful, because that has been the talk of the town of late with a lot of investors.

**Saurabh Singh:**

Couple of things. As in ESOP, it's been a reach for us historically if you see. And where it's peaked the highest was around COVID. And that was because a lot of employees decided to cut their salaries out quite aggressively. And people worked on half salaries or lower. And the company rewarded this loyalty once we were getting out of COVID with ESOPs.

But on an ongoing basis, you can think of it as a range. What we have done is, it's a range that we've seen in the past couple of years. We don't intend to get out in the foreseeable future. We don't intend to break that range aggressively. Having said that, remember, ESOP is also in some way a reward measure which is put in.

And say, if we as a company do exceedingly well in both our top-line and bottom-line, much more than what we or you are expecting, then as a dollar amount or as a rupee amount, ESOPs might vary higher. But on an ongoing basis in a normal business, it should not break the range that we've had in the past couple of years.

**Aloke Bajpai:**

I also just want to highlight that our adjusted EBITDA, unlike other companies that you mentioned, is actually lower than our EBITDA. So that is also something which we are calling out just because of the fact that we think that's a more secular way of looking at it. There's an interest income that's coming in and there is an ESOP cost that's going out.

And even in the past these have been very similar or one has been slightly lower or higher than another. But I think the right way to look at a closer to cash kind of metric in our business is adjusted EBITDA. Although our EBITDA has also been growing very nicely.

**Saurabh Singh:**

But Swapnil, it is a good question. And again as I said that we as a company don't intend to. We continue to use this metric like we have earlier. And we don't intend to go aggressive with this metric at any point of time in the near future.

**Swapnil:**

Just last thing on cash conversion also. If you can, any specific range that you would be looking at, by any chance you would be going aggressive on the supplier side? Any thoughts on that?

**Saurabh Singh:**

So you're saying that in terms of when you say cash conversion or when you say the use of cash. Look, the couple of things and as we've mentioned in DRHP, where in

the working capital, why we would need more working capital and stuff like as our flight business grows. And as we get into more and more relationships with the banks and credit card companies, there is a certain amount of working capital that you need because of the payment cycle in this case. So that is one thing that will be there. As a bank offer, it's a 4-6 month cycle. And as we become bigger, it keeps on increasing.

The other area where we use cash is for stuff where we are increasing the convenience for a passenger. And let me give you an example. In our train business, which is there, in our train business, one of the things that we would do say, in an assurance, is my counterparty is IRCTC. And what I would do is I would give, if there is an Assured transaction where a person cancels his ticket, I would repay him. And that is a number that we are giving on our refund time. And it's a matrix which we are very proud of and we would pay instantly while the money would come in a couple of days.

So wherever we have a counterparty where we have a little risk but the convenience of the passenger is increased substantially more. This is the other part where I use the third part where I use is where I talked about earlier. The more the advertisements grow on our platform, there is a working capital requirement for, in general for advertisement business, or in the online, it will be used there. So that's where we will be using more of cash.

**Swapnil:**

Any range if possible to quantify or that will be difficult at this point of time?

**Saurabh Singh:**

That will be difficult at this point here. We've given you a broad idea as a working capital range in our DRHP, so if you see the part of the range that we have on capital was that. But remember, the other part that I'm saying is if any one of this, the second part is not, doesn't really show in a working capital because it's one or two days of capital usage.

So, it's a capital which gets uncirculated, as we grow bigger, that will be more. Bank offers and advertising we need to work on more. I wish we do a lot more there because my counterparty in both of them would be a big corporates where I have a lower risk of and so, I wish that number increases much more substantially. But as I answered in a couple of questions earlier, the advertising business takes time to build and we are in the process of working towards that. But there have been peers in our industry who've shown that if done correctly that is a high potential business.



- Swapnil:** Got it. Thanks a lot guys for taking those questions.
- Saurabh Singh:** Thanks a lot for all your help throughout.
- Moderator:** Thank you. Next question is from the line of Mohit Motwani from Tara Capital Partners. Please go ahead.
- Mohit Motwani:** Hi, thanks for the opportunity. Congratulations for the successful IPO. My first question is on the air flight GTV. I just wanted to understand what was the change that transpired through the last two years where your GTV in the flight segment de-grew in FY '23 but saw a sharp uptick in FY '24. So, if you can give some sense on what was the change that you went through? That gave you such a strong growth.
- Aloke Bajpai:** Yes. So in FY '22 we had a distribution partnership with an e-commerce player, which ended. Like it was there till I think January of '22 and post that obviously we lost that portion of the business but not only have we recovered all that we are actually sitting at almost what 1.5x of that scale as we speak.
- So I think there are two things. One is product maturity, which Rajnish was mentioning the kind of things we are doing on the flight side of the business. Now, whether it is automated web check-in or some of these live widgets or many of the advanced features many incumbent OTAs in the space may not even have some of these features today.
- But we chose to spend this proportionate time to build them, to build unique value adds because that we've seen helps retention and drive more premium customers to try this out. On the train side, we've also seen that there's a lot of people do not realize when a new airport comes up in their town. Like we had Ayodhya that came up and we had in the past Darbhanga, Jharsuguda, Bareilly, etcetera.
- And many of those users who are habituated to take a bus or a train one fine day, you get a notification from us saying that look, you have an airport now and the price is not that high. Why don't you try booking a flight? And we're seeing good upside from those kind of targeted reach-outs to our users as and when we see potential to cross-sell, et cetera. I think that's the playbook. Largely, how do we use data science and AI to target these customers in the right way? How do we build meaningful products like ixigo Assured and automated check-in, et cetera which -- and we have a pipeline of many such products. I would say it's that. And lastly

there's some branding and performance marketing spend we've been doing now. Like, we haven't done that for 15 years but last couple of years we sort of started to do a bit of more brand marketing slash performance marketing expansion to see how that fuels the growth. And we're seeing good results from this.

**Mohit Motwani:**

Sure. That's helpful. Two questions if I may. So actually, you spoke about how there's an offline skew in the tier 2 cities and beyond. And most of the bookings for you in the trains segment and multiple other segments as well come from the next billion users in the tier 2 cities. Can you give some colour on what kind of percentage of bookings in the train segment happen in the offline channels versus an OTA platforms? Any sense on that would be helpful.

**Aloke Bajpai:**

Well, we wouldn't have the most updated numbers from but what I recollect is 6% to 7% of IRCTC bookings come from B2B slash offline agency channel. Plus, there is an internet cafe scheme and plus there are again, people who still go and book at the counter, which is not I mean the remaining 19% of the overall reserved market is still going out there and queuing up and buying a ticket the most offline way possible. So, if you add all that up, I mean there's even on the train side there is a 25% ++ sort of overall market potential of what is being done offline. And you look at flight again and there are some very large admirable companies like Travel Boutique and others who are actually revolutionizing that space. And you can see how large the market potential there is. Now, we are just a tiny player who's wanting to understand how we can go deeper into tier 2, 3 towns with this strategy of also having a leg with agents. And again, we'll have learnings over time. So we can talk more after a few quarters on this.

**Mohit Motwani:**

Sure. And one final question. How do you think about the effective tax rate going forward? Can you give some colour on that?

**Saurabh Singh:**

Now, I would say Mohit, think of it this way that once the tax benefits from the past loss go, it's a standard 25% tax rate business. And when I would look at our numbers in reality even now, as I said that there is a tax gain this time, when I look at it internally as an ongoing business I would take that 25% off. So, think of it that way.

**Mohit Motwani:**

Sure. Thank you for answering my questions. That was excellent. Thank you.

**Saurabh Singh:**

Thanks a lot.



**Moderator:** Thank you very much. Ladies and gentlemen, we'll take that as our last question. I'll now hand the conference over to Mr. Alope Bajpai for closing comments.

**Alope Bajpai:** Yes. Thank you, all of you for joining our first earnings call. We look forward to continued interactions with all of you both on earnings call and in person. Take care.

**Moderator:** Thank you very much. On behalf of Axis Capital Limited that concludes this conference. Thank you for joining us. And you may now disconnect your lines. Thank you.

