Le Travenues Technology Limited ("ixigo")
Q3 FY25 Earnings Conference Call
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Management Representatives:
- Mr. Aloke 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 Q3 FY'25 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 the conference call, please signal an operator by pressing the star then zero on your touch-tone phone. Please note that this conference is being recorded.
	I now hand the conference over to Mr. Rohit Thorat from Axis Capital Limited. Thank you and over to you.
Rohit Thorat:	Thank you. Good evening everyone. On behalf of Axis Capital, I welcome you all to ixigo's Q3 FY'25 earnings call. We have with us Mr. Aloke 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 Aloke, I would like to highlight that the safe harbour statement on the second slide of the earnings presentation is assumed to be read and understood. Over to you, Aloke.
Aloke Bajpai:	Thank you, Rohit. Good evening everyone and welcome to our Q3 FY'25 earnings call. We are very happy to report a super strong quarter in Q3 on the back of acceleration in our flights and buses business and a gain in market share in every line of business.
	Adding more fuel to our outperformance, the market was also stimulated by the rise of spiritual tourism, a stronger wedding season and addition of some capacity, though I will still give most of the credit for this growth to the superb execution by our team.
	We have broken all records on almost all fronts this quarter. With overall Gross Transaction Value or GTV crossing INR 4036.3 crores this quarter, a 48% increase Y-o-Y and our overall revenue from operations reaching INR 241.8 crores, a 42% increase Y-o-Y for Q3 and a sequential increase of 17% compared to Q2. Our flights and buses business have been the heroes of this growth with flights GTV growing at over 73% Y-o-Y for Q3 and buses GTV growing at over 63% Y-o-Y leading to market share gains.
	In fact, despite the change in advance reservation period from 120 days to 60 days by Indian Railways, which had a one-time negative impact on our train segments last quarter, train GTV has still grown at 27% Y-o-Y in Q3 and train revenue from operations has grown by 26% Y-o-Y. I am glad to also share that we have gained market share within the rail segment among

OTAs, with our estimated share now standing at about 58% as of end of December 2024, as against 52.4% in H1 of FY'24 and 42% at the end of FY'21, implying steady gains in market share year over year.

We have also achieved our highest ever EBITDA and profit before taxes in Q3. In fact, our 9-month YTD EBITDA has doubled from INR 34.3 crores to INR 68.2 crores for 9 months ending December 2024, maintaining a double-digit EBITDA margin.

Saurabh will later elaborate further on our financial performance, but let me talk about the business growth. You may be wondering what has given ixigo the ability to grow this fast in the OTA market. Let me remind you that ixigo's strategy is unique in the online travel space since we started by building a large user base for utilities among the next billion users at a time when no one was paying attention to it, and we were empathetically solving problems that the next billion users faced.

Then, we became transactional more recently and started selling tickets, ancillaries, and value-added services to those travellers. We also started cross-marketing and selling other services to those travellers with multi-modality of options across rail, bus, and flights, thereby deepening our relationship with our customers.

This is how the ixigo Group has not only maintained the number one position in India when it comes to user base, usage penetration, and app downloads in the OTA space, but also outpaced all major online travel players in India on growth in both users and GTV, a fact that has been reiterated in some recent investment banking research reports.

Our own data shows that we crossed 86 million monthly active users across ixigo, ConfirmTkt, and AbhiBus, and 31 million passenger segments were booked in Q3. We got over 30 million app downloads last quarter with a growing proportion of our users starting to book flights, buses, trains, and even hotels with us.

In terms of flight transactions and revenue, we are the youngest flight OTA, and therefore we are growing from a lower market share than the incumbent. But given how fast we have grown in the last three quarters, we are now placed in the top four flight OTAs in India basis our GTV and passenger segments.

If we talk about buses, the overall market penetration is still pretty low at around 20%. So it is pertinent that we continue to double down on growth.

And despite already being the second largest player, we have continued to make steady gains in market share by growing faster than peers by bringing a large number of first-time bus bookers online. We have also expanded our bus supply with 4 State Road Transport Corporations, or SRTCs, and 200-plus private bus operators being added on AbhiBus in Q3. And the number of our Abhi Assured operators has also gone 3x compared to what it was last year.

As for hotels, we are only getting started. We also anticipate our growth there to accelerate with ongoing product enhancement, supply expansion, and organic growth initiatives. As we mentioned in our previous calls, we have deliberately swung the pendulum towards growth and acceleration in the last couple of quarters, even at the cost of losing a few points on the CM percentage, and yet we have managed to maintain a double-digit EBITDA margin in the business.

If you see our track record, most of the growth for ixigo, ConfirmTkt, and AbhiBus pre-pandemic had been organic. And when we compared our marketing investments to what many OTAs have spent historically, we realized that there was room for accelerating the organic growth base further without losing out materially on CM growth in absolute terms. It is in this spirit that we have upped our marketing spends a bit on flights and buses and onboarded Rohit Sharma as our new Brand Ambassador for ixigo Trains to launch digital and offline brand awareness initiatives to further build trust and improve penetration of our brands.

We have also been able to consistently add value-added services that have helped us monetize our transacting users better to further enhance revenue, the most recent one being Travel Guarantee, where the initial response and uptake by our users has been positive since it gives them up to a 3x refund to take a flight, bus or alternate train in case their wait-listed tickets do not confirm, solving a real-life problem faced by hundreds of thousands of travellers every single day.

Even as of January as we speak, we are continuing to see strong momentum thanks to the Maha Kumbh, the largest congregation of humanity on the planet. Just to share a few statistics with you, our overall passenger segments for Prayagraj in the first 24 days of January alone have grown 4.62 times compared to the same period last year. And within that, though metros are playing a huge role as origin cities, origin towns such as Nagpur, Jaipur, Lucknow, Gorakhpur, and Varanasi are also playing a pivotal role.

Our flight and bus searches have grown nearly 14 times for travel to Prayagraj and train searches nearly 10 times, reflecting exceptionally. When

we look at the demographic that is travelling, the surprising fact we are noticing is that more people in the 20 to 25 age group are going to the Maha Kumbh than in the 46 and above age group, implying that spiritual travel is not just a phenomenon for the older population but increasingly being embraced by the youth of our country.

This is also reflected in solo travellers being the dominant demographic on the train side, making up over half of train bookings to Prayagraj. Having said that, Prayagraj is also my place of birth, so I will also be visiting the Maha Kumbh shortly even though I am neither in the 20 to 25 nor the 46 and above demographics myself.

If any of you are planning as well, I highly recommend the Maha Kumbh microsite we launched earlier this month, which over lakhs of families have already used to plan their journey in Prayagraj. We have all the info at one place, ghats, temples, tents, cottages, places to visit, things to do, food recommendations and more.

In fact, spiritual tourism as an overall vector for growth has shown remarkable potential for us, with many destinations such as Varanasi, Gaya, Shirdi, Puri, Haridwar, Katra, Vaishno Devi recently seeing a 100% to 150% growth in train bookings if one compares year over year.

With that, I will hand it over to Rajnish, to talk more about growth and products.

Rajnish Kumar: Thanks, Aloke. As Aloke was talking about the growth numbers that various lines of businesses have been achieving, let me start by talking about what growth means to us and the quality of growth we intend to achieve.

For us, sustainable growth has always been more important than just chasing growth at all costs. Sustainable growth comes from having a good product, providing a great customer experience to our users, and acquiring users at zero economics that are positive over the long term.

Once retention and repeat behavior of our customers come in over and above the rapid organic growth, incremental spends on marketing deliver acceleration as well as better return on capital as we have seen over the last few quarters.

Value-added services constitute an important part of our business with our attached rate for all value-added services at 29.85% last quarter. On that front, we also launched Travel Guarantee last quarter. When people are

booking a wait-listed train ticket with a high probability of confirmation and yet do not get a confirmed seat, it is the worst situation to be in as a traveller. Given one would have typically not made any alternate arrangements, last-minute fares for flights and buses can be quite high on popular routes, and even tatkal train fares are typically higher than the regular fares. So when a traveller opts for a Travel Guarantee ticket, we are not necessarily guaranteeing a confirmed seat on that train itself, but what we are guaranteeing is that if your ticket doesn't get confirmed, we'll give you enough money, so 3x of fare if you're booking a flight or bus, and 2x of the fare if you're booking another train, to make an alternate arrangement for yourself within the next seven days. Since we have a lot of data on how wait-listed tickets move and get confirmed on various trains, we have a reasonable ability to control which tickets we show this option on and how to price it using our proprietary data science and AI models.

On our bus business, we have revamped our operator-facing interface called Edge, and we have launched a mobile version of the app for Edge for operators as well to track their performance, understanding their operations, and engage with their users.

The team has also significantly improved our consumer apps' performance and user experience as well as integrated our AI Chatbot TARA on the AbhiBus app, as a result of which the AbhiBus app rating on Android is now 4.8+, reflecting a strong improvement in overall NPS. For the group, TARA is now handling 1.59 million customer queries per quarter end-to-end without any human intervention across the group. This is almost like 92% of all our customer support reach-outs over chat.

Let's move to the food delivery on trains business. Last quarter, we integrated Zoop, our latest acquisition across ixigo and ConfirmTkt apps, enabling our rail users to order food and get it delivered to their berth or seat. And we have seen decent growth in food orders. We're expanding the number of stations of our delivery staff, as well as signing up restaurants and chains at more stations. We're also learning ordering patterns to anticipate demand better and to identify what kind of supply expansion we need to enable more conversions. And most importantly, we are doing this while still maintaining profitability there.

Let's talk a bit about hotels as well, where we are still in the early phase of product market fit and supply build-out. As we discover pain areas that hotel bookers face in this industry, we are figuring out ways to solve them through better hotel ranking, NPS measurement, and data science in order to surface the right quality of supply to the users. Quarter-on-quarter growth, we are

seeing there is in double-digit percentage. And for now, we are only driving growth organically from our own existing user base across flights, trains, buses, etcetera.

Our diversification narrative has become more compelling. Last quarter, if you examine the contribution margin, with all three lines of businesses contributing more evenly in the mix, trains constitute 39%, buses constitute 33%, and flights 27% of the overall contribution margin mix, making ixigo a very well-diversified OTA.

I would also like to talk about our technology and AI initiatives across the group. Recent developments in AI, including the new DeepSeek model from China, have shown to the world that more powerful AI models will be available at a fraction of the current cost in the future. For travel companies, this suggests that the race isn't just about having AI capabilities, but about identifying customer pain areas and solving them with AI capabilities, creating user interfaces that make those capabilities indispensable to the users and to be able to distribute them at scale.

At ixigo, there's a transformation going on in how we use custom-built AI tools instead of manual operations for many of our day-to-day workflows. Our vision is to have more AI agents deployed across the organization that help increase observability and make various operational tasks more automated and efficient. Also, in some areas, this requires re-engineering of our existing stacks, and hence, some of these one-time investments will show up in operating leverage only over time, while others, which are ongoing ones, will lead to incremental NPS gains or conversion rate improvements for our existing lines of businesses and value-added services.

An interesting observation to end this is that we've had in the NBU market, which is dominated by tier 2, 3, and 4 travellers, which forms the core of our business, we have also started to see material flight growth starting to come from tier 1 towns. Tier 1 to tier 1 flight passenger segments for us have grown with a similar momentum as our NBU flights, bookings over 68% year-on-year Q3, and we have seen our international flight segments growing at 61% year-on-year in Q3. With deepening partnerships with international carriers, we expect improved supply and content even further on international flights in order to serve our tier 1 users better.

Handing it over to Saurabh now to talk about our financial highlights.

Saurabh Singh: Good morning, afternoon, evening, everyone. I truly appreciate your presence today, and I extend a special thanks to those joining from time zones where it's still or already night.

Now, as we come together to reflect on the third quarter of FY'25, it's tempting to get lost in the maze of numbers and percentages. Yet, we must pause and appreciate the broader journey we are on, a journey defined by empathy, resilience, innovation, and a shared vision.

This quarter represents both a milestone and a stepping stone in our ongoing journey. It's a testament to our collective efforts and an indicator of the path yet to be explored. We faced challenges, celebrated triumphs, and embraced changes, all the while staying true to our core values. Now, each figure we discuss today is more than just a statistic. It's a snapshot of our dedication and transformative impact we are making in the lives of our customers and also within our industry.

Now, for clarity and efficiency, I will use rupees crore as a unit of reporting unless mentioned otherwise. Regarding the mention of periods and year-over-year, Y-o-Y changes, I'll be referencing to the year's shift from Q3 FY'24 to Q3 FY'25, again, unless otherwise specified. At the heart of our journey lies Gross Transaction Value, or GTV, a powerful barometer on how well our offerings resonate with those whom we serve. For a company at our unique stage of evolution, experiencing healthy growth in this metric isn't just beneficial, it's vital to our forward momentum. Year-over-year, our GTV has increased by 48% to INR 4,036.3 crores. Gross ticketing revenue has also expanded in parallel by 49% to INR 301.3 crores, with a stable gross tick rate at 7.47.

The average transaction value, which I will define here as ATV per segment, is another essential metric. I see that as an indicator of our share of the customer wallet. ATV improved nearly 15% to INR 1,282 crores from INR 1,115 crores year-over-year. Revenue from operations, which is gross revenue after removing the discounts and including other operating income, rose by 42% to 241.8, up from 170.5.

At the group level, our contribution margins, defined as revenue from operations less direct costs, grew to 102.5, up from 77.5, an increase of 32%. However, the contribution margin percentage slightly decreased this quarter, from 45% to 42%, due to our investment in accelerating growth, something which Rajnish talked about in detail.

Our adjusted EBITDA, excluding other income and ESOP expenses, increased to INR 24.3 crores, up from 19.5. Our profit after tax for this period reached 15.5 compared to 30.6 in the prior fiscal year, and includes one-off which I will elaborate on shortly.

Let's go to our three core lines of business and they performed as planned, or dare I say, even better. Trains, we asserted our dominance against this quarter. In Q3 FY'25, we booked 2.4 crore segments, marking a 21% Y-o-Y increase, generating a GTV of 1,828.3, up by around 27%.

Revenue from operations reached 119.7, with a contribution margin of 39.9, at a contribution margin percentage of 33%. Now, this accounted for 39% of our contribution margin.

Our bus business continued its encouraging growth journey. In Q3 FY'25, it booked 0.5 crore passenger segments, produced a GTV of 494.6. This translates to a 64% growth in segments, and a 63% higher GTV, compared to Q3 FY'24. The contribution margin surged by 48% Y-o-Y, to 34.3% at a contribution margin percentage of 66%. A slight fall from 68% last year, as we mentioned and guided to, enhancing the bus line share of Group GTV to 12%, and increasing its share in overall contribution margin to 33%.

In flights, we invested in growth. This quarter, we booked 0.24 crore segments at a GTV of 1682.6, reflecting a 73% Y-o-Y increase. The contribution margin for flights grew by 42% to 27.3%, at a contribution margin percentage of 40%, with flights now contributing 42% to the Group GTV and 27% to the Group Contribution Margin. This number has also increased from 24.81% of the Group Contribution Margin last year.

Finally, as promised, I want to discuss some unique factors impacting this quarter. Our share of loss from our associate, Fresh Bus, was 1.9 crores, compared to a loss of 2.1 crores in Q3 FY'24. Tax expenses shifted from a credit of 16.7 crores last year, to an expense of 5.9 crores this year, largely due to deferred tax credit reversal.

Now, while we've achieved significant milestones, as Aloke and Rajnish highlighted in the call today, our journey is just beginning. To quote one of my favorite Urdu poets, Mirza Asadullah Khan Ghalib, "*Hazaaron Khwaishein Aisi ki har Khwaish pe dum nikle, Bahut nikle mere armaan magar phir bhi kam nikle*" Over the past years, we have fulfilled a number of our dreams. But many, many, many more are yet to be fulfilled.

With that, I'll hand it back to the moderator for Q&A.

Moderator: Thank you very much. We will now begin the question and answer session. The first question is from the line of Swapnil from JM Financial. Please go ahead.

Swapnil: Hi, thanks for the opportunity and congratulations on a very good set of numbers. My first question would be on your flight side. I would like to know what percentage of your flight bookings are happening through NBU apps? Earlier, that number was to be close to one third, has there been any meaningful change over there?

Aloke Bajpai: Hi Swapnil, this is Aloke here. Good to hear from you. So, on the percentage contribution from the NBU side, I think at the time of the IPO, we had mentioned that it was about 30-31% And I think we've just tried to maintain it that way. But what has happened, like Rajnish pointed out, is that in the recent couple of quarters, we've started to see tier 1 also starting to contribute. And as our flight funnel has expanded, especially due to the product-led growth that Rajnish was talking about, features like Flight Tracker Pro or Price Lock or Assured, they're driving significant word of mouth in people from Bangalore, Delhi, Bombay, etc., the big cities and we've started to see meaningful growth come from that. I think that mix from here on the flight side, how it evolves will be a function of how our tier 1 penetration goes.

So, on the tier 2-3 side, I think pretty much you can assume that it will grow in line with our MAU growth. But on the tier 1 side, it's a function of the product, it's a function of the brand awareness initiatives that we might choose to do, right? And that may skew it a little bit towards tier 1 as we scale further.

Swapnil: Understood, Aloke. The second question is a bit broad-based, and I might be jumping the gun. Here I'm assuming 4Q will be a decently good quarter in line with our total 3Q numbers, because of Kumbh and the continued festivities there. But if I were to look at it from a slightly medium-term perspective, FY'26, given that our base for all the three segments will be very strong, how do you see your numbers panning out next fiscal year?

I mean, yes, you would have this benefit of more customers coming from tier 1 cities, but still the base would look very, very high to sustain the current growth momentum.

Aloke Bajpai: Yes, great question. I think, look, if you had asked this question one year back, I don't think I would have told you that we would grow flight GTV at 70% plus. So I think we've managed to surprise ourselves, and I think I give a

lot of credit on that to the hard work of the team, the product, the tech behind the scenes. I mean, small things like how fast our search results load or how fast your booking confirmation comes or the fact that your boarding pass comes seamlessly on WhatsApp and you get checked in automatically, and a bunch of things that we've done there which are pretty much industry-first.

I think the impact of those is harder to sort of preempt and talk about because we invest in these initiatives not with some kind of explicit growth assumption around them, but essentially implicitly assuming that it will improve the experience and therefore the NPS and the rating and therefore will accelerate the organic growth. So you can assume that we'll continue doubling down on such product initiatives, and I'll let Rajnish talk more about this.

But the base effect that you're talking about, right, I think if you zoom out and see today our market share is still, we are the fourth largest OTA from GTV or passenger segment perspective. So I think our market share is still not that big compared to some of the incumbents and on the flight side. So I think there is still scope to continue accelerating this growth given that when you compare our MAUs with any other OTAs, we are the number one on MAUs, but not yet, let's say, in the top 3 on the flight side.

Can we get there faster? I think we can because we have the kind of growth, in terms of quality of growth, right, which allows us to also sell flights, also sell hotels and other meaningful products and not just trains and buses, right. So Rajnish, if you want to add anything to that.

Rajnish Kumar: Yes, I mean, I'll just reiterate the fact that for us, we have always thought about growth as something which should be sustainable, and we've never chased growth at any cost. Otherwise we would have always done this process of raising a lot of capital, spending that on building a brand too early. But what happens is that when you reach that natural progression of a point when your product maturity level has reached a certain tipping point, that is when customer stickiness and word of mouth starts to have that multiplier effect.

And then the bang for the buck that you get for every dollar that you spend on marketing is significantly higher. And that's where we feel that we have kind of hit that sweet spot now, and which is why we are seeing this growth happening. I mean, obviously, you've seen that our growth has been there even on a segment like trains where we already enjoyed decent market share. We have still grown there. But on segments like buses, you can see

that the penetration is still 20%. So there's still a lot of room for everybody to grow.

And if you have a product which is rated 4.8 and which solves customer pain areas, I don't think you need to spend a lot of money to grow there. On the flight side, it is still too early because we are very small when it comes to market share. So there I would say we still have headroom for growth. And I think, like I said, we won't spend money to grow there by spending money on marketing. But we'd rather spend money on technology, product, and AI to create a customer experience which should then fuel and enhance and have a multiplier effect on our marketing spend.

Saurabh Singh: Just at a risk of sounding repetitive, I would say something I've said in the previous quarters. What makes us slightly different from most of the other people is, A, we are multimodal. B, there is a product superiority, C, we have an ability to get a product out at a much better economic just because of our frugal DNA. So, all of it combined, I think going forward, you talk about a year, I think even 3 years from now, we'll still be scratching the surface of what we can be.

Swapnil: Understood. Just a related question to that. You touched upon some investments towards technology. And I can clearly see that your technology costs have grown more than 50% year-on-year, if you look at it that way. So can you just call out any specific investments that you're making on that side? I understand AI chatbots and those things are definitely one of them. But in particular, any cloud-related investments or any other, to better help us understand the investments you're making on technology?

Rajnish Kumar: Yes, sure. Some of these investments in technology and AI initiatives, it's hard to figure out what kind of impact it will create in the future because if you think about what's happening today in terms of technology, the world is sitting at an inflection point. And I think with all these advancements that are happening, if you do not invest in this technology, if you do not protect yourself from that disruption, I think the risks are much higher than that.

So these investments that we are making in AI and technology, I think these would probably have a much, much bigger upside in the future than you see right now. And we talked about these things, like our vision is to create, internally we have AI efficiency as a focus area where we are creating the vision of having agents across the organization that help increase observability and efficiency across all the operational tasks that people are performing and make them automated and efficient.

I mean, obviously, all these things will require us to completely re-architect the way we have been conducting business and operations in the past, and do that on the back of this new tech that has come. So this investment is what will show up, obviously, as a cost item. And obviously, there is investment that is happening on a new vertical which is still in the build-out phase, which is hotels. So I would still guide for this investment to be there for the next few quarters. And it might take a few percentage points away from the CM that we are generating, but I think this is for the greater benefit in the future.

Swapnil: Just a last question. So we had acquired Zoop. Last quarter, you mentioned about that. So first of all, I would like to understand how do we consolidate this number? Do you consider it in trend segment or you show it in others? And any benefit that you would have got in this particular quarter?

Saurabh Singh: So Swapnil, it comes in others. At a point of time when it's big enough, we'll move it out. And it's a different segment and we feel that it's early days as of right now. What we are seeing in terms of the integration, the response initially has been very, very impressive. Even though, remember, when we see of it as a product, we are just about starting it. So the thing is not just having it in our funnel. The thing is about finding the user issues, solving those problems, trying to predict this better. So it's still early stages, but, yes, it shows in others.

Swapnil: Okay. Thanks a lot, Saurabh. And all the best, guys. Very solid numbers. Hope you continue to grow.

Moderator: Thank you. The next question is from the line of Anmol Garg from DAM Capital. Please go ahead.

Anmol Garg: Thanks for the opportunity. A couple of questions. Firstly, if I look at our monthly active users for 9 months, then that has not increased much. However, our monthly transacting users have increased very strongly. So I wanted to understand that going ahead, would our marketing spends be targeted more towards conversions or would we want to have more broad-based marketing spends to increase the number of active users?

Aloke Bajpai: Hi, Anmol. Excellent question. I think, if you think about our annual active users, right, when you look at last year's numbers, right, that was almost half of all the internet population of India, which means almost one out of two people who are on the Internet use at least one of our services or one of our websites, at least once.

And so, we are already at a point where like 80-plus million MAUs, I don't know how many Internet properties would have that kind of scale. And we are not a horizontal property, right. We are a vertical property in that sense. And I think our focus as a team is - because a lot of this is coming organically, right, so our focus as a team when we do marketing is not as much as driving MAU growth as the output metric, but really about seeing how we can drive up conversions, how we could look at app installs from the relevant user base, right. Those are the kind of things that we optimize our campaigns for.

And I think broadly in the long term, you want to acquire high-quality users who come and do high-frequency repeat purchases, right, with you. So in any of the verticals where we spend money on marketing, right, that's the kind of approach that the team follows. And we are very pertinent about looking at CAC and LTV and making sure that, I mean, most of the marketing acquisition we do from the second transaction itself, we are able to get back the kind of money that we are spending to acquire those users.

So in that sense, we will keep scaling those initiatives in line with where we see better bank for the buck when it comes to online spends. When it comes to offline spends, it's very discretionary. So there could be some kind of quarters where we choose to spend more or when we, let's say last quarter when we took on board Rohit Sharma as a celebrity and we started doing some 360-degree campaign in certain regions. I think, again, there could be some offline, some online in that mix. But the objective there is to stay within the guardrail. And maybe, Saurabh, you want to talk about what kind of guardrails we maintain?

Saurabh Singh: What I just want to say is that we are extremely prudent in our approach. And usually when we see customer inducement costs, this is not a guidance, this is how we think of it internally. We would look at it as wanting it to be around 3.5%, which is a combination of discount plus branding plus performance. And what we're also doing, what we would also do is that we would have a metric to check the return on each kind of investment and remain around that. So we would be cautious on that too.

Anmol Garg: Understood. So more, if I have to think more from a broader perspective, should we assume that our ad spends, which are currently at around 8.5% of revenues, would increase and we'll get maybe leverage benefits from employee or maybe other expenses?

Saurabh Singh: So Anmol, how you should look at it is how we look at it internally. And when I look at it, so when I'm talking about a combination, so every line of business has a flexibility on which of the three customer inducement he

wants to spend on. Or also at times, one becomes costlier than the other. So we play around, we are strategically looking at it. But how I would look at it if I was you, who was taking it as a percentage of GTV and saying that broadly, the combination of three should be around 3.5%.

Again, I'm saying that this is not a guidance. This is how we think. And there might be opportunities where we might go one way or the other. But broadly, this is the number, unless we find something extraordinary either way, where we would want to be.

Anmol Garg: Understood. Secondly, I wanted to understand our overall strategy on the bus business. So while we have done excellent growth in this quarter, I just wanted to understand that how are you looking at this business in terms of our market share expansion, particularly in the northern and western part of India? And how do you see, what I wanted to understand is that in this particular business, should we expect higher ad spends going ahead? Or what is the other strategy that you are building up?

Aloke Bajpai: I think, look, just zooming out again, right? Like if you look at online penetration in this space, it's somewhere between 20-22% as we speak, right? And I think the big opportunity we see on buses is how can we bring those people online to book buses who are today not booking them online at all, right? That's the largest opportunity because that's, let's say, close to 80% of the market, right?

And then step two is, those people who may not be using us, if they're online, can we make them aware that we are a great product for, I mean, the highest NPS product, no doubt. 4.8 app rating with that scale of reviews and downloads is very, very hard to do if you ask any practitioner in our space. But essentially, to do that, A, we have to have, obviously, selection, which means we need to have all the operators that matter. And let me assure you that, you know, on that, we would compare with anyone out there in terms of the kind of supply that we've built. And we keep expanding that. I just mentioned that last quarter we've added 200 more private operators and a bunch of more SRTCs. So our objective is to have all the supply that is possible to have in terms of bringing them online. But we have, again, a guardrail around quality.

So what we don't want is to bring on an operator who is not able to service our customer with the kind of expectation of customer service and quality of bus, etcetera, that we desire. So we will be very prudent about not bringing on operators who will reduce our NPS and making sure that we onboard operators who are likely to bring on better quality assets, etcetera.

Now, two things are driving the growth there. One is there's a proliferation of new-age bus operators out there. You know, multiple of them. And, we could name a few, but Fresh Bus, which is doing EV buses, which we also have a minority investment in. Players like ZingBus or InterCity, all these players obviously are growing and expanding. And some of them have raised more capital. So I think in that sense, and then FlixBus entered the market.

So in that sense, supply expansion is happening. And similarly, SRTCs are also upgrading the quality of their assets and bringing on new assets. At least three SRTCs in South have started adding electric vehicles as well. So, all that is helping with this growth.

Last thing, but not the least, spiritual tourism, which I mentioned earlier. On that, I just wanted to share that the stat on buses was most staggering. Prayagraj, which again is in the North, right? I mean, we saw an almost 14 times increase in bus booking Y-o-Y towards Prayagraj, thanks to the Maha Kumbh. But those kinds of spurts, we are able to do also, because look, a lot of the people go to check for a flight and then the fare is too expensive. And then they go for a train and the train is, you don't get a confirmed seat, you have a waitlisted seat. So then the bus becomes the only viable option for hundreds of thousands of Indians every single day. And tapping into that demand is easier for a player like ixigo to do. And that is why you see us growing faster than the overall market, probably growing twice the velocity of the incumbent here.

Saurabh Singh: What also many people don't understand and which is where the uniqueness, and I think what Aloke had mentioned in his speech, about the searches becomes very important, because what happens is, there are a lot of people who don't realize how good buses have become now as compared to say 10 years earlier. So what products like TG do for us is, they allow people to experience buses if they don't get a particular mode of transport.

So what you have is you can, we are exposing people to newer ways, and the other thing is, as Aloke mentioned, you're talking about north, you're talking about a route and not doing well and that's helping buses. Yes, and Rajnish, maybe you want to add something there?

Rajnish Kumar: I think there are two things here. One is obviously like we said, there is a lot of room for everybody to grow at 20% penetration, etc. But the other thing is that most of the growth that we expect should come mostly from investment in product and solving customer pain areas. I think you would have seen, we announced recently, in this call itself I mentioned about 4.8 plus rating on the NPS side.

It's not so easy to achieve a rating of 4.8 on Android as a travel app with that scale of users, etc. And this is a testament of how good the customer experience has to be to reach that kind of NPS level. And I think this is where, the word-of-mouth growth that kind of aids organic growth and kind of accelerates or spreads some marketing as well happens.

And I think this is the most sustainable way of growing. Obviously, you need to make sure that you have the right kind of product supplies and relationships at the back end which our team is working on and we are making sure that we have the right kind of operators and suppliers.

But I think just to underline this one key point which is that we will continue to keep customer experience at the center of everything and we will keep solving core customer pain areas. And that would be probably the key thing which will drive growth for us across all segments.

Anmol Garg: Understood. Thanks for answering my questions and congratulations for a very, very good set of numbers.

Moderator: The next question is from the line of Gaurav Rateria from Morgan Stanley.

Gaurav Rateria: Hi, thanks for taking me and congratulations on superb execution. I have three questions. First, if you could lay down what's happening on the competition side in the flight ticketing business in terms of competition from airlines, competition from other OTAs, who is losing share, who is gaining share, just the landscape part of it.

The second question is if you could help us understand your strategy around the hotel business, how you're going to build that business. And lastly, you did touch upon the technology investments, especially in AI. If you could peel off some of the layers of what these investments are looking like and what it will mean or how will it manifest in the form of product enhancements, etcetera. Will it be more like an incremental change? Will it be more like a dramatic change on product? So those colour will be very helpful.

Aloke Bajpai: Yes, hi. Good to see you on the call, Aloke here. Just on the first question, which was around flight, look, we have a very different philosophy with respect to how we look at competition because I don't think we're tracking like who is gaining share, who is losing share. I think we're just trying to do a decent job at getting the product experience right and trying to expose flights as an option to millions of users out there who still don't look at that option. I mean, 4% of Indians fly. And, I think if that number has to move up,

it has to come from people who today are taking a train or a bus instead. And, just on that singular insight, we still have a lot of work to do as a company. I mean, the blessing we do have is that we have a lot more users than any other company in this space. So if there's a company which has a right to grow faster, it has to be us because we are sitting on that large user base that may still not be flying yet.

And of course, even in tier 1 towns, there's some spillover growth coming. Not that we are doing anything beyond building a great product, Like in that sense, none of our marketing initiatives are particularly targeting tier 1 towns, etcetera. But we are seeing, I keep meeting people at industry events who are using us because they love the product. So in that sense, we are seeing people move to us just because of certain things on the product that they love or certain things on our customer service that they love.

I mean, our refund times, we believe are one of the best. We don't know what the others actually have because nobody discloses that. But if you look at our average refund time of just over three hours, that's one of the big pains we keep hearing time and again from people. And then we keep hearing that it's hard to get through to call centers, for OTAs. And again, we decided to publish what percentage of calls we pick up within two minutes. And in that sense, again, we are disclosing that every quarter and that numbers keep moving up. So I think the last we disclosed is around 94%, which is up from 92%. So, I think these are the things we worry more about. I think if we keep executing well, hopefully, we do keep gaining share on flight side.

On hotels, like Rajnish and I mentioned, I think it's very early days. So I wish I could talk a lot about it, but honestly, like we're in the product market fit discovery phase and getting the supply right, getting a lot of the content, right. Understanding how the ranking works. It's a complex space, right. It's not as simple as transportation. So, we know it's going to be a long journey. I mean, trains took us 10 years to crack, right. I don't think we're going to crack hotels in a year. So in that sense, we are seeing month on month growth. We are seeing quarter on quarter growth there, but of a much smaller base obviously. But, it's going to take a few quarters to start talking more about this. And the last question I will defer to Rajnish on the tech and AI piece.

Rajnish Kumar: I mean, just to close out the hotel question. We mentioned that, we'll solve it in the exact same way, like we solve the other problems of train travellers and flight travellers and bus travellers. So, which is by understanding their pain areas and creating a product which solves those pain areas. So we are

still in that product market fit phase, build out phase where we're building the right product, right supplies, etcetera. The advantage we have, and that's the only thing I wanted to highlight here before I move to the next question is that we have massive distribution. And I think this is one of the advantages of kind of introducing a product that is out there for users who just need to be introduced to these products, like entering into a mall and discovering a new section.

So, coming to AI, it's very hard to predict what's going to happen, because if you can see every week, things are changing, and what was making sense in the previous month is not making sense right now. But if you look at some of the current developments around OpenAI operator or DeepSeek, etcetera. You'll see that, it's like, it's like a full circle moment for those of us, who've seen the travel tech space for a while. We had demonstrated that I focused right in 2017 where we envisioned a future where voice interfaces would seemingly connect with AI seamlessly and create a customer interface, which would remove all the clutter of travel complexity.

Now operation is doing the same thing with a different approach now that you would have seen. They're kind of working with e-commerce companies to kind of create a place where people can book their travel seamlessly. And obviously this is kind of a classic innovator dilemma for OTAs too, whether they should move on this platform and create new intermediary or create, at the risk of missing out, etcetera.

But ultimately, if you look at whether it is Chat GPT or DeepSeek, etcetera, like all these guys, the underlying AI capabilities for most of them were very similar that there were a lot of companies out there who had similar capabilities, but the reason why Chat GPT became big is because they figured out user interface lock-in much earlier. They were more customer centric in their approach. And so they were the first ones to launch an app for an AI-driven technology. And so they created massive distribution with a product, which was not too superior compared to some of the other products out there. Now, what this suggests is that, just the technical capability is not enough to create market dominance by creating distribution. What you need to have is the ability to understand customer pain areas and problems and create interfaces and create interface lock-in, which makes those capabilities indispensable for users. And that's how you create massive distribution and moat in the process, not by having a technology.

Moderator: The next question is from the line of Saksham from Axis Capital.

Saksham: Congratulations on good set of numbers. My first question is just to follow up on one of the initial questions. So within flights, the growth has come from in the quarter from tier 1 users as well, where some of the drivers has been growth from international markets.

So maybe can you give some more colours on some of the initiatives that the company is doing within this space to expand internationally? And do we see this growth being sustainable coming from tier 1 space as well, as well as international markets?

The second question is around, we keep talking about ixigo having the highest user base in terms of targeting the next billion users and expecting the next billion users to incrementally increase travel spend and the company benefiting from there. So what are some of the key challenges that a company sees in this space? Maybe is it a case of, let's say, in the longer-term perspective, if you zoom out some of the competition also targeting the same space. So what are the initiatives strategy thoughts that the company is doing to maybe gatekeep those customers some colour on that would be really helpful?

Aloke Bajpai: Sure Saksham. The first question, which was around international flights and the ability to sort of grow in tier 1 markets. If I read the question correctly, I think on that, if you just look at, like if you rewind a few years. We started first as a train utility app and then became a train OTA and then flight OTA, we became much later. And just after COVID is when we actually got started on the flight OTA journey. So in that sense, you can say that we are a 4-4.5 year-old kind of a flight OTA. And in that obviously domestic was the early focus and, but international where you need GDS integrations and multiple international airlines to sign up commercially with you. It's something that we've been obviously doubling down on in the last couple of years and the last couple of quarters even more so. The other thing is that we've been obviously enhancing some of the features that make more sense for international travel. For example, ixigo Assured is now available on international routes as well. Similarly, we have other such features, for example, Flight Tracker Pro, Price Lock, these kinds of features are also now being exposed to international users.

And I think as we roll out these features, some of which are industry-first or better than what's out there, I think we are seeing the word of mouth and what Rajnish talked about, right. Product led growth, word of mouth growth sort of kicking in. And once you hit a critical mass, right. We did, we saw this in trains, right. Like you hit a critical mass of users, and you suddenly have

people sitting opposite you in the coach actually talking about what app they use.

And, you start seeing the trickle down of that also accelerating your growth. So some of that we've started to see very recently on the flight side where a few people were talking to each other might say, hey, this is an app that I've switched to now because it's way better. And, it does create that buzz. And that's happening now in tier 1. So tier 2/3, because we already had the reach was not a big challenge for us to grow in, but tier 1 is exciting to see.

And obviously, we'll see how we could continue growing that. Again, competition, like we don't really spend too much time thinking or worrying or looking at because ultimately, if we treat our customers well and we give them a great post-booking experience, there is no reason why they would switch out from us only, only if we let them down, will they actually do that. So I think we just focused on not screwing up if I had to put it that way.

And, that's pretty hard to do in this vertical as you would have seen as an end consumer. So, I think we just focus around that. And maybe Rajnish if you want to add anything on the flight side.

Rajnish Kumar: Yes. I think I just want to add one thing on competition that, we do get this question asked a lot, right. But then somebody could copy us. And, my answer to them is that of course they can, anything can be copied today, right? Like anybody can copy anything. And especially when technology has been commoditized, but we don't really worry about them.

I'll tell you why because eventually what happens is that if your core focus and culture and DNA is about customer obsession and solving customer problems, then you always have your ears to the ground. You'll be listening to your customers and you'll be finding those problems before anybody else can find.

Now, from that point onwards, it's just a matter of having the courage to solve those problems before anybody else does. And that requires that vision to say that, I'm willing to invest in something right now that will only give me benefits later on. So sometimes, it's not about solving a problem. It's more about solving the right problem at the right time. And that's what innovation is all about. When you do that, you're always ahead of others and others can copy you, but they'll always be behind you. And I think when somebody copies you, I think this is the most flattering thing you can see for yourself.

Moderator: As there are no further questions from the participants, I now hand the conference over to the management for the closing comments.

Aloke Bajpai: In closing, I just want to say that it took us almost 16 years to get to our first billion run rate of GTV, but it has taken us less than two years to get to close to 2 billion GTV ARR. And I think that reflects the power of thinking long term and thinking of businesses more like a marathon than a sprint. And with that, I would like to thank everybody who has joined us today. Take care and keep traveling.

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