

Issue Size & Market Cap

Type of Issue	Rs. Mn
Fresh Issue	4,000
Offer for Sale	11,508
Total Issue Size	15,508
Post-Issue Market cap*	99,901

*At upper price band

Issue Break-Up

Total Offer (Shares)	16.85mn
Employee Reservation (Shares)	0.03mn
Net Offer (Shares)	16.82mn
Reservation for	% of Net Offer
QIB	75%
NII (HNI)	15%
Retail	10%

Indicative Offer Timeline

Indicative Offer Timeline	Indicative Date
Bid/Offer Opening Date	08th May, 2024
Bid/Offer Closing Date	10th May, 2024
Basis of Allotment	13th May, 2024
Initiation of refunds/Credit of shares	14th May, 2024
Listing Date	15th May, 2024

Use of Net Proceeds

Investment in	Rs. Mn
Technology and data solutions	1,350
Marketing, promotional activities & hiring sales and contracting personnel - Overseas	1,000
Sales, marketing and infrastructure - India	250
Inorganic acquisitions	400

General Information

BRLMs	Axis Capital, Goldman Sachs (India) Securities, Jefferies (India), JM Financial
Registrar	KFin Technologies Ltd

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Play on the assisted travel space...
Business Overview:

⇒ **TBO TEK Limited (TBOTEK)** founded by Gaurav Bhatnagar and Ankush Nijhawan is one of the *leading travel distribution platforms* in the global travel and tourism industry in terms of revenues and gross transaction value (GTV). It operates in 100+ countries.

⇒ TBOTEK simplifies the business of travel for *suppliers* such as *hotels, airlines, car rentals, transfers, cruises, insurance, rail and others* and *retail buyers* such as *travel agencies and independent travel advisors* and *enterprise buyers* that include *tour operators, travel management companies, online travel companies, super-apps and loyalty apps* through its two-sided technology platform that enables Suppliers and Buyers to transact seamlessly with each other.

⇒ **Why TBOTEK?:** According to the 1Lattice Report, there are about 3.5mn-4mn hotels estimated globally of which only 1.2% are affiliated to top 10 global or regional hotel chains in the world. Beyond hotels and airlines, the fragmentation is even more prevalent in ancillary segments such as car transfers and sightseeing, with only a few large chains and several individual Suppliers. Similarly, on the Buyer side, globally there are 1.5mn-2mn estimated number of Buyers to whom customers reach out depending upon their needs. Further, the largest OTA serves less than 1.5% of the global travel market and the top 10 OTAs put together serve approximately 4% of the \$ 1.9trn global travel market. Within Travel Management Companies, the top 10 TMCs together serve only about less than 15% of the \$ 374bn global business travel market. **Fragmentation in the travel market to persist and the resulting market frictions to increase further. Buyers face several challenges in discovering and transacting with this large, fragmented base of global suppliers. Hence TBOTEK.**

⇒ **Platform business:** The travel distribution platform aims to solve problems of discovery, reliability, transactions, and service by aggregating global travel supply and global travel demand on one platform and by enabling Buyers and Suppliers to transact seamlessly. Through the platform, live inventory, and pricing of hotels across the world are shared, data is cleaned and consolidated. Analytical models assess the data and push pricing and personalization recommendations to the Retail Buyer interface. It allows the large and fragmented base of Suppliers to display and market inventory to, and set prices for, the large and fragmented global Buyer base.

⇒ **Value Proposition:** For the *suppliers*, the platform provides access to global buyer base. It streamlines selling process, pricing and payment for the suppliers. Loyalty program TBO+ can be used to incentivize buyers with reward points. All the transactions are recorded on the platform and suppliers receive payment as per agreed terms in preferred currency. Special Rates/ Promotions can be implemented for Buyers. Multi-lingual platform and customer services support in 11 languages is provided. Value-added services can be sold thus increasing attach rates and probability of sale. For the *buyers*, on-boarding is free and no installation is required. Buyers get access to global supply at B2B rates. Buyers access control, branch management, online accounting and customized vouchers are provided. For the enterprise buyers, API-based access to travel inventory supply. Dynamic pricing and real time inventory can be accessed. Other travel ancillary products can be provided. Payments in 55 currencies is supported. Buyers can easily deploy digital solutions. B2C plug and play white-label solution is also available. One-click in-house travel companion mobile application 'Roamer' for travelers is provided for trip reminders. Curated e-learning content is provided on TBO Academy.

Valuation and Views: At the upper price band, on post issue basis, TBOTEK is valued at 52.8x TTM P/B and 7.7x FY23 P/S. We believe the issue is priced effectively with room for upside. Its nearest peer, RateGain Travel Technologies is valued at 61.1x TTM P/E and 8.9x TTM P/S. We have a **"Subscribe"** rating on the company owing to the scale it can address through its platform, add ancillary business lines catering to Buyers and Suppliers needs. With 8.2% CAGR expected for the travel and tourism market between FY23-27, TBOTEK is well positioned to address the highly fragmented market space and cater to new demands with tech-based learnings.

Shareholding Pattern & Selling Shareholders & Issue breakup

Shareholding Pattern

	Pre Issue		Offer		Post Issue	
	# of shares (in Mn)	%	Type	# of shares (in Mn)	# of shares (in Mn)	%
Promoter & Promoter Group	53.4	51.3%	OFS	-5.2	48.2	44.4%
Public	48.4	46.4%	Fresh Issue + OFS	9.6	58.0	53.4%
Employee Trust	2.4	2.3%			2.4	2.2%
Total	104.2	100.0%			108.6	100.0%

Selling Shareholders	Type	# of Shares (in Mn)	OFS* (in Mn)
Gaurav Bhatnagar	Promoter	2.0	1,871
Manish Dhingra	Promoter	0.6	526
LAP Travel	Promoter	2.6	2,398
TBO Korea	Public	2.6	2,426
Augusta TBO	Public	4.7	4,287
Total		12.5	11,508

*At upper price band

Particulars	No of shares		Rs Mn	
	Floor	Cap	Floor	Cap
Fresh Issue	4,571,429	4,347,826	4,000	4,000
Offer for Sale	12,508,797	12,508,797	10,945	11,508
Total Offer	17,080,226	16,856,623	14,945	15,508
Employee Reservation Portion	34,286	32,609	30	30
Net Offer	17,045,940	16,824,014	14,915	15,478
QIB Portion (75% of Net Offer)	12,784,455	12,618,011	11,186	11,609
Total Anchor portion (60% of QIB)	7,670,673	7,570,806	6,712	6,965
QIB Portion reserved for MF (5% of Net QIB)	255,689	252,360	224	232
Balance Available QIB Portion	4,858,093	4,794,844	4,251	4,411
Non Institutional portion (15% of Net Offer)	2,556,891	2,523,602	2,237	2,322
Retail portion (10% of Net Offer)	1,704,594	1,682,401	1,492	1,548

Market Opportunity:

In 2023, the travel and tourism industry was \$1.9trn, and is expected to grow at a CAGR of ~8.2% to reach \$2.6trn by 2027.

Go-To-Market Strategy:

Supplier onboarding is largely technology driven. Technology stack is connected to most major sources of travel supply, such as GDS, airline host systems, new distribution capabilities (“NDCs”) and channel managers.

Buyer onboarding is driven by global account management team which uses a combination of sales and marketing efforts to identify, onboard and nurture new Buyers.

As on Dec-23, the platform creates access to search and book over 750 airlines, covering over 300,000 origin-destination combinations. Over 62 new Buyers every day is onboarded on an average taking the total to over 159,000 Buyers on the platform.

Opportunities in Assisted Travel

The distribution channels is categorized into online and offline channels.

Online channel further can be divided into three sub-categories: (i) direct online channel; (ii) online travel agencies; and (iii) meta-search platforms. Online channel customers are typically value-conscious customers who seek discounts on point-to-point travel. They compare prices across different OTA and meta-search platform, leading to a highly competitive and cost-intensive landscape. Players in the online channel have limited control on the prices offered due to rate parity.

Offline channel customers are generally either first-time travellers or experienced travellers from mature markets with complex itineraries. These customers come from emerging markets and are looking for assistance and / or customization for their travel requirements. This channel consists of over 1.5mn players (travel agencies, tour operators, travel management companies and independent travel agents). This highly fragmented market does not have any dominating player and allows for high-rate flexibility thereby making this channel a high-value whitespace. **TBOTek is well positioned to capitalize on market opportunities and meet specific demands.**

Opportunity, Acquisitions & Journey

The Opportunity

Online channel is crowded; there is a large opportunity in offline travel

	Online Channel	Offline Channel
Players	Search Engines, OTAs, Meta	Travel agents, Tour operators, TMCs
Type of travelers	Mature travelers, typically from developed markets	First time travelers from emerging markets & experienced travelers looking for complex itineraries
Traveler needs	Point-to-point travel (mostly domestic)	Assistance & guidance (more international)
Nature of bookings	Low value and single product bookings	High value and multi product bookings with customizations
Pricing flexibility	Limited pricing flexibility due to rate parity	High value channel with high-rate flexibility
Market dynamics	Highly penetrated and over served	Highly fragmented and under served

The Opportunity

Travel ecosystem remains fragmented...

3.5 Million+ Global Suppliers¹

Suppliers across

Hotels
Global Airlines
Car Rentals
Transfers
Cruises
Insurance and others

Seeking demand from new source markets

1.5 Million Global Buyers²

Buyers across

Travel Agencies
Independent Travel Advisors
Tour Operators
Travel Mgmt. Companies
Online Travel Agencies
Super Apps, Loyalty Apps

Seeking access to global supply across products

963 Million Outbound Departures³

Trips across

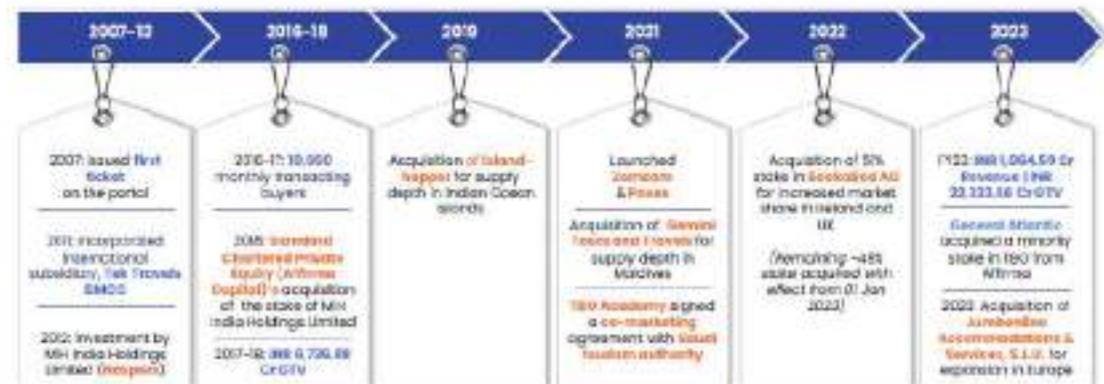
Leisure
Business
Religious
Moline
Students/ groups
Weddings

Seeking easy access to varied travel experiences

2019	Island hopper	Year Country Consideration Rationale	2019 India INR 19 Cr Supply depth in Indian Ocean Islands
2022	Gemini tours & travels	Year Country Consideration Rationale	2022 India INR 9 Cr Supply depth in Maldives
2023	BookaBed AG	Year Country Consideration Rationale	2023 Switzerland INR 90.4 Cr Increase market share in Ireland and UK
2023	Jumbonline accommodations & services, S.L.U.	Year Country Consideration Rationale	2023 Spain INR 219.6 Cr staggered over 2 yrs Expansion in Europe and access to direct supply of hotels

Our Journey

Consistent Journey of organic and inorganic growth



The "Platform" business

Our Business

Our platform simplifies travel



Our Business

Our platform is core to retail buyers and suppliers

The buyer onboarding process has 3 key steps...

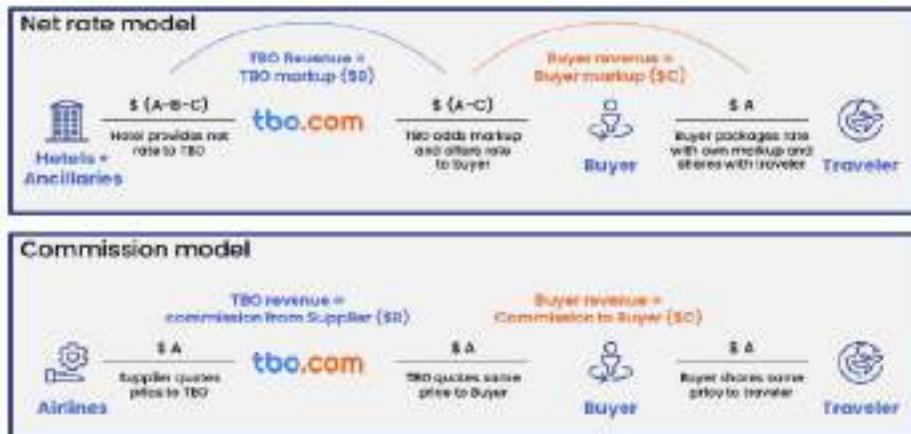


Our technology enables quick access to new supply



Our Business

Our revenue models



Revenue Models: TBOTEK has 2 key revenue models for transaction

(1) **B2B Rate Model** where it receives inventory from Suppliers at a special B2B rate on which TBOTEK applies a certain mark-up and pass this price on to Buyers. Hotel contracts follow this model.

7.25%
Take rate for Hotels & ancillary (FY23)

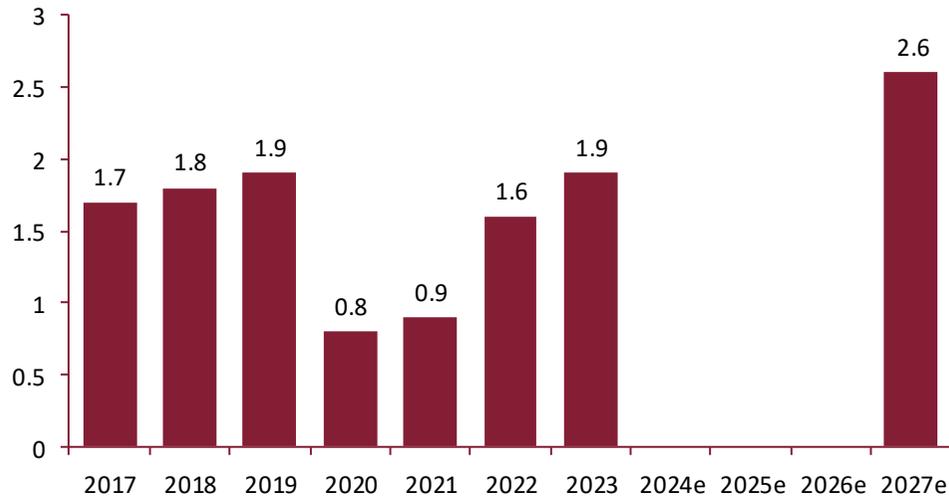
(2) **Commission Model** where its Suppliers fix the price at which they want to sell to the end traveller. TBOTEK receives commission from the Supplier on each transaction, part of which it retains and part of which it shares with the Buyer. Airlines contracts follow this model.

2.59%
Take rate for Airlines (FY23)

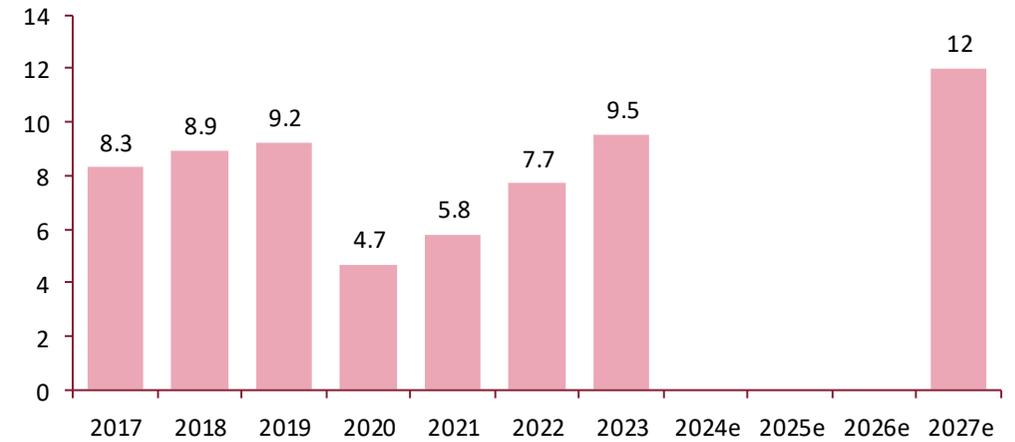
Take rate earned is primarily a combination of the mark-up for hotels and commissions for airlines. The other contributors to take rate include productivity-linked incentives from Suppliers based on the volume of bookings undertaken through platform, revenue from unclaimed refunds, transaction fees, rebates on credit card payments, global distribution system ("GDS") segment fees, deposit incentives, and marketing fees.

Industry

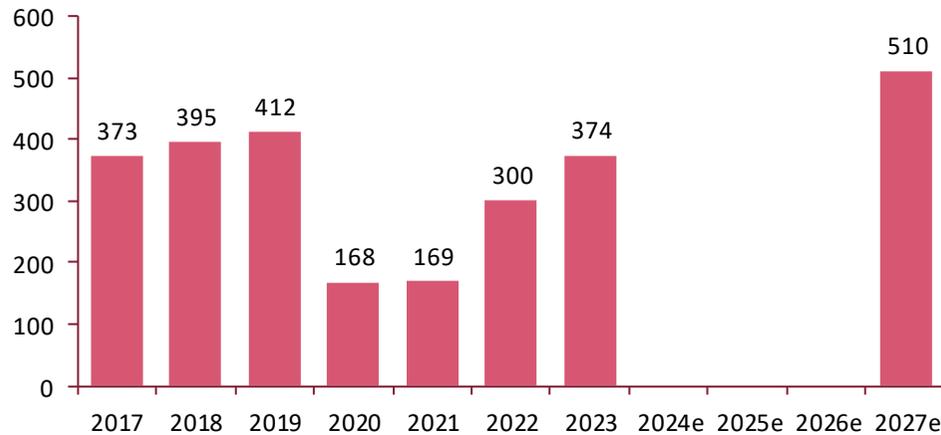
Global Travel & Tourism Market Size (USD trn) (CAGR@8.2% 2023-27E)



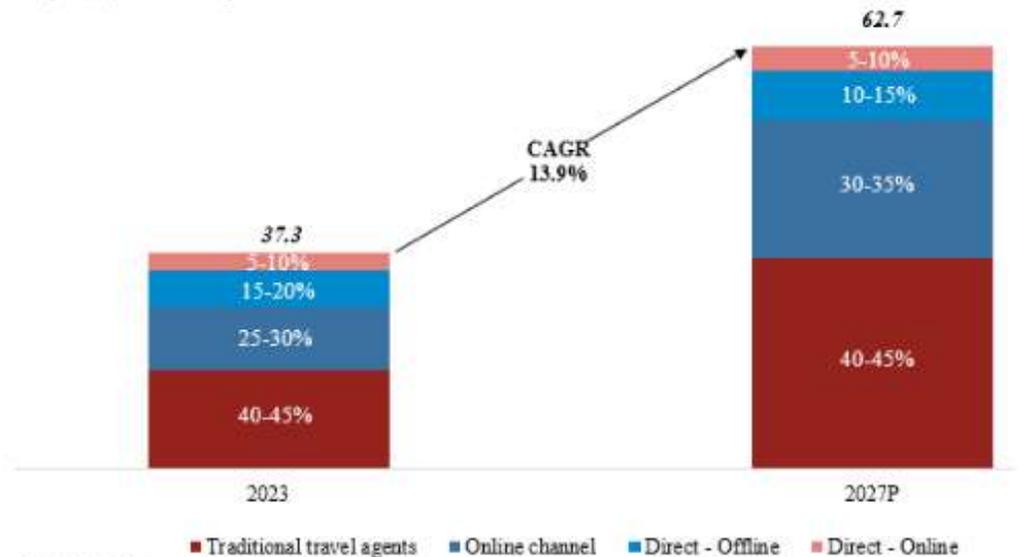
Global Travel & Tourism contribution to GDP (USD trn) (CAGR @6% 2023-27E)



Direct Business Travel Market (USD bn) (CAGR@ 8.1% 2023-27E)



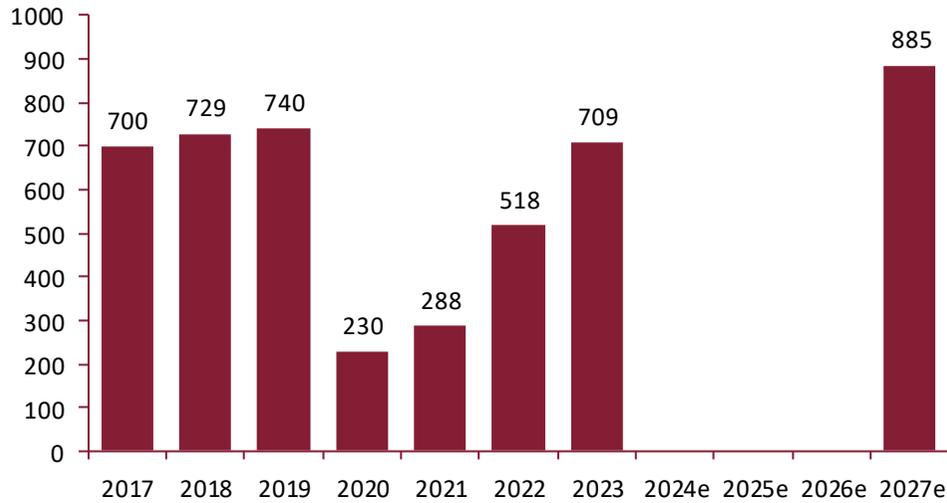
Indian Travel Buyer Market (USD bn) (CAGR@ 13.9% 2023-27E)



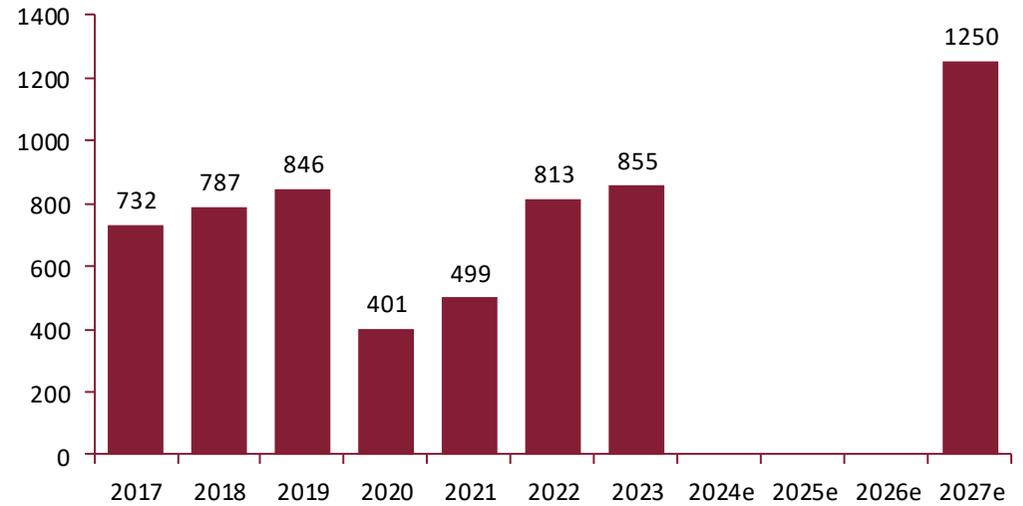
Note(s): TBO operates in Tradition travel agents space
Source(s): ILattice analysis

Industry

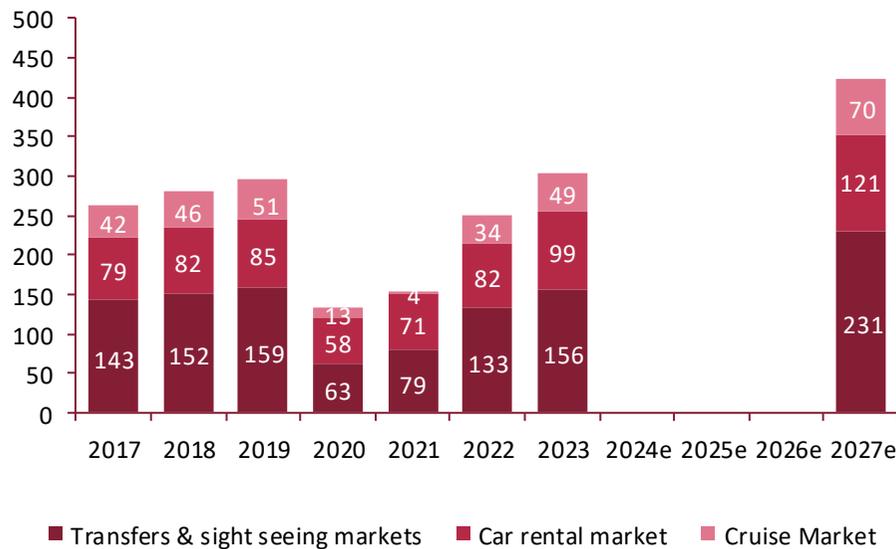
Global Air Travel Market (USD bn) (CAGR@ 5.7% 2023-27E)



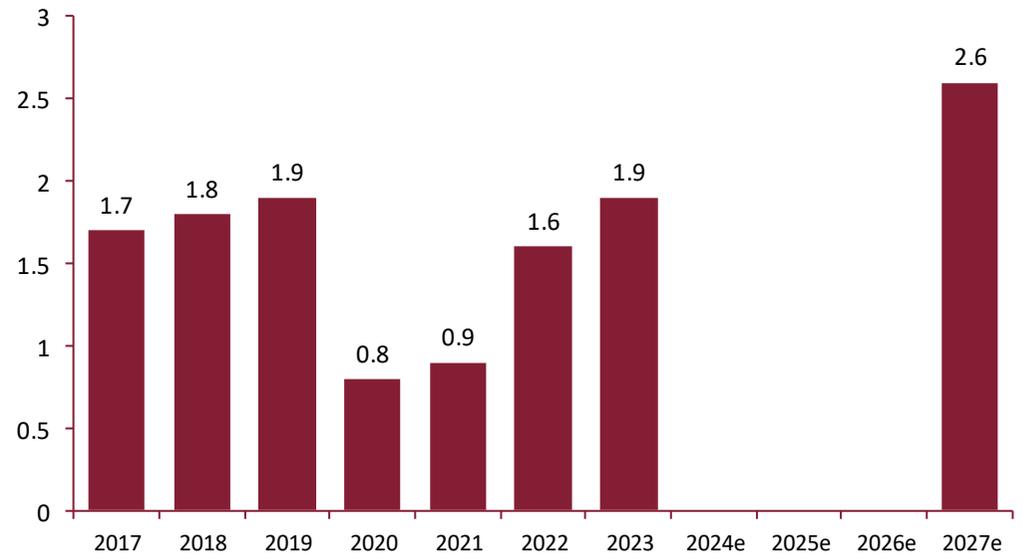
Global Accommodation Market (USD bn) (CAGR@ 10% 2023-27E)



Global Ancillary Market (USD bn) (CAGR@ 8.5% 2023-27E)



Global Travel spends by Travel Distribution Co (USD trn) (CAGR@ 8.2% 23-27E)



Strengths

Platform creating network effect with interlinked flywheels to enhance value proposition for partners

- ⇒ One of the key value propositions of TBOTEK's platform for both, Suppliers and Buyers is providing them instant access to a global network of partners on the other side of the transaction.
- ⇒ As Buyer base grows, it channels additional demand and therefore conduct more transactions through its platform. This attracts more Suppliers, which in turn, enables the company to offer better pricing, wider range, and higher volume of supply across both, existing and new products. By analyzing search data, it prioritizes efforts to onboard Suppliers from the destination markets that are of most interest to source markets worldwide. This attracts more Buyers to the platform, which in turn attracts more Suppliers. This first flywheel of network effects is a virtuous cycle that results in more transactions completed on platform and continuously enhances the breadth of partner base across Buyers and Suppliers. Because of this network effect, the growth rate of transactions on platform outpaces growth of Buyers.
- ⇒ The second flywheel is a data flywheel which creates learning effects that we use to improve platform and drive the depth of relationships to seek a higher wallet share with partner base. Buyers access platform and conduct searches for supply that they eventually book. As more searches and bookings take place through platform, we get access to additional data such as destination preferences and days of stays at a location.
- ⇒ During 9M FY24, platform handled 12.26bn searches and 12.08mn bookings.
- ⇒ Through data analytics capabilities, the company generate insights that are used to strengthen value proposition, customize, and improve search results, provide optimal pricing across geographies and segments, and create targeted offerings that address specific Buyer and Supplier needs. These improvements create a better platform experience for Buyers and Suppliers, which in turn leads to more transactions per Buyers and Suppliers - launching a flywheel of learning effects across the platform.
- ⇒ The learning effects flywheel makes platform more engaging and relevant for Buyers.
- ⇒ Further, data and learning flywheel enables to sell newer products to existing customer base.
- ⇒ The two closely-interlinked flywheels create virtuous cycles which result in stickiness and loyalty of the platform for partners. TBOTEK was able to retain 37.2% of the Buyers on platform in the 6th year following the on-boarding of such Buyers.
- ⇒ GTV generated by Buyers that continued in their 6th year after joining platform was 5.3x the GTV generated in the first year of them joining platform. This demonstrates the stickiness of Buyers on platform and that an increase in time spent on platform drives higher volumes.
- ⇒ TBOTEK has demonstrated strong operating leverage and high buyer retention. In addition, there are global network effects in business which result in transaction growth outperforming the growth of the number of yearly transacting Buyers growth. On account of technology platform, the cost to serve a new transaction is minimal, which enables the company to drive revenues and profit.

Modular and scalable proprietary technology platform allowing addition of new lines of business, markets, and travel products

- ⇒ The platform is designed in a modular form which enables to develop and launch solutions that serve specific Buyer and Supplier segments efficiently. These improvements leverage platform's core capabilities including Supplier and Buyer modules, payment infrastructure, with data assets and analytics, to quickly go-to-market and scale with minimal investment.
- ⇒ Leveraging the scalability of the platform, the company has been able to develop a go-to-market playbook. Outside India, it has executed model in the Middle East, Latin America, and APAC markets. Its global playbook leverages the core platform and requires limited customizations for language, payments and a few market specific needs for us to enter a new market.
- ⇒ TBOTEK entered the Middle East market in FY12, focusing on 4 key countries of UAE, Saudi Arabia, Kuwait, and Qatar. Its GTV from the Middle East has grown from Rs. 3.3bn in FY21 to Rs. 45.6bn in FY23 and was Rs. 31.5bn in 9m FY24.
- ⇒ Further, GTV has grown in Europe which has been further complimented by acquisition of BookaBed A.G., in Europe from Rs. 0.7bn in FY21 to Rs. 19.6bn in FY23 and Rs. 23bn in 9m FY24.
- ⇒ As the company enters new markets and onboard Buyers, it onboards supply that is relevant for that market. This new supply is often relevant for existing Buyers in other

Strengths

markets as well, thus improving overall platform offering.

- ⇒ Modularity and scalability of platform are key differentiators, compared with any new entrant who may have to incur greater cost and time to replicate the capabilities.
- ⇒ The growth of GTV is driven by ability to attract new Buyers as well as retain and increase the engagement and transactions by existing Buyers on the platform.
- ⇒ Further, the number of Monthly Transacting Buyers has increased at CAGR of 53.6% from 10,401 in FY21 to 24,530 in FY23 and 26,436 in 9m FY24.

Ability to generate and leverage large data assets

- ⇒ TBOTEK has developed an enterprise-wide data warehouse that segments data into various subject areas such as searches, bookings, invoices, and payments. Data received on platform is curated and verified for accuracy before being subjected to data analytics. It also endeavors to protect data through privacy and data security practices.
- ⇒ The company considers data as corporate currency and monetize it by advancing and refining platform for partners as well as by including additional insights.
- ⇒ It continuously analyses data to find ways to increase bookings by fulfilling requirements. It mine data to gather actionable insights that are shared with Supplier and Buyer partners in form of dashboards.
- ⇒ Web analytics and clickstream analysis helps TBOTEK better understand user behavior. TBOTEK analyzes time spent on portal pages, the events clicked, filters used, and funnels created from the time a search is initiated to the time a booking is made. It regularly analyze the reasons for drop-off and searches not converting to bookings. When merged with web analytics, transactional data provides powerful insights into understanding the requirements of the user. As the business is dependent on APIs with Suppliers, it uses real-time analytics to monitor Supplier performance. Errors are captured and actioned in real-time. Sales team members are kept apprised of new sales and bookings in their territories as they happen so that they can act in a timely manner.

Data driven decision making across the enterprise

- ⇒ TBOTEK has democratized access to data from the frontline sales executive to the product manager and encourage all decisions to be data driven. It has developed sales forecasting models based on recurrent neural networks that record events happening in the distant past and recent past. Dynamic pricing decisions are guided by the model predictions and hotels are grouped using clustered algorithms to arrive at the concept of similar hotels. It continues to work on marketing analytics and personalization exercises as future projects are aimed at disruptions with Buyers in real-time.

Founders' led company supported by experienced professional management team with deep travel and technology expertise

- ⇒ TBOTEK is led by founders, Gaurav Bhatnagar and Ankush Nijhawan and is supported by a leadership team with deep industry experience. Few key people are Martin Jones (Chief Supply Officer), Rakesh Bajaj (Chief Revenue Officer, International Business), Aarish Khan (Chief Commercial Officer – India Business), Vikas Jain (Chief Financial Officer), Neera Chandak (Company Secretary and Compliance Officer), Akshat Verma (Chief Technology Officer) and Nishant Misra (Chief Product Officer).
- ⇒ We have a technology team which builds, manages, and maintains platform. As of Dec-23, 282 on-roll members in technology team is working on maintaining and enhancing platform. The team is involved in undertaking research and implementing new ideas and use-cases.

Capital efficient business model with a combination of sustainable growth

- ⇒ TBOTEK developed a capital efficient business model with operating leverage and strong cash generation.
- ⇒ It has demonstrated the ability to acquire and integrate complementary travel assets that help bolster partner network and enhance capabilities, while being judicious with investments.
- ⇒ It acquired Island Hopper, which targets travellers visiting island destinations such as Maldives, led the company to consolidate position in the India market for providing Maldives as a tourism destination. Island Hopper has a good depth of supply strength in the Maldives market. The company unlocked value by selling Maldives tourism from more source markets. As of today, it sells Maldives tourism from 50+ source markets. TBOTEK also acquired Gemini Tours and Travel which helped to further consolidate position further in this market.

Strategies

Pillars of Growth Strategy

- ⇒ **Grow Monthly Transacting Buyers:** TBOTEK is investing in adding new Buyers in existing and nascent geographies and is adding more relevant Suppliers on the platform.
- ⇒ **Develop targeted value-added solutions for specific Buyer segments:** TBOTEK is investing in building solutions focused on promoting the Kingdom of Saudi Arabia as a tourist destination and business travel market – both of which are large addressable markets.
- ⇒ **Leverage data that is generated and analyse it:** TBOTEK uses data and analytics, artificial intelligence and machine learning capabilities to drive better business decision making.

The company intends to strengthen each of these three growth pillars also by investing in key inorganic opportunities.

Expand Buyer and Supplier base

- ⇒ TBOTEK continues to focus on strengthening Buyer base in both, existing markets and new markets by investing in growing on-ground sales team and enterprise sales team to onboard large Enterprise Buyers, such as OTAs, tour operators, and travel management companies.
- ⇒ The company will be investing in building platform led growth capabilities. As it expands into mature markets of North America and Europe, platform-led Buyer onboarding will be an important lever.
- ⇒ It operates all business outside India through wholly owned Material Subsidiary, Tek Travels DMCC, headquartered in Dubai. To facilitate global Buyer and Supplier onboarding, Tek Travels DMCC operates through a network of step-down subsidiaries. Tek Travels DMCC is run independently by a separate management team and is governed by its board of directors. Investments into Tek Travels DMCC are governed and monitored by the TBOTEK Board.
- ⇒ TBOTEK intends to make strategic investments to expand global supply footprint, prioritizing destinations that have high demand, most interested to Buyers. It is also focused on diversifying supply base and adding complementary products to portfolio, such as accommodation, rail.

Continue to amplify the value of platform

- ⇒ TBOTEK's platform modularity allows to develop and launch new lines of businesses leveraging existing capabilities.
- ⇒ It launched Zamzam for Umrah travel, and Paxes for the corporate travel market. Paxes is a mobile-first corporate travel automation and self-booking solution focused on the business travel market. Umrah travel market is expected to grow at a CAGR of ~17.7% between 2023-2027. In 2023, the Umrah travel market stood at \$7.2bn with ~18.9mn international Umrah pilgrims.
- ⇒ The Kingdom of Saudi Arabia is expected to experience rapid growth in its travel and tourism sector over the next decade, making it the fastest-growing market in the Middle East. Further, due to the Vision 2030 initiative, the Kingdom of Saudi Arabia has ambitious investment plans of \$810bn dedicated to cultural, leisure, and entertainment projects in the next ten years which has already boosted its appeal as a tourist hotspot. In 2022, Kingdom of Saudi Arabia welcomed over 93.5mn tourists, comprising 77mn domestic and 16.5mn international visitors and is projected to achieve 100mn+ international visitors by 2030. TBOTEK works with Saudi Tourism Authority to drive some of their tourism focused initiatives and it has recently launched new brand Kizan to drive focus on inbound tourism business in the Kingdom of Saudi Arabia.
- ⇒ Further, ancillary services (which includes transfers, sightseeing, car rentals, cruises) remain a lucrative opportunity and the market was \$305bn in 2023 which is expected to grow at a CAGR of 8.5% between 2023-2027. TBOTEK is uniquely positioned to capture this opportunity given the number of transactions that are conducted on its platform daily. Ancillary services can further help increase the GTV per agent by cross selling ancillary product and services and user stickiness on the platform.
- ⇒ In addition, loyalty programs or points have huge potential to be applied to travel related products like flights, hotels, car rentals, cruises, and lounge access. This growing trend has transformed loyalty programs into a thriving market within the travel industry, offering advantages for both consumers and travel companies. The global travel and tourism loyalty program market size was approximately \$24-\$27bn in 2023 and is expected to grow at 10%-12% over 2023-2030. TBOTEK will focus on new loyalty business services initiative for clients with reward programs to book with OTA-like experience. It will invest in developing these new lines of businesses by using existing go-to market capabilities across the globe. It will also continue to create additional solutions for platform.

Strategies

Grow operations through selective acquisitions

- ⇒ TBOTEK will supplement organic growth plans by actively sourcing potential strategic acquisitions using insights that we generate with data.
- ⇒ It will continue to identify target companies based on 2 investment criteria oriented around value creation with the goal of using inorganic growth as a key lever to grow market share and maintain industry leading position: (1) Acquire companies with strong supply and distribution capabilities in fragmented markets that can grow faster by leveraging scale and network of partners (2) Build an ecosystem around its platform to enhance the long-term value of platform for Buyers and Suppliers.
- ⇒ Potential targets could include travel technology companies with key capabilities in supplier aggregation, travel content creation, data, artificial intelligence and machine learning.
- ⇒ In Mar-22, TBOTEK acquired 51% of BookaBed, a B2B accommodation supplier, through our Material Subsidiary, Tek Travels DMCC. Subsequently, it acquired the remaining 49% in BookaBed in Jan-23. The rationale was to increase overall market share in Ireland and the United Kingdom.
- ⇒ In Dec-23, Tek Travels DMCC acquired Jumbo Tours Espana S.L.U. (“Jumbo Tours”) online business. Jumbo Tours is based out of Spain holding more than 40 years of experience in the tourism sector. Jumbo Tours primary lines of businesses, include online business which comprises of bedbank platform for travel agents and tour operators, distribution platform with direct connection to suppliers and channel managers and transfers platform. DMC business comprises of planning and implementing a wide range of services and experiences in certain destinations. Rationale for this was to expand operations in Europe and get access to direct supply of hotels.

Use data as a corporate currency

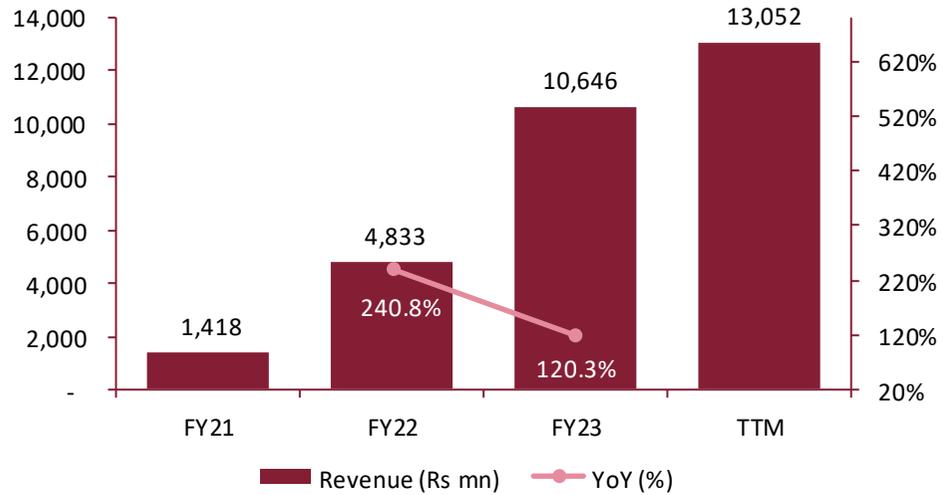
- ⇒ TBOTEK has established a data warehouse and data-pipeline setup, which will drive data-led initiatives. Its data pipelines allow to access both, enterprise data and operational data across partners. It consolidates, process and analyse this data to generate actionable insights, which are useful for both, internal processes and for partners.
- ⇒ Data-driven decision-making is important for business operations, including sales team, product supply team, revenue management, technology team, and operations team. It will continue to invest in adding and building new use-cases relevant for each part of business.
- ⇒ TBOTEK generates valuable insights leveraging search, transaction, payment, and support data from platform. Through transaction and payments data, it can discern trends on traveller profile, cancellation frequency and modes of payment. It intend to leverage these insights to help Suppliers understand travellers better. By understanding search and transaction trends, Suppliers can optimize the kind of inventory and prices they offer for their target travellers and create targeted offers for specific Buyers. Acting on these insights will allow Suppliers to improve their yields, inventory utilization and increase their revenues. Further, Suppliers will be able to run targeted and cost-effective campaigns, improving their search-to-book conversion rates.

Key Risks

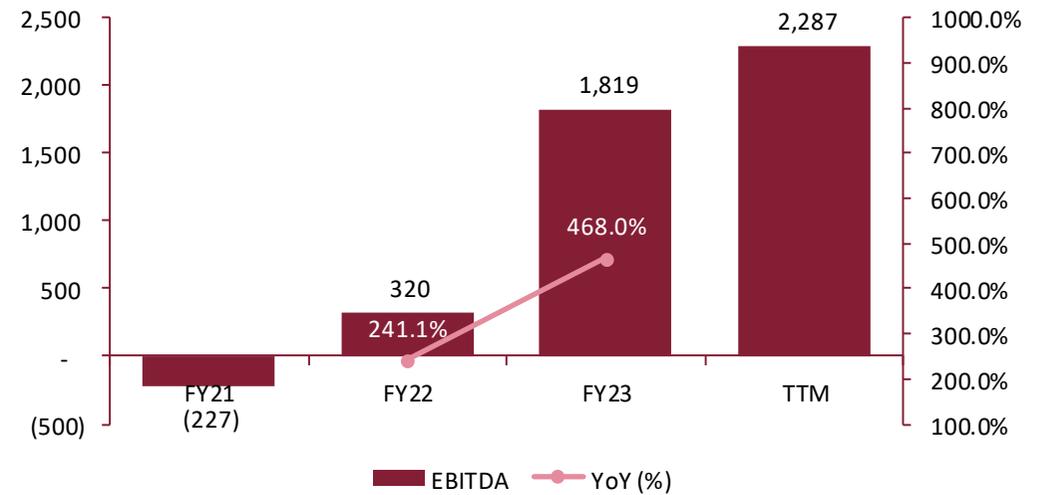
- ⇒ Revenues for the company is substantially dependent on the hotels and ancillary bookings. Also, GTV for the company is entirely dependent on air & hotels and ancillary bookings. Factors that may negatively impact hotels and ancillary bookings could have an adverse effect on business, prospects, results of operations and financial condition. **(Hotels and Ancillary bookings contribute 72.5% to the total revenues and 100% of the GTV comes from Air & Hotels and Ancillary as on Dec-23)**
- ⇒ Business for the company depends on relationships with a limited range of Suppliers, and any adverse changes in such relationships, or inability to enter into new relationships, could adversely affect business and results of operations. **(Top/Top 5/Top 10 supplier contribute 27.4%/60.4%/71.2% of GTV and 27.3%/60.1%/70.7% of the revenues as on Dec-23) (Company derived commission income from one single supplier of hotel and packages segment amounting to Rs. 2,368mn or 23.1% of the revenue))**
- ⇒ Business is exposed to pricing pressure from Suppliers who may withhold inventory or modify the terms of arrangements, including for a reduction or elimination of commission, incentive or other compensation.
- ⇒ Contingent liabilities that have not been provided for in financial statements. **(Rs. 501.7mn as on Dec-23)**
- ⇒ Dependence on proprietary technology for critical functions of business. Failure to properly maintain or promptly upgrade technology may result in disruptions to or lower quality of services. **(Rs. 382.8mn or 4.5% of total expenses is spent as on Dec-23 on maintaining and/or upgrading technology infrastructure)**
- ⇒ Company and Joint MDs, namely Ankush Nijhawan and Gaurav Bhatnagar, have received a show cause notice from the Enforcement Directorate and compounding applications are in the process of being filed with the RBI. **(It was alleged that the Company and the Joint MDs permitted foreign travel agents to book tickets with airlines and accept payments for such services in Indian Rupees from parties other than to whom services were rendered to the extent of Rs. 493.7mn (the "Impugned Amount"). In accordance with Section 13 of the FEMA, Company may be liable to pay a penalty of up to 3x the sum involved in the contravention above, if such amount is quantifiable, however, in the event the compounding applications filed by Company are admitted by the RBI, Company and the Joint MDs will be liable to pay up to a maximum estimated amount of Rs. 16.15mn for compounding of the transactions set out above, in case such compounding applications are filed on or before March 31, 2025)**
- ⇒ Decrease in the number of Buyers and Suppliers using platform can affect business and results of operations. **(As on Dec-23, Monthly transacting buyers is 26,436, Number of bookings is 12.2mn, Suppliers count is 6,998. Suppliers : Buyers contributions to revenues is 64.3% : 35.7%. Number of Transacting Hotels is 228,740 and Transacting Airlines is 392)**
- ⇒ Buyer's Retention % and increased GTV per user. **(Company retains 37.2% of Buyers on platform in the 6th year following the on-boarding of such Buyers. GTV per user is 5.29x of the average GTV they generated when onboarded)**
- ⇒ Significant portion of Gross Transaction Value ("GTV") and revenue from operations come from a limited number of markets. **(India/MEA/Europe account for 57.9%/16.6%/12.1% of Total GTV and 33.1%/26.3%/19.2% of the revenues as on Dec-23)**
- ⇒ Substantial portion of revenue from operations come from Material Subsidiary, Tek Travels DMCC. **(67.5% of revenues as on Dec-23)**
- ⇒ Credit risk from Suppliers and Buyers and the recoverability of trade receivables. **(Trade receivables of Rs. 26,087.5mn is 13.7% of GTV and 254.8% of revenues as on Dec-23)**
- ⇒ Outstanding litigation proceedings against Company, Subsidiaries, Directors and Promoters. **(Rs. 1,223.3mn against the company and Rs. 173,580.7mn against Directors)**
- ⇒ Exchange rate fluctuations. **(70.7% of revenues and are denominated in foreign currencies as on Dec-23)**

TBO TEK : Financial story in charts

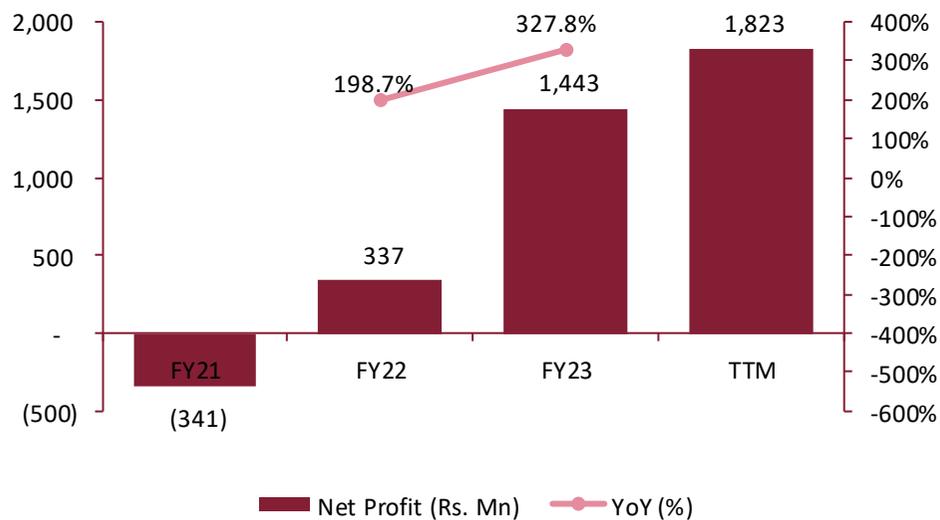
Revenue (Rs. Mn)



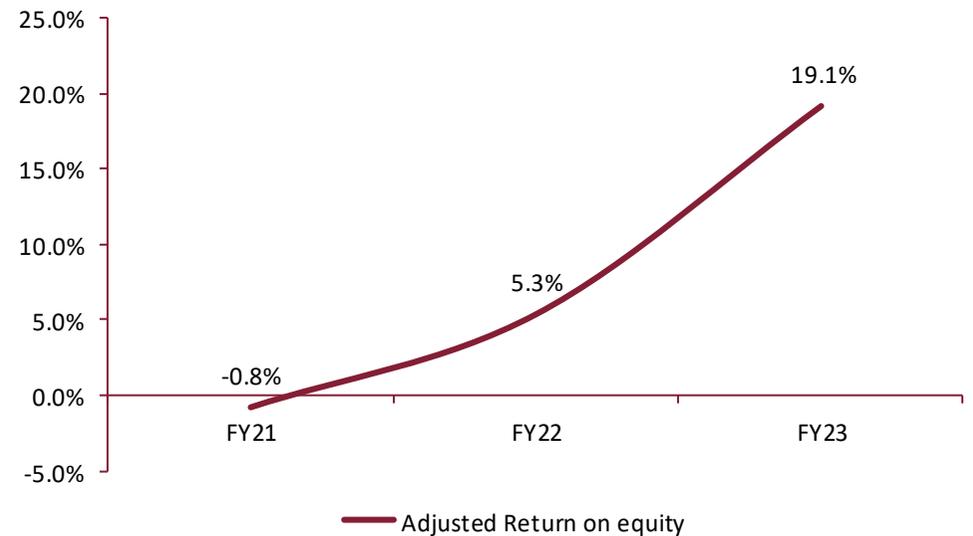
EBITDA (Rs. Mn)



Net Profit (Rs. Mn)

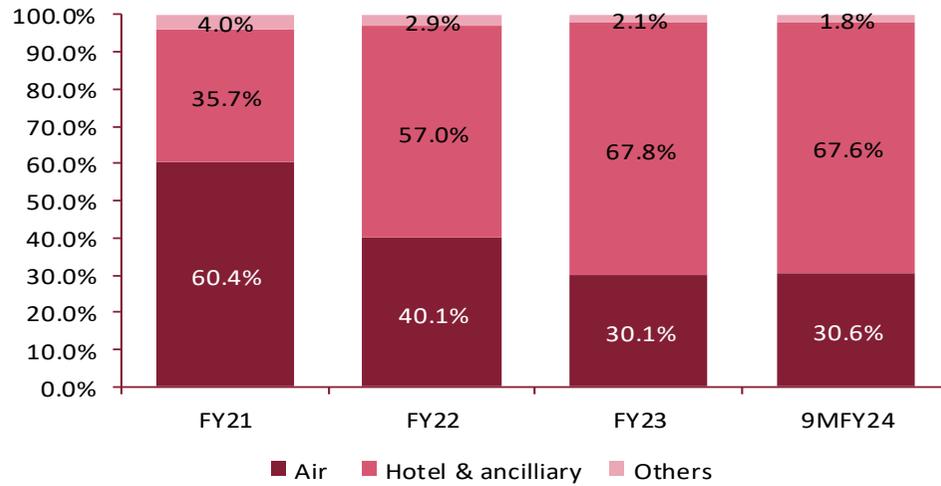


Adjusted Return on Equity (%)

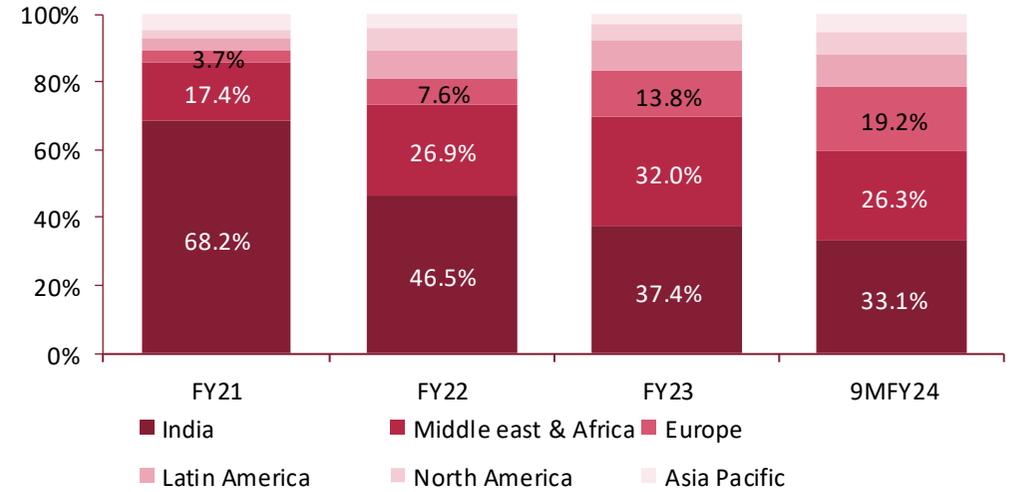


TBO TEK : Financial story in charts

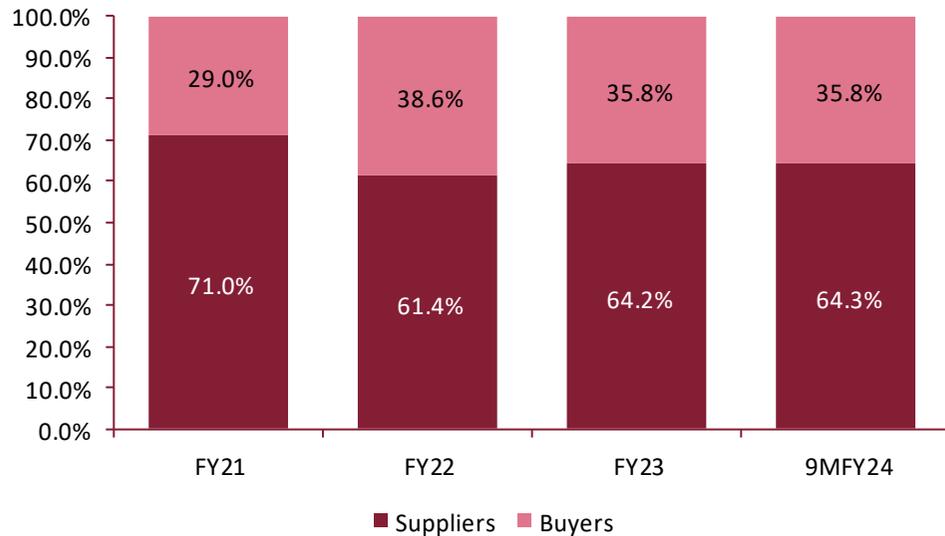
Revenue split by Segment (%)



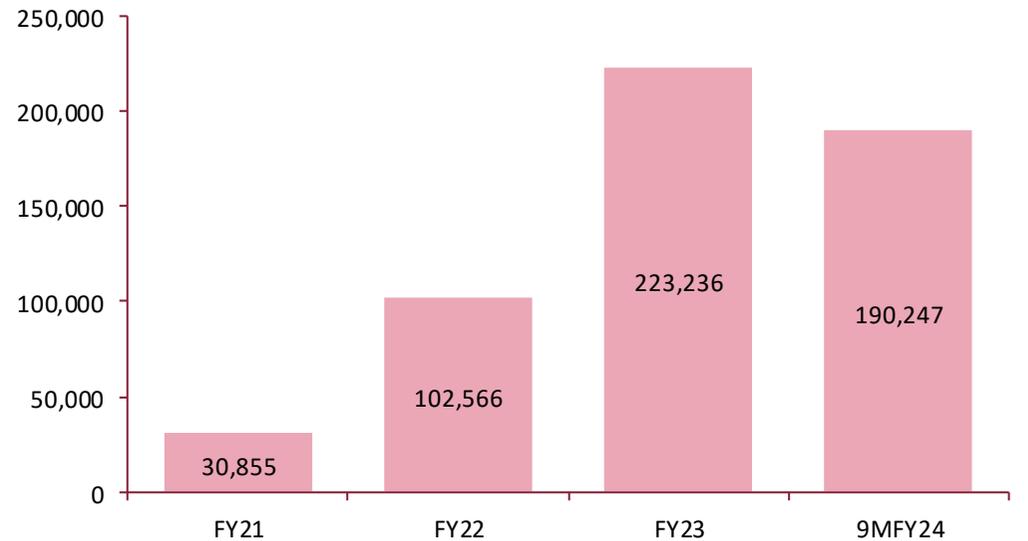
Revenue split by Geography (%)



Revenue split by Client type (%)



Gross Transaction Value (Rs. Mn)

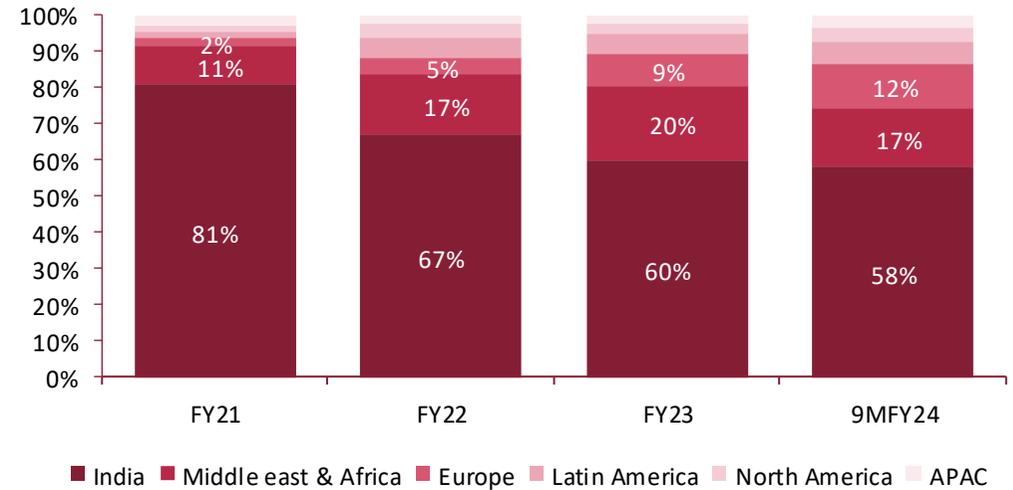


TBO TEK : Financial story in charts

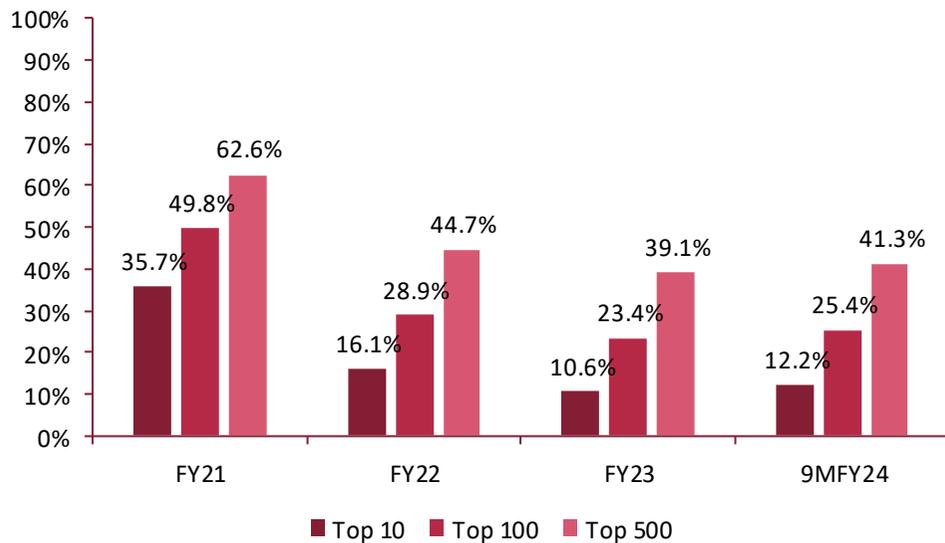
GTV by Segment (%)



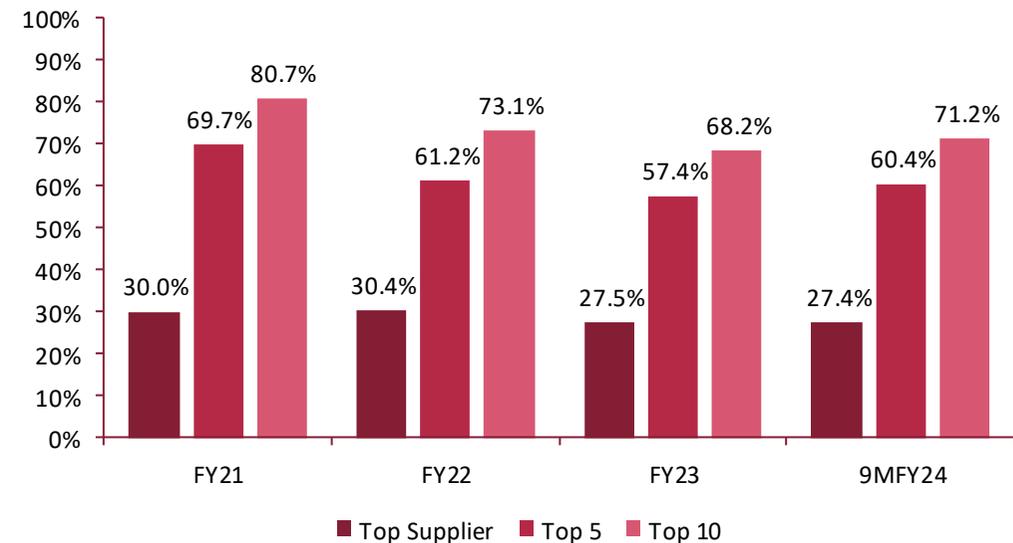
GTV by Geography (%)



Top Buyers as % of GTV



Top Suppliers as % of GTV



TBO TEK : Financial story in charts

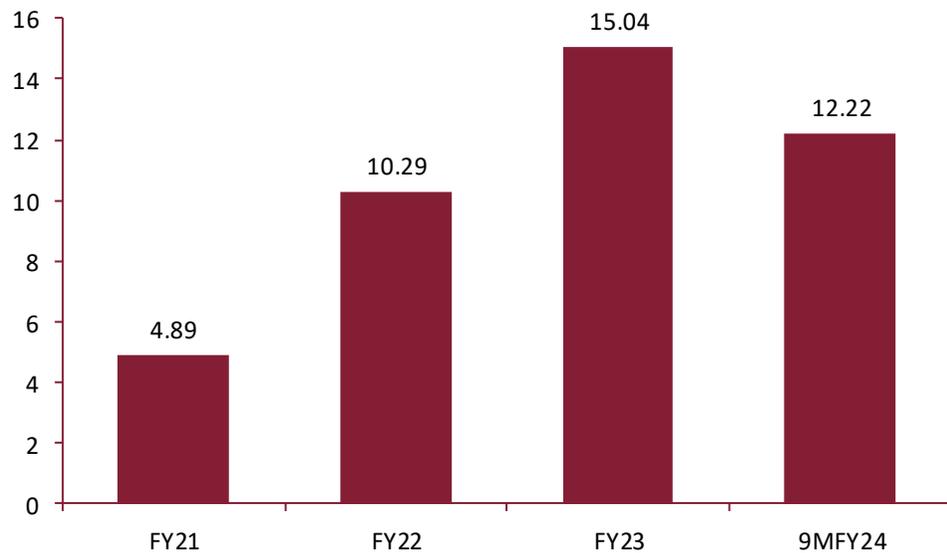
Take Rate (%) - Domestic vs International



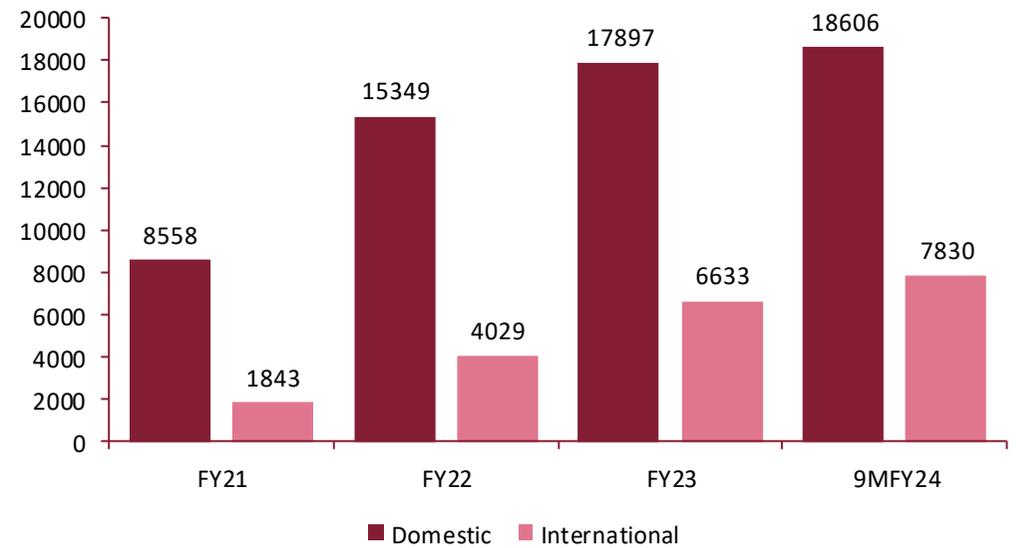
Take Rate (%) by Segment



Number of Bookings (in Mn)



Monthly Transacting Buyers



Valuation Metrics

Peer Performance (9M FY24)	TBO TEK	RateGain Travel Technologies
Revenue	13,052	8,842
EBITDA	2,287	1,677
Adjusted PAT	1,891	1,292
Adjusted EPS	17.4	11.0
Revenue CAGR (FY21-FY23)	174%	50%
Margins (%)		
EBITDA	17.5%	19.0%
Adjusted PAT	14.5%	14.6%
CMP (Rs.)	920	670.05
Market Cap (Rs. Mn)	99,901	78,965
P/Ex	52.8	61.1
P/Sx	7.7	8.9
Adjusted RoE (FY23)	19.1%	10.4%

INDSEC Rating Distribution

BUY : Expected total return of over 15% within the next 12-18 months.

HOLD : Expected total return between 0% to 15% within the next 12-18 months.

SELL : Expected total return is negative within the next 12-18 months.

NEUTRAL: No investment opinion, stock under review.

DISCLOSURE

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