



**Le Travenues Technology Limited (“ixigo”)**  
**Q3 FY26 Earnings Conference Call**  
**January 22, 2026**

**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. Anmol Garg - DAM Capital

**Moderator:**

Ladies and gentlemen, good day, and welcome to Le Travenues Technology, also known as ixigo, Q3 and FY '25-'26, Earnings Conference Call hosted by DAM Capital Advisors Limited. As a reminder, all participants' lines will be in listen-only mode, and there will be an opportunity to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touchtone phone.

I now hand the conference over to Mr. Anmol Garg from DAM Capital. Thank you, and over to you, sir.

**Anmol Garg:**

Thank you, Danish. Good evening, everyone. On behalf of DAM Capital, I welcome you all to ixigo's Q3 FY '26 Earnings Call. We have with us Mr. Aloke Bajpai, Chairman, MD and Group CEO of the company; Mr. Rajnish Kumar, Director and Group Co-CEO of the company; Mr. Saurabh Devendra Singh, Group CFO of the company.

Now before I hand over the call to Aloke and Saurabh and Rajnish, I would like to highlight that the Safe Harbour statement on the second slide of the presentation, and it is assumed to be read and understood.

I'll hand over the call to Aloke, Saurabh and Rajnish. Thank you.

**Aloke Bajpai:**

Thank you. Good evening, everyone. This is Aloke here. Thank you for joining us on our Q3 FY '26 Earnings Call. Q3 was a defining quarter for ixigo. Not only did we deliver strong growth and improved profitability, but we also demonstrated the resilience of our platform, the benefits of our diversified multimodal strategy, the strength of investing in an AI customer experience stack and, most importantly, we lived up to our customer-first philosophy during one of the most disruptive periods for the flight industry.

Let me start with the headline numbers. We reported an all-time high revenue from operations of INR317.6 crores, up 31% year-on-year, an all-time high Gross Transaction Value or GTV of INR4,902.9 crores, up 21% year-on-year; and our profit after tax came in at INR24 crores, up 54% Y-o-Y. These results reflect strong execution across our core business and continued operating leverage. What makes this performance particularly meaningful is the context in which it was achieved.

During December, following the implementation of revised FDTL norms by the DGCA, a leading airline experienced significant operational disruptions. Over 12 days, there were approximately 4,500 flight cancellations and reschedules, with the impact peaking between December 3rd and 8th. This period saw a two-fold surge in customer reach-outs and a five-fold increase in usage of our flight tracking products. As soon as the situation escalated, we set up a dedicated cross-functional war room to manage an environment that was evolving daily. We were also the first OTA to announce a proactive customer-friendly response, refunding not just the full ticket amount but also convenience fees and ixigo Assured fees on impacted bookings during the peak disruption window.

When we take such calls, the only lens we apply is whether we are doing the right thing for our customers in that moment. Travel is a high-trust category, and moments of disruption are when that trust is most visibly tested.

Our approach during this period was multipronged, reducing customer anxiety through timely and transparent updates, enabling affected users to quickly receive refunds or rebook stranded customers using alternate modes of transport, and ensuring operational resilience at scale.

Despite the severity of the disruptions, our flights business grew faster than the overall market, with flights GTV growing at 22% and flight revenue growing at 49% Y-o-Y. We gained some market share and a lot of goodwill as a result of our customer-friendly policies during the time of crisis, and lived up to our playbook of doing the right thing for the customer in all such times of crisis.

Another important highlight of the quarter was the continued momentum in our international flights business. International flights GTV grew over 50% Y-o-Y in Q3 and has now crossed 20% of our overall flights GTV for the quarter. This growth is no longer restricted to Tier 1 airports. We are seeing strong demand from Tier 2 and 3 cities, driven by improving connectivity to Southeast Asia and the Middle East, both through direct routes and efficient one-stop connections.

On the supply side, we have strengthened our international coverage significantly. Today, we have GDS partnerships across Amadeus and Travelport, giving us access to all leading full-service carriers. In addition, we have onboarded 26 airlines on NDC pipes, including marquee Middle Eastern, Southeast Asian and European carriers. NDC enables access to better fares, richer content and deeper airline integrations, allowing us to build more direct relationships with these carriers to deliver better value to our customers.

We are also seeing new outbound destinations emerge strongly on our platform, including Vietnam, Japan, South Korea, Oman, Kenya and Indonesia. In parallel, we are beginning to see early signs of organic inbound travel, particularly from the Middle East and Southeast Asia, which will be further aided by the government's expansion of the e-tourist visa scheme to 211 countries.

On trains, while the business continues to grow well, the mix of trains in our GTV and revenue has reduced as flights and buses grew faster, with flights' GTV starting to come in nearly as big as train GTV now in our business.

The train segment remains an important pillar of ixigo's multimodal strategy, accounting for 43% of GTV and 35% of contribution margin and growing in the mid-teens. Our leadership here is underpinned by deep product innovation, AI-driven complexity management and a strong peace of mind stack for train travellers.

On the railway policy front, Indian Railways has implemented several passenger-friendly changes since July, including mandatory Aadhaar verification and linking during peak booking windows such as the advanced reservation period and Tatkal, in order to curb misuse and fraud. While these changes introduced some friction initially, we were quick to implement them in coordination with IRCTC, and user experience tends to normalise after the first booking.

More importantly, we are encouraged by the government's intent to expand capacity. Plans to double originating train capacity across 48 major cities by 2030, along with initiatives such as Vande Bharat Sleeper and Amrit Bharat Express, give us confidence that the capacity growth in

subsequent years will be better than in the past. That said, capacity expansion involves long-cycle infrastructure investments, so please do not treat this as guidance.

The bus segment continues to be one of our strongest growth engines. Since acquiring Abhibus in 2021, our business doing roughly INR400 crores to INR500 crores of annual GTV. We have scaled it to over INR2,400 crores of GTV in the last 12 months, representing nearly 6x growth, and it continues to compound at 40% to 50% Y-o-Y. Our strategy here remains tilted towards growth over margins in the short to medium term as we continue to invest in penetration, brand recall and industry-first product innovations.

Before I hand it over to Rajnish, a quick word on spiritual tourism and base effects. Q4 FY '25 benefited from the Mahakumbh, which drove extraordinary demand across trains, buses and flights with mid- to high-single-digit GTV in Q4 last year coming directly or indirectly due to Kumbh, depending on the vertical.

While this creates a base effect for Q4, our Great Indian Travel Index 2025 also shows that spiritual tourism still remains a strong secular trend. Destinations like Varanasi, Tirupati, Prayagraj, Ayodhya and Shirdi continue to see long-term growth with Gen Z participation rising sharply, particularly through bus and train travel.

With that, I will hand over to my friend and Co-CEO, Rajnish, to talk about our AI products and new growth strategies.

**Rajnish Kumar:**

Thanks, Aloke. Q3 was a real-world stress test of our AI customer experience stack, and I am really proud of how the platform performed in a time of need. The December disruptions and how we handled them underscores the importance of our sustained investment in an AI-led customer experience stack and utility-driven product innovations such as Flight Tracker Pro, which proved critical in managing large-scale disruptions during a period of crisis.

We orchestrated a coordinated response that combines the speed and scale of AI with human judgment, deploying both efficiently to support impacted customers. Verified information was continuously sourced from

authoritative channels and proactively communicated to users, while well-defined SOPs enabled rapid handling of customer queries.

Multiple proactive touch points were initiated to ensure timely refunds and smooth rebooking wherever required. We leveraged AI-driven outbound calls to proactively inform customers of flight cancellations or reschedules, automatically trigger refunds and alternate bookings and guide them through the next steps. TARA, our AI agent, played a central role by actively assisting customers with refund processes and recommending alternate travel options.

In parallel, our AI-augmented human support teams operated extended hours during peak disruption periods, helping us maintain strong customer satisfaction despite elevated volumes that we saw during this period.

In the third quarter, the percent of voice calls that were handled end-to-end by AI stood at 76%+. But what really stood out for me was that in December, when the crisis unfolded, we stepped up proactively, voice calling and with AI handling a whopping 90% of all calls in December, and that was more than 150,000 calls handled end-to-end by AI during this period.

Thanks to this, even though overall customer contact volumes across voice and chat more than doubled, resolution times remain within internal benchmarks that we strive for, and customer satisfaction metrics stayed stable throughout the entire period.

This is evidenced by our calls answered within 2 minutes metric, remaining at 96.7% despite the elevated volumes and our average refund time remaining just 3 hours and 10 minutes. Flight Tracker Pro also saw extensive usage. In fact, it was a godsend product for a lot of users and airline staff.

This enabled customers to track real-time flight schedules at airports, with multiple instances of positive feedback from both travellers and airport staff on its usefulness during these challenging conditions. These moments reinforce our belief that AI is not just a cost lever, but a trust and experience lever, especially in moments of crisis.

I'll reiterate that we believe we are living through a once-in-a-lifetime technology transition with AI, even bigger than the emergence of the Internet or smartphones. AI has clearly moved beyond experimentation and is now entering a phase of real product-market fit across agentic workflows, core infrastructure and applied vertical use cases, including travel.

We are at a juncture in history where we'll be judged not by our performance in any one of the quarter or any one year, but by how we were able to lead our industry's AI transformation and demonstrate the results in customer delight with long-term growth and profitability.

In our flight business, we also added more inventory, as Aloke talked about, launched airport cabs so that you can seamlessly book taxis to or from the airport right from inside the app and, most recently, have enabled Armed Forces fares, which allows those who serve our country get access to preferred fares from airlines, offering them up to 25% off the regular fares.

Moving to buses now. The bus category has started seeing more innovation, both for the customer and the operators, partly due to our intense focus on this category over the last 4 years. If I had to name all the industry-first features Abhibus has launched since we got involved, the list would be very, very long.

Starting from our Abhi Assured Service Guarantee and full refund for delays in cancellations, the Pink Seat feature for women travellers who wish to be seated next to other women travellers, Bus Insights where we even tell customers right at the time of booking their exact bus model with license plate number and the age of the vehicle; 360-degree Walk-through that we have built inside several buses to allow customers to see what their seat or sleeper berth will look like exactly and many more features.

Last quarter, we observed that some bus incidents and breakdowns happened, and then it made us reflect on how important safety is for our customers. So our bus safety reports now cover over 40,000 buses, where our platform regularly validates their permits, their insurance, their RC

and fitness certificates.

The Ready Go platform for bus operators now gives them more real-time insights and control over their operations. And last quarter, we launched an industry-first Roadside Assistance Program, offering alternate travel options in case of bus breakdowns or incidents.

Moving to the train business. We have added Mumbai Metro, along with Delhi Metro, for QR code-based metro ticketing and are seeing decent usage on that. And we also went live with our ConfirmTkt train ticketing funnel inside the Rapido app. Both ixigo trains and ConfirmTkt are now at 4.8 app ratings on the Play Store, and that is at a scale of millions of reviews, by the way, reflecting consistently high customer satisfaction.

Having lived and travelled globally, I can confidently say these apps work better than any train app I have used, even in any country outside India, and, hence, would be the top global train apps in terms of product utility and user experience.

Now, let me talk a bit about hotels as well. We made several product improvements on hotels that users are complimenting us for, including our AI summaries for hotels and smarter ranking algorithms.

Despite seeing good quarter-on-quarter growth, I would say that we are still not at the product market fit stage on this business yet, which would involve solving what you see versus what you get problem that the budget hotel space is riddled with. We now have some deeper learnings on what is broken in this space, and we are building our hypothesis on how those can be solved.

We have talked to many customers and hoteliers and also done on-ground market research to test the hypothesis, and we expect to intensify our efforts on both product and supply in the coming fiscal year.

Last quarter, we kicked off adding direct total supply by tying up first with channel managers who work with multiple hotel chains and independent hotels. Through these tech integrations, we can onboard direct supply without deploying a large team on the ground. We're now also adding budget hotel chains and the first set of independent hotels focused on

those segments that overlap with our core user base.

Now, going back to my favourite topic, which is AI, let me elaborate a little bit more on our AI strategy. The disruptive use cases for AI travel need some key ingredients, talented teams and access to large data sets and real user journeys, time to execute AI-first DNA. We have the ability to accelerate ideas and teams.

I will find founders at the forefront of AI understanding and building promising products as well, but without enough real-world use cases or enough vertical data or distribution to test, learn and demonstrate the impact of those ideas. Based on our deep experience with AI over a decade, we have a unique ability to scout and diligence such AI-first teams and ideas. A strong preference will be access to frontier AI talent, working on ideas or applications that are synergistic with our own future plans and product vision.

We also continue to invest organically within our own AI stack. AI is also already deeply embedded in our products from planning and discovery to production, pricing, discounting, customer support, operations and supply side efficiency. We use AI practically everywhere, and we are doubling down now on voice and personalisation as well.

So why now? The current phase of the AI cycle offers early access to exceptional founders, talent, and platforms, which we believe is a durable strategic advantage. We intend to make a small number of focused high-conviction investments, partnerships or acquisitions in the short to medium term where there's a strong alignment with ixigo's core travel ecosystem, data and AI strength and distribution. These investments are not financial returns alone. They are designed to accelerate learning, enable faster internal adoption of AI and create long-term strategic optionality.

Here is another important reason why the timing is correct, and this is about the slow death of software as we know it. All software will be rewritten, not line by line but rule by rule, because the assumptions it was built on are breaking. Intelligence no longer needs to live inside hard-coded logic.

Interfaces no longer need to be fixed artefacts. And humans no longer need to adapt to machines. In the new model, software infers intent. It remembers context, and it renders itself on-demand, turning applications into temporary projections rather than permanent products. Code stops prescribing behaviour and starts defining constraints, data access and truth while intelligence lives above it, adapting continuously to each user and moment. Stability shifts from deterministic outputs to successful outcomes, and change becomes cheap, local and constant.

Most existing software cannot survive this inversion, not because it's bad, but because it encodes the old rules too deeply. So it will fade into the background as a system of record while new AI native players quietly replace the experience.

This isn't just a rewrite of software around humans for the first time. It's also a once-in-a-generation opportunity for builders, making this the moment to scout relentlessly, back exceptional teams and place bold, concentrated bets on those shaping what comes next.

With that, I'll hand over the call to our friend and Group CFO, Saurabh, to talk about the numbers.

**Saurabh Singh:**

Thanks, Rajnish. At the end of last year, I had two choices. One was to go to my IIT Delhi 25-year reunion, something I've been looking forward for months. The other was to use the days off slightly differently. Almost on a whim, I packed a couple of ixigo branded T-shirts and decided to take a simple trip, part flight, part bus, part train, starting at Ayodhya Airport and ending up at Varanasi railway station.

Now I won't lie here. I did miss meeting a lot of old friends, getting silly drunk and also the networking that comes up with reunion of this kind. But alternating between ixigo, ConfirmTkt and Abhibus T-shirts, I realized something I hadn't fully appreciated for a long time: the impact we as ixigo are having on people's lives.

Everywhere I went, people came up to me, smiled, shared their little ixigo stories, moments where our brand had quietly become a part of their journey. Some simply said thank you. Others told me how we made travel a little easier, a little less stressful. And some even took time to offer

suggestions not as customers, but almost as partners who genuinely wanted us to do better. In those moments, it all made sense.

Now I can talk about the trip for hours, but this is a 1-hour call, and I have an obligation to talk numbers. So let's discuss the numbers. As always, all the numbers are in rupees crores unless stated otherwise, and year-over-year comparisons are Q3 FY '26 against Q3 FY '25.

Our gross transaction value stood at INR4,902.9 crores, up 21% from INR4,036.3 crores last year. Revenue from operations came in at INR317.6 crores, a 31% Y-o-Y increase. Contribution margin was INR115.3 crores, up 12% Y-o-Y, with contribution margin percentage at 36%. Adjusted EBITDA stood at INR30.8 crores compared to INR24.3 crores in Q3 '25, a growth of 27%. PAT was up 64% at INR24 crores versus INR15.5 crores. Now these numbers include some one-offs that I'll discuss closer to the end.

Moving on to the business segment overview. On trains, I'll confess, I regularly try to get invited to train team meetings because for me, they are a master class in focus. What I like most this quarter was the team's agility at this scale, adapting quickly and benefiting from the changes Aloke alluded to earlier.

In trains, we booked 26.12 million train segments, up 8.8% Y-o-Y. GTV was INR2,095.5 crores, up 15%. Revenue stood at INR134.1 crores, up 12%. Contribution margin was INR40.6 crores, up 2%, with the contribution margin percentage of 30%. Trains contributed 35% to the group's total CM.

In flights, it was a tough quarter, and our response stood out. Those 12 days in December reflected years of customer obsession and technology-led execution. We booked 2.8 million flight segments, up 15.2%. GTV was INR2,055 crores, up 22%. Revenue stood at INR102.4 crores, up 49%. Contribution margins for flight rose 45% to 39.4% at a contribution margin percentage of 39%. Flights contributed 34% of the group's total CM.

Buses continued on the growth trajectory, and there's still plenty of road ahead. The passenger segment grew 33% Y-o-Y to 6.73 million with revenue from operations up 47% to INR75.6 crores. GTV rose 36% to

INR671 million. Contribution margin was down 1% to INR34 crores and at a 45% contribution margin percentage. Buses contributed 30% of the total CM.

Now, as promised, let me highlight the key one-offs and call-outs in the current quarter. The one-off and call-outs in FY '26 Q3 included a share of loss from Fresh Bus, an associated company of INR2.9 crores, INR2.8 crores onetime impact due to the new labour code.

For Q3 FY '25, the one-off and call-out comprised a share of loss of Fresh Bus of INR1.9 crores. Now, apart from this, the disruption in the flight operations during December arising from operational challenges faced by a leading operator, including the impact of loss booking and cancellation, would have resulted in an approximate adverse impact of INR2 crores on our EBITDA in Q3 FY '26.

On the AI investments Rajnish talked about, I want to reiterate that when we raised the preferential issue last quarter, we had earmarked 25% of the proceeds for inorganic growth opportunities and 25% for organic growth initiatives. Going forward, we will continue to deploy capital only into high-impact opportunities that align with our strategy and offer clear synergies, whether through AI, travel tech or exceptional talent that fits into our long-term vision.

To maintain prudence, we have constituted an Investment Committee to evaluate and approve such investments and acquisitions where we will benefit from the deep expertise of two of our Board members, Mr. Shailesh Lakhani, formally a Managing Director at Peak XV and widely recognized for backing some of India's most successful ventures; and Mr. Rajesh Sawhney, the Founder and CEO of GSF India, a serial entrepreneur and active investor in Indian startup ecosystem will be the part of this committee.

I'll end with an anecdote. When we started preparing for this earnings call, our design and branding team was running on a packed schedule, and I had just come back from my Varanasi trip. So by the time we got on to kick off the meeting, it was very close to the results.

As they walked me through the concept, they spoke about the perspective

and the depth, the isometric language of the visuals, the tiny details that they wanted to add on the runway on the presentation slide covers and the discipline of keeping it all consistent across every page.

Seeing how much they already had on the plate, I tried to make things a little easier for them and asked, why do we really need to spend so much time on the design template of an investor deck? Last quarter's template could work. They looked at me with a stare usually reserved for an unwanted rodent about to devour its favourite cheese.

And then the Design Head said something that stayed with me. It's never about taking an easy path. It's always about doing what is right. We do it for the craft because that is what we are. And when I think about it, it captures what ixigo has always been about, and we will always be. We do it for the craft because that's who we are.

And with that final thought, I'll pass it on to the moderator for Q&A.

**Moderator:** The first question comes from the line of Mr. Anmol Garg from DAM Capital.

**Anmol Garg:** Congratulations on a good set of numbers in a tough quarter for flights. I have a couple of questions. Firstly, in our bus business, while the growth there remains very strong, we have seen that in a year, there is a 20 percentage point in the contribution margin in this business. So how should we think about a more sustainable contribution margin in this business in the medium to long term?

**Aloke Bajpai:** Yes. Anmol, this is Aloke here. I think we have been calling out for at least 3-4 quarters that we have been seeing the opportunity to push the pedal on growth on buses, given how low the penetration of digital bookings is in the country, and it's still in the low 20s.

The other thing we have seen is the ability to cross-sell and upsell buses to a large part of our funnel, and of course, products like Travel Guarantee, now Alternate Travel Plan, have actually aided the growth of some of that, right? Because if a train ticket is wait-listed, you do get the option to actually buy the bus almost for free, given you get 3x back.

So, what we have chosen to do over the last few quarters is deliberately chase growth over purely chasing more profits because I think there is a phase of the business where this strategy makes more sense, just like we've done in other phases. Like if you asked me about flights 4-5 years ago, I would have said the same thing.

But now flights have reached a certain scale and, therefore, produce a certain margin. So I think on buses, the idea is to -now we are in the 40s, right, on contribution margin - our intent would be to stay somewhere in that sort of range and not go down too much from here. I mean, the idea is if there is an opportunity we see in a certain quarter where we want to invest in brand or in performance because we see more returns from it, I think we'll not be shy of doing that.

And just to add, like what Rajnish had mentioned about these new products that we've launched, so I'll just give you one example. We launched an industry-first product where, if your bus breaks down, we will arrange an alternate mode of transport to take you to your destination. Now these products involve a cost, right?

And if we are doing this for our customers, we're doing it to improve customer experience. This is not very different from our playbook on flights, where products like Flight Tracker Pro are built at a certain cost, and they involve a certain cost even in operating them. But we do it because that's the right thing to do for the customer at that moment, right?

So, I think the way you will see the rewards coming back is in not just growth, but better NPS and better stickiness over time. And just to, it's not a guidance, but I think we'll be comfortable operating even a couple of percentage points, 1 or 2 percentage points lower than this even there. But we would not want this to go into the 30s, just to give you some comfort on that.

**Saurabh Singh:** So just one more thing there, Anmol. As we mentioned in the FAQs last quarter, we've chosen to double down on marketing activities and promotions. And it would have had a bigger impact if it was not for the additional safety inspections that led to the grounding of some suppliers in November. But we also discussed your question in detail as question 3

in the FAQ.

**Anmol Garg:** Sure. And is there any one-off in this margin? You indicated that some part of the ixigo Assured and the convenience fee was returned back. So is there any kind of impact because of that?

**Saurabh Singh:** So as I mentioned, so if you take a combination of the convenience fee and as I mentioned as a one-off this time, which I did in the end of the speech, if you take both of these plus what we estimate as the lost booking, it would be around INR2 crores, which would have been the effect of those 12 days.

**Aloke Bajpai:** Which is already fully absorbed in the Q3.

**Saurabh Singh:** Yes.

**Anmol Garg:** Understood, understood. Secondly, in our comments, we indicated that we are adding direct supply in the hotel business. So do we want to scale up this business organically? Or are we planning to go through the acquisition route to add more direct supply into this business?

**Aloke Bajpai:** Yes. What Rajnish talked about was the fact that we have kicked off direct supply addition predominantly through the channel managers out to begin with and by tying up with certain budget hotel chains, which we can tie up directly through either these channel managers or otherwise.

And at this point, it's not a people-intensive way of adding the supply that we are sort of pursuing as a strategy. The reason is that till the product market fit that Rajnish talked about at this point, where we want to be in product market fit, on what you see versus what you get, right?

I think that's an exercise happening in parallel with a bunch of interactions with customers as well as hoteliers to figure out what's the way we could solve on-the-ground issues where the budget hotel promises something and does not deliver it. I think once we have a better handle on that, is when you will see us scaling up supply even faster, right?

And both these exercises are happening in parallel. And Saurabh alluded to, there is a point where you step up those investments to build that

even faster. But I don't think we are sort of saying that we are in a hurry on this.

So the idea is to have better NPS in whatever we are selling directly, which means that customers are satisfied with whatever we are able to do. And of course, there is a slight take rate expansion you can go to when you go direct. But beyond that, it's not something that we need to build overnight. The reason is that both these exercises have to happen in parallel.

**Saurabh Singh:**

Anmol, though, I would just add one thing on hotels. Look, in case the conviction increases, and I'll request Rajnish should talk about where our conviction is. But let me put it this way, as our conviction increases, we will put in more resources and capital behind this idea as our conviction increases. But I will pass it on to Rajnish to talk about it.

**Rajnish Kumar:**

So, just reiterating what Aloke said, but I think there are 2 key points to understand here that we are still in the build-out phase and we're still in the product market fit phase. That means if you look at our obsession in the past on building for consumers, we've never gone out and spent too much money on a product that hasn't reached product-market fit because that's how product-led growth happens.

And so once that point doesn't reach, we won't be burning a lot of money on this vertical. It would mostly be on spending money on scaling up the teams, supply and bringing about the product market fit, etcetera.

Having said that, on the inorganic side, we are always on the lookout for great teams and great products. If we do find something, we will always be on the lookout. And if you find something, that always goes without saying, irrespective of whether it is hotels or buses or any vertical for that matter or AI for that.

**Anmol Garg:**

Sure. Just one last question from my end. We have seen very strong growth in our flight business despite weaknesses in the sector, particularly. So is this largely driven through our own platforms? Or is there any increase in volumes to our partner platforms as well during the quarter?

**Aloke Bajpai:** So I'll take that. I think this was asked last earnings as well, but just to reiterate this again. The fastest-growing channel for growth on all 3 lines of businesses are organic for us.

**Saurabh Singh:** In fact, I would say that if you look at if we were declaring just organic, the growth would have been faster, way faster.

**Aloke Bajpai:** That's another way to think about it, yes.

**Moderator:** Our next question comes from the line of Swapnil Potdukhe from JM Financial.

**Swapnil Potdukhe:** My first question is with respect to some announcements that you made on the BSE regarding a Singapore subsidiary. Can you elaborate a bit more on what you intend to do over there and the kind of engagement you intend to have through that subsidiary?

**Saurabh Singh:** Swapnil, as we mentioned and even Rajnish talked about during his section, about how we are looking for ideas, looking for great teams, looking for great companies.

So, the Singapore subsidiary in some sense would be a channel for the overseas investment that we would be doing. And as we've said, and we've defined how and why we would be doing the investments through the past, it's that channel that we are looking for and setting up for.

**Swapnil Potdukhe:** So, would it be fair to say that these investments that you would do will be for localised travel in those countries, geographies and targeted towards the locals?

**Saurabh Singh:** Swapnil, as Rajnish just said, so it could be a range of things. It could be technology, it could be travel. It could be anything adjacent to us. What the key always has to be is that it has to be a great synergy.

It should be a great team. It should be, in some sense, like what we've done with either ConfirmTkt or Abhibus. Rajnish, could you talk about the AI part that you mentioned? Could you just touch upon that?

**Rajnish Kumar:** Yes. I mean, see, the adjacencies in travel, of course, that goes without

saying and global markets are great as well. So, adjacencies anywhere, any market is always good. As I said, we always keep looking out for great teams, great products. They could be anywhere. So that's one.

Second is the adjacency with respect to how obsessed we are with AI and how it's going to change the world, how transformative it is as a once-in-a-lifetime opportunity; that's the other aspect that we are very closely looking at.

And you can see that the opportunity that it presents, I think, globally, all smart tech folks right now, they are all kind of looking at building something big in the next 2 to 3 years because there's a massive amount of opportunity that AI presents, not just for the fact that software is dying and it's going to be completely rewritten. It's also because a lot of adjacencies across not just the compute layer, but beyond services, compute-like things like life sciences, quantum, etcetera.

And even in the foundational layer, as well as below the AI vertical native layer, all of those present a massive amount of opportunities, and I think every smart person on the planet sees that. And so there will be a flurry of really smart people assembling smart teams and building AI native products in the next 2 to 3 years. And I think one of the goals for us also is to kind of scout for such teams and invest in them.

**Swapnil Potdukhe:** Yes. And pardon me for probing you a bit more on this piece. And the reason I'm doing it is that there was a mention of some organic inbound traffic that you're targeting. And in the past, we had instances where some of the Indian OTAs built some platforms specifically for Indian diaspora in the Middle East kind of region. So, do we have those kinds of plans? That will be the other question related to this?

**Aloke Bajpai:** Just to answer this directly, Swapnil, this is Aloke here. See, there are 2 kinds of things here. One is something which could be within travel outside which excites us, but like Rajnish said, it has to fit into a broad lens through which we look at team, technology, synergies, etcetera.

But it could also be just something which is more AI-led and where we believe that there is a way in which we can benefit from it in the long term as well, right? And I think that's the broad way we are thinking around it.

At this point, we don't have any, but as and when we have any specific investments or acquisitions to announce, obviously, we'll come to the market with them. But at this point, Rajnish said, we are living through a moment in history where, in the next couple of years, the kind of things we will see out there will be unprecedented, right? And so if we don't, as a company that is at this scale, that understands technology and AI and has a massive user base, if we are not able to take bolder bets at this time, when will we take them. So I think that's the broader thought process behind why we want to look at both organic and inorganic strategies for making these kinds of investments.

**Swapnil Potdukhe:** Perfect. Got it. My second question is with respect to the operating leverage, which is visible in your business in that your contribution margin growth has been significantly slower, but still, you have been able to deliver a very strong EBITDA growth. And I can see that mainly that is coming from employee cost ex of ESOPs, which seems to have been coming down on a quarter-to-quarter basis, INR46 crores in 1Q to INR41 crores now.

I just wanted to understand, is this also because of some AI investments that you have made? Or are there some other reasons why our employee expenses, especially the fixed cost side, have been coming down on a quarter-to-quarter basis? There's a decent decline that has happened over the last couple of quarters.

**Saurabh Singh:** Look, two parts to it. Remember that employee, as we increase the vertical, there will be a cost. So, as I remember, as Rajnish mentioned to Anmol's question, if the product market fit starts connecting, starts working, that will be there. On the technology part, remember, we were always working on technology.

So in that sense, nothing has really changed because if you see even on a customer service use case, TARA has been there forever now. So it's been based since the Google Transformer models' age. So it's not something new to us. Everything that we are doing right now has a technology layer in between.

And again, on a personal level, I love getting into Rajnish's meetings or

calls just to see where the world is changing, what's happening, what the new thing is that is happening. And we've always been that, but I won't call it something very differentiated. It was something that was there from the start for us. It's in the DNA for us.

**Aloke Bajpai:**

And the other way to see this is that on the mature businesses, you start seeing operating leverage come in. But on new businesses, you are still investing, right? So when we talk about growing hotels, there will be a stage once you have product market fit, where you think that expanding that team or direct supply, or for whatever you want to do on the ground, I think makes more sense. So I think there are phases for this.

Last 1 year, obviously, on our mature businesses, we started to show that there is operating leverage coming in. And part of it, obviously, is because of all the things Rajnish talked about, but if you don't need to deploy 100 more people to service peak time calls, I think that shows up also on the bottom line in some sense, right? So I think that's a mix of both. But don't think of it as like we'll not be shy of, let's say, investing and putting more people to work in areas where we believe that it's required.

But on the core business, when you talk about mature categories like train, we are seeing that operating leverage coming in on flights. You can see it coming in on buses. We are investing as we've always been calling out. I think it just makes sense to invest when the category is at 20s penetration. Hotel category is at 20s penetration. So you want to grow more new users from it. So these are areas where we'll not be shy of investing, yes.

**Swapnil Potdukhe:**

Okay. Is there any EBITDA margin in your mind that you work with or the range that you're targeting? Right now, you're at around on a reported basis around 8% margin. But do you have any plans to go to a low teens kind of a number? And is there any thought process on that side? I understand that there could be investments in hotels and in between. But still directionally, how do you look at the margin expansion going forward?

**Saurabh Singh:**

Swapnil, I think of it in a very different way. And again, I'm not giving you a quarterly guidance because, as I've always said with you right from the start, the first time we talked, that especially in our stage of business, a quarterly guidance doesn't make sense because we are in the growth

stage. Having said that, think of it this way. As of right now, I'm not declaring what is widely considered the highest margin business just because I'm investing in that business.

So if you believe like I do that we will succeed in it, and I'm not saying we'll succeed tomorrow, I've always said it's a long-term vision. But we believe where we are right now. We are at par or probably better than what we expected ourselves to be when we started this journey. But that is the highest margin business. So you can see that. You can see that growing over the next 5 years.

And I believe, as you can see from every business segment that we have, once we get the segment right, we do give a higher margin than what anybody else can give in that segment. And trains are the proof of the pudding, that we are unable to give the contribution margin for trains because I've got it as a profitable business.

I don't know other numbers because people don't give them out, but I would be very surprised if anybody could match our margins in that kind of business. So what I'm saying is, if you look at it in the long run, it will improve. On a quarter-on-quarter basis or the investment phases, as in due to competition reasons or due to reasons why we are building it up, you might visually see numbers varying. But visually, if we don't invest, we'll never make a great business.

**Aloke Bajpai:** Yes, I think the answer to this question will be more obvious, let's say, in a 3 to 5 year time frame rather than, let's say, 6 to 12-month time frame, that's the way to think about it, which is why we are not guiding on any sort of margins formally to the market.

**Saurabh Singh:** I know I didn't answer your question but that's the truth.

**Swapnil Potdukhe:** Yes, it's fine. Now just a quick question, one on your hotels business. Any sense as to how much your business on that side is happening on the direct side, given that you are already getting some supply, you said through channel managers?

**Saurabh Singh:** We'll probably come back with it over the future calls.

**Aloke Bajpai:** We are not going to put the cart before the horse. So you have to be a little patient for the answers to these questions.

**Saurabh Singh:** What I would recommend, though, is that you should use our app and continue using it, and you'll keep on seeing the difference in the product as it comes about. I've seen some of the upgrades that we are planning. And you just keep on using the product, and you'll get an idea around it.

**Swapnil Potdukhe:** Got it. Just the last one. You did highlight that there could be some base impact because of Kumbh. But you didn't happen to quantify those numbers in your letter. If you can just quantify some impact on the base that we should work with.

**Aloke Bajpai:** Yes, I believe I did talk about it, but just to reiterate what I said. Last year, Kumbh was a mid to high single-digit GTV contributor. So in the Q4 numbers for last year. And remember, because of that, there were secondary effects like a higher average transaction value.

I still remember we even sold buses in INR10,000, INR14,000 sort of ticket price range. So I think we'll have to see how this year pans out. But basically, for most travel companies, right, not just for us, I would say, for the whole industry, all OTAs, all airlines, buses, etcetera. You will see a base effect because of the Kumbh factor.

**Moderator:** Our next question comes from the line of Pankaj Mehendaratta from BofA.

**Pankaj Mehendaratta:** I just have one question around your hotel's strategy. So just some big picture thoughts around how you think about the product market fit. So, for example, if the penetration in hotels is already at about 20-odd percent, let's say, 5 years, 10 years down the line, if that number doubles or 1.5x, what would it mean for you to achieve it?

Is it, let's say, discounting lower take rates or getting some sort of supply that is not out there on other platforms? And what does it take to convert those guys which are not already online? So just wanted to understand how do you define what sort of properties you already have live on your platform? And incrementally, what is it exactly that you are looking for?

**Rajnish Kumar:**

Yes. So I think in terms of inventory, there is more or less parity in the industry, right? I mean, because of the way people source it. I mean, one thing is that if you have a direct relationship, you will have better take rates, which is obvious.

So, we are investing in that side. But in terms of very, very unique inventory, as of now, that's not really something that we will be able to focus on because right now, our bigger focus area is on creating product market fit by very, very deeply looking at customer pain areas and solving for them.

One of the things that we keep talking about is what you see versus what you get, especially in the budget category, right? I mean, if you happen to walk into a 5-star hotel, I mean, the pictures would look worse than the hotel actually is if you go and see it there. But if you look at the budget category of hotel, then the picture is completely different.

It's completely the opposite. Pictures look way better than the hotel actually, and that leads to a lot of dissonance. So, there are these kinds of pain areas that customers have or customers landing, ending up at a hotel, only to find that the booking is not in the system, or there's no room left, or it was sold to some walk-ins.

Those are the kind of pain areas that are like much, much bigger pain areas. And also, the fact that consumers who are still walking in and booking offline still do not have the confidence to kind of book online.

So we are entirely focused on these kinds of customer pain areas and how to solve them with product solves and AI and technology in the context of the customer base and customer cohort that is most relevant for people who visit or who frequent our platform. And that's the thing about creating this product market fit.

The reason it takes time is that if tomorrow I need to figure out a way in are the hotels which have consistently given good experience or which are the hotels which have consistently given bad experience, etcetera, this will also depend on a lot of data that we are collecting as of now in the form of AI reviews and AI calls, customer check-ins and stuff like that, which over a period of time is getting baked into the algorithms as well, right?

And this is how we are trying to create a product that is going to create product-led growth and not rely too much on marketing expense. But having said that, the fact that we've been the brand, even if it's so built organically, it has always been built with transportation as the primary focus.

And a lot of people who kind of know our brand or name, they only relate to us as a brand that does flight booking or train booking or a bus booking. And so at some point of time, when we are confident about our product market fit and the product and the experience, we would obviously definitely want to create that perception that we also stand for hotels as a brand.

**Aloke Bajpai:** Yes. I would just add to what Rajnish said, and I'll take a small anecdote. So Varanasi gets about 140 million footfalls a year. That's about 3,80,000 people landing there in a day, now, not all of them may need a hotel or a room. But even in a small town, you can imagine that a large part of that demand is still not being tapped into online. And we saw this last year during Kumbh as well that offline and just walk-in remains a dominant channel.

The interesting thing is that if you look at our user base and if you look at the number of segments that we are doing today, we're very close to 4 lakh segments a day now. And these passengers, a lot of them who actually need hotels today, their behaviour is actually to just land in those cities and look for a hotel.

I think we are talking about changing that behaviour through superior product experience and superior customer experience, as well as some sort of solve on the what you see, what you get problem that Rajnish talked about.

But once that happens, remember that will change this penetration. So if you roll back 10 years and I ask you what the hotel penetration in India was, the answer would still have been the same or maybe slightly less, right? But if you look at what is needed to change that, it's basically to solve that problem, right?

And we are fortunate to have the right audience, where once you solve that problem, you can see growth in bookings very rapidly. So look at the train vertical before we got in the OTA business, would have been around 14-15% of the overall train tickets sold. We got in and today it's close to 20% and we are the leader there. On the bus side, we have grown the market after we entered it. I think on the hotel side, we expect to do the same.

**Pankaj Mehendiratta:** Understood. And just one quick follow-up on that. When I, let's say, browse the app and website, on some of the hotels, especially in a few cities, I saw something called as the best price guaranteed applicable for the hotel.

So, on a real-time basis, how does the team essentially ensure the pricing that is available to an ixigo user is probably one of the cheapest or cheaper out there compared to other guys out there. And what is the sort of effort you are putting in? So, is price actually the moat currently for whatever the supply is today? And that's it from my side.

**Saurabh Singh:** I'll just start with the first part and then I'll pass it on to Rajnish. If I had a moat that was very clearly defined and a public right now, I would have been putting it out as a separate LOB. As I've always said, and you can read through my past FAQs, I believe that we are in the process of defining what it will be, and that is why we don't break it out. But I'll pass it on to Rajnish for the other part of the question.

**Rajnish Kumar:** Yes. I mean, of course, there's a certain percentage. I mean, we use a lot of data science to figure out what we have in terms of deals and pricing and commercial relationships where we can actually afford to do that. Remember that this is a build-out phase, and I think you will never be able to figure out whether there's a product market fit if consumers don't even know about your product or haven't used it once.

So, there's obviously the cost of kind of acquiring a first-time customer. And I think some sort of inducement on the customer side, discounting side, etcetera, is needed to get customers to come on board and use the product for the first time. These are strategies on the same lines. There's nothing new that we are doing here that has not been done before. So yes, I mean, what was the second part of your question, sorry?

**Pankaj Mehendiratta:** I just basically wanted to understand if pricing the lever right now for users to come in, and let's say, try and book?

**Rajnish Kumar:** Pricing will always be a lever, not the only lever, though, okay? But like I said, if you are looking at building a great product, I mean, if customers don't come, for example, if somebody has never booked a flight on ixigo, they would never understand the kind of post-booking experience that we offer, right, in the form of the ability to get refunded instantly or to be able to get checked in automatically or to be able to kind of track flights with the Flight Tracker Pro, which provides predictive AI-based alerts and predictions on flight status.

Nobody will get exposed to that kind of user experience unless you've not booked the flight first, right? And obviously, there's a word of mouth that would kick in after that. So, some form of customer inducement cost will always be incurred in order to scale the product in the beginning.

There are very, very few products in the world that have been able to scale purely by word of mouth and the ChatGPT kind of success, right? I mean, that's very, very fair, right, maybe one-in-a-million product, right? But otherwise, for the normal human beings, there will always be a combination of a great product and some sort of marketing spend in the form of discounts, etcetera.

**Moderator:** Our next question comes from the line of Vinamra Hirawat from Jefferies.

**Vinamra Hirawat:** So, congrats on a good set of results. Just a couple of your financial bookkeeping questions. Your other income for the quarter has basically doubled or more than doubled. What is the reason for that?

**Saurabh Singh:** It's simple. Last quarter, we raised primary capital. It's the interest on that.

**Vinamra Hirawat:** Okay, okay. Got it. And your revenue versus contribution margin, what are the costs basically that you take out from your revenue to reach your contribution margin?

**Saurabh Singh:** So last quarter, we talked about it in detail in the FAQ and earlier too, but let me still give it out. So what I do is we would take out any directly

attributable cost, which would include performance marketing. It's a classic CM2. It's partner expenses, payment gateway expenses, performance marketing, and any kind of distribution.

Everything would be included, anything that can be directly attributable.

**Vinamra Hirawat:** Got it, got it. That's it for me. Thank you.

**Saurabh Singh:** In the case of, remember, the other thing that you should realise is that we have a large amount of what we call the peace of mind stack, which is our value-added services stack. And if you see the attach is about 29%, 30%. And the cost of that product also gets deducted at this level.

**Moderator:** Thank you. Ladies and gentlemen, due to the interest of the time, that was the last question for today. I would like to hand the conference over to management for the closing comments. Thank you, and over to you, sir.

**Aloke Bajpai:** Thank you, everyone, for joining our Q3 earnings. And once more, wishing you a Happy New Year, and see you all in the next quarter.

**Moderator:** Thank you, sir. Ladies and gentlemen, on behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

