



TBO Tek Limited operates in niche business model, it is a travel technology platform specializing in outbound travel. Serving as an intermediary between online travel agents and a diverse array of suppliers, including airline service providers, hotel services, car rentals, and transfer services, TBO Tek Limited has developed proprietary software in-house. This proprietary software enables online travel agents to seamlessly book tickets for destinations worldwide, overcoming limitations often imposed by geographical restrictions imposed by some travel agents.

Revenue experienced an impressive growth of 174% over a two-year period of FY21-23. They have turnaround their losses from FY2021 showcasing resilience in recovering from the pandemic's impact. Company is available at P/E of 64.74x for FY2023, considering the absence of domestic listed peers for direct comparison and given the company's anticipated key role in benefiting from the expanding penetration in the travel segment, this valuation appears justified. While, the company's listed industry counterparts include Easy Trip Planners and Yatra Online. Easy Trip Planners, operating under the flagship brand 'Ease My Trip', offers a wide spectrum of travel-related products and services. On other hand, Yatra Online specializes in providing comprehensive information, pricing details, availability, and booking facilities catering to both domestic and international customers. Hence, we recommend to subscribe the issue for listing gains due to increasing competitive intensity.



About Company

Established in 2006, TBO Tek Limited, formerly known as Tek Travels Private Limited, is a travel distribution platform that offers travel inventory according to the needs of its customers and supports a wide range of currencies along with forex help. The company simplifies the travel business for suppliers such as hotels, airlines, car rentals, transfers, cruises, insurance, rail companies, and others, as well as for retail customers such as travel agencies and independent travel consultants, and corporate customers such as tour operators, travel management companies, online travel companies, super apps, and loyalty apps through their two-sided technology platform that enables suppliers and customers to connect seamlessly. The company's platform enables sellers to show and market their inventory and set prices for buyers. For buyers, the platform is an integrated, multi-currency, multi-lingual, one-stop solution that helps them discover and book travel to destinations worldwide, across various travel segments such as leisure, business, and religious travel.

Issue details

Price Band (in ₹ per share)	875-920
Issue size (in ₹ Crore)	1494.52-1550.81
Fresh Issue (in ₹ Crore)	400.00
OFS (in ₹ Crore)	1094.52-1150.81
Issue open date	08.05.2024
Issue close date	10.05.2024
Tentative date of Allotment	13.05.2024
Tentative date of Listing	15.05.2024
Total number of shares (lakhs)	170.80-168.57
No. of shares for QIBs (75%) (lakhs)	127.84-126.18
No. of shares for NII (15%) (lakhs)	25.57-25.54
No. of shares for S-HNI (33%)(lakhs)	8.44-8.33
No. of shares for B-HNI (66%)(lakhs)	17.13-16.91
No. of shares for retail investors (10%) (lakhs)	17.05-16.82
No of shares for Employee Reservation (lakhs)	0.34-0.33
Minimum order quantity	16
Face value (in ₹)	1.00
Amount for retail investors (1 lot)	14000-14720
Maximum number of shares for Retail investors at Lower Band	224 (14 lots)
Maximum number of shares for Retail investors at Upper Band	208 (13 lots)
Maximum amount for retail investors at lower band - upper band	196000-191360
Minimum number of shares for sHNI (2 Lakhs) at upper band	224 (14 Lots)
Maximum number of shares for sHNI (10 Lakhs) at upper band	1072 (67 Lots)
Minimum number of shares for bHNI at upper band	1088 (68 Lots)
Exchanges to be listed on	BSE, NSE

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- ARJUN NIJHAWAN
- LAP TRAVEL PRIVATE LIMITED

Objective of the Offer

- Expansion of the Supplier and Buyer base by investment in technology up to 135 crores
- investment in Material Subsidiary, Tek Travels DMCC, for onboarding platform users through marketing and promotional activities up to 100 crores
- investment in sales, marketing and infrastructure to support organization's growth plans in India up to 25 crores



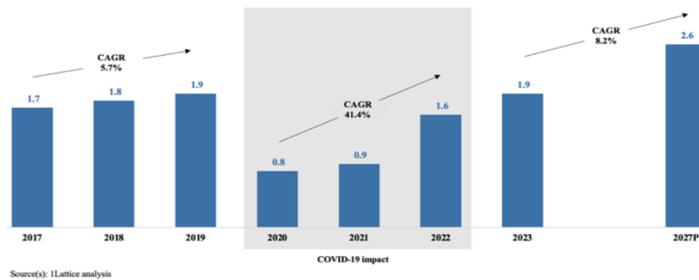
Brief Financials

PARTICULARS (Rs. Cr)*	9MFY24	FY23	FY22	FY21
Share Capital	10.42	10.42	10.42	1.89
Net Worth	501.21	337.19	231.90	204.07
Revenue from Operations	1023.75	1064.58	483.26	141.80
EBITDA	192.69	181.84	28.74	(22.68)
EBITDA margin (%)	18.82	17.08	5.95	(16.00)
Profit/(Loss) After Tax	154.17	148.49	33.71	(34.14)
EPS (in Rs)	20.40^	14.21	3.32	(3.28)
Net Asset Value (Rs)	49.31	33.22	22.85	19.58
Total Borrowing	2.93	6.36	2.69	NA
P/E#	45.10	64.74	NA	NA
P/B#	18.65	27.69	NA	NA

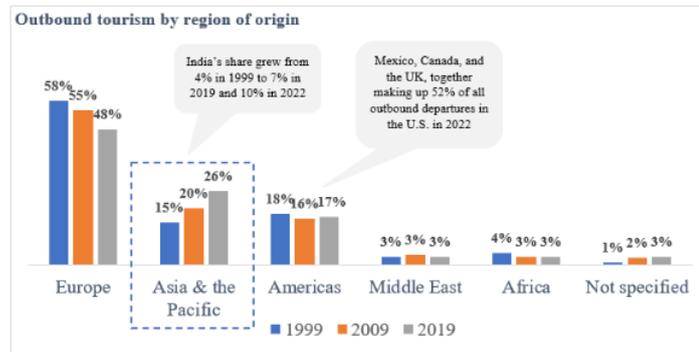
Source: RHP #calculated at upper price band * Restated consolidated financials ^annualized EPS

Industry Review

The total market of the travel and tourism industry in 2023



As per United Nations World Tourism Organization (“UNWTO”), international arrivals reached 80% of pre-pandemic levels in the first quarter of 2023. Over approximately 235 million tourists travelled internationally in the first three months, more than double during the same period in 2022. The key growth drivers for global travel industry are demographic shift, flexible work hours (work from home), staycations models, adoption of e-visa, improved value propositions, social media influence on new tourist location exploration and rising prosperity in emerging economies.



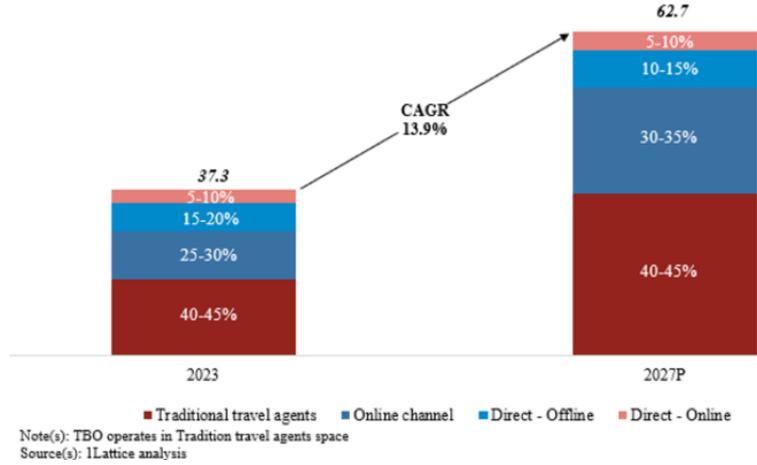
Note(s): 2020-2022 data has COVID-19 impact travel thus for better comparison showcased the pre-pandemic data for outbound tourism Source(s): UNWTO, ILattice analysis

Emerging economies, led by China and India, are leading this growth. According to World Data Lab, India and China are expected to add over half a billion new consumers by 2030 (representing 55% of the global total). As per Ministry of External Affairs, Government of India, over 12.9 million passports were issued during 2022 by the Passport Issuing Authorities in India, compared to 8.5 million in 2021. According to UNWTO, 135 more countries in 2019 have more than one million international arrivals in a year, which is approximately 25 more countries when compared to approximately 110 countries in 2010. Due to COVID-19 pandemic, during 2020-2021 only a few countries had more than one million international arrivals, while in 2022, 82 countries witnessed more than one million international arrivals. Suppliers such as hotels, experience providers and car rental companies, can expect to serve guests from an increasing number of countries. Similarly, travel buyers can expect to serve a growing base of travelers who are willing to spend more on travel and are constantly seeking newer destinations to travel. Online channel customers are typically value-conscious seeking discounts on point-to-point travel. They effortlessly compare prices across different players, like an OTA such as Booking and Expedia and a meta-search platform like SkyScanner, leading to a highly competitive and cost-intensive landscape. Players like Booking and Expedia dominate the industry on OTA side. However, overall industry continues to be fragmented. Players have limited wiggle room on prices offered due to rate parity.

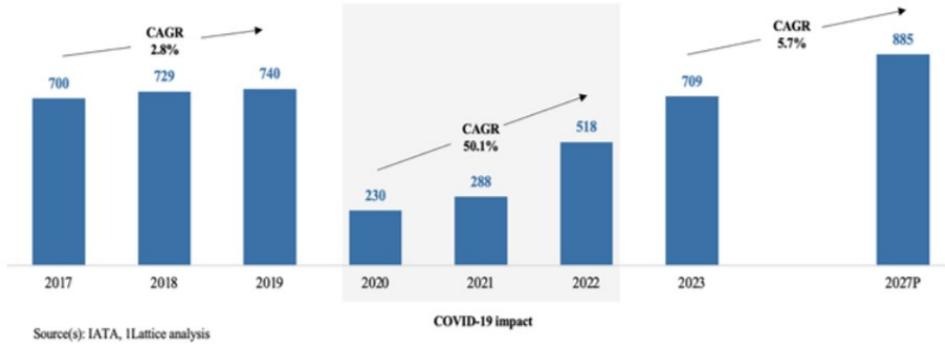


Industry Review

India travel buyer market (US\$ B, 2023-2027P)



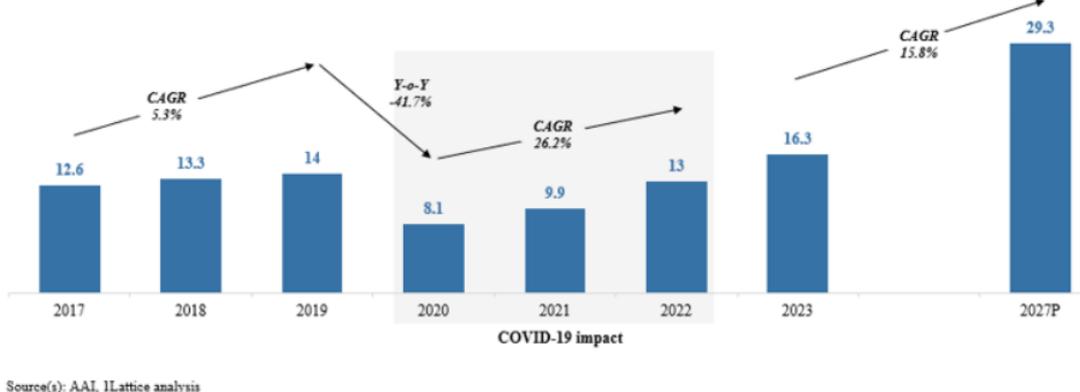
Global air market (US\$ B, 2017-2027P)



India's domestic air market

The Indian civil aviation industry has emerged as one of the fastest growing civil aviation industries in the world over the past five years. The mid-2000s saw the birth of India's three leading low-cost carriers. Within a span of less than two years, SpiceJet, Go Air and Indigo airlines launched operations. This led to an unprecedented aviation boom, which eventually led to India becoming world's third largest domestic aviation market. The Indian aviation market is on a high growth path with total passenger traffic to, from and within India growing every year. The Indian domestic air market is US\$ 16.3 billion in 2023. This growth was being driven by a growing economy, rising incomes, intense competition among airlines and a supportive policy environment.

Domestic airline sales in India (US\$ B, 2017-2027P)





Competitive Strengths

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

One of the key value propositions of their 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 their Buyer base grows, they channel additional demand and therefore conduct more transactions through their platform. This attracts more Suppliers, which in turn, enables them to offer better pricing, wider range, and higher volume of supply across both, existing and new products. By analyzing their search data, they prioritize efforts to onboard Suppliers from the destination markets (markets where Buyers need hotels) that are of most interest to their source markets (markets where Buyers are) worldwide. This attracts more Buyers to the platform, which in turn attracts more Suppliers.

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

They have designed their platform to be modular which, they believe, enables them to develop and launch solutions that serve specific Buyer and Supplier segments efficiently. These improvements leverage their 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. Examples of the modularity of their platform include Zamzam, their Umrah travel was able to onboard 100 agents within the first 30 days of launch. Similarly, their partner model solution for airlines was easily customized for their airline partners allowing them to start selling quarantine packages that comply with government rules.

Ability to generate and leverage large data assets

Since their platform generates large volumes of data, they follow the principles of good data governance and have developed an enterprise-wide data warehouse that segments data into various subject areas such as searches, bookings, invoices, and payments. Data received on their platform is curated and verified for accuracy before being subjected to data analytics. They also endeavor to protect data through their privacy and data security practices.

Data driven decision making across the enterprise

They have democratized access to data from the frontline sales executive to the product manager and encourage all their decisions to be data driven. They have also 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. They continue to work on marketing analytics and personalization exercises as their future projects are aimed at disruptions with Buyers in real-time.

Capital efficient business model with a combination of sustainable growth

They have developed a capital efficient business model with operating leverage and strong cash generation. For Fiscal 2021, they generated an Adjusted EBITDA of ₹ (226.89) million, which grew to ₹ 374.20 million for Fiscal 2022 and was ₹ 1,989.61 million for Fiscal 2023. For the nine months ended December 31, 2022 and December 31, 2023, they generated Adjusted EBITDA of ₹ 1,598.45 million and ₹ 2,005.14 million, respectively. Adjusted EBITDA is calculated as restated profit for the year / period plus tax expense, finance cost, depreciation and amortization expenses, share issue expenses expense, employee stock option expense, share of loss of joint ventures and exceptional items, less other income and other gains / (losses) while Adjusted EBITDA Margin is the percentage of Adjusted EBITDA divided by revenue from operations.



Risk Factors

Their business depends on their relationships with a limited range of Suppliers.

They are dependent on a limited range of Suppliers for a significant portion of their gross transaction value or GTV. GTV is computed as total transaction value net of cancellations during a particular year or period. Their relationships with their Suppliers enable them to offer their Buyers access to travel services and products. Any adverse changes in such relationships, or their inability to enter into new relationships with Suppliers, could have an adverse effect on their ability to offer services and products. For instance, any adverse change in their arrangements with their Suppliers could either reduce the amount of inventory that they may be able to offer, or in the event of a termination of a relationship result in the complete withdrawal of the inventory of a particular Supplier on their platform. While none of their Suppliers have withdrawn their inventory from their platform during the last three Fiscals and the nine months ended December 31, 2023, they cannot assure you that such withdrawals will not take place in the future..

Their business is exposed to pricing pressure from their Suppliers who may withhold inventory or modify the terms of their arrangements.

Their Suppliers continue to look for ways to decrease their costs and to increase their control over distribution. Their Suppliers may reduce or eliminate commissions, incentive payments, including performance-linked bonus, or other compensation payable to them, or default on or dispute their payment obligations towards them. They may also impose restrictions on them from charging convenience or other charges to customers. As part of their routine business operations, commission and incentive payment structures are modified periodically. While such modifications have typically not resulted in any adverse impact on them, in last three Fiscals and the nine months ended December 31, 2023, they cannot assure you that a reduction in commissions or fees payable by their Suppliers would not adversely affect their business and results of operations in the future.

They depend on their proprietary technology for critical functions of their business.

They rely on their proprietary technology for their business operations. They further intend to continue spending on technology solutions to meet the travel demands of their Buyers and Suppliers. Whilst there have been no instances of technology failures in the last three Fiscals and the nine months ended December 31, 2023, however, going forward, any failure to identify and adapt to technological developments within the industry may cause them to lose their competitiveness, which would adversely affect their business, results of operations and financial condition.

They operate in a highly competitive industry and their inability to compete effectively may adversely affect their business and results of operations.

They price their work orders based on assumptions regarding the scope of work required, cost to complete the work and personnel required. Their pricing is dependent on internal forecasts which may be based on limited data, and they bear the financial risk if they initially underprice their work order or otherwise overrun their cost estimates, which could adversely affect their cash flows and financial performance.

**Peer Comparison**

Name of the company	Total Income (in Rs Cr)	Face Value (Rs per share)	EPS (in Rs)	NAV(Per share Rs)	RoE (%)	P/E*^	P/B*^
TBO Tek Limited	1064.58	1.00	14.21	33.22	44.04	64.74	27.69
Rategain Travel Technologies Limited	565.12	1.00	6.29	65.67	9.64	110.83	10.62
Travel CTM	3463.03	NA	28.14	425.20	6.62	28.34	NA
Webjet Ltd	1931.32	NA	2.01	115.95	1.74	213.16	NA

**P/E & P/B ratio based on closing market price as of April 30th, 2024, at the upper price band of IPO, financial details consolidated audited results as of FY23, ^ P/E Ratio for the listed industry peer has been computed based on the closing market price of equity shares, on NSE for Indian peers and ASX for Global peers, as of April 26, 2024, divided by the diluted EPS for the year ended March 31, 2023.*

Our View

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