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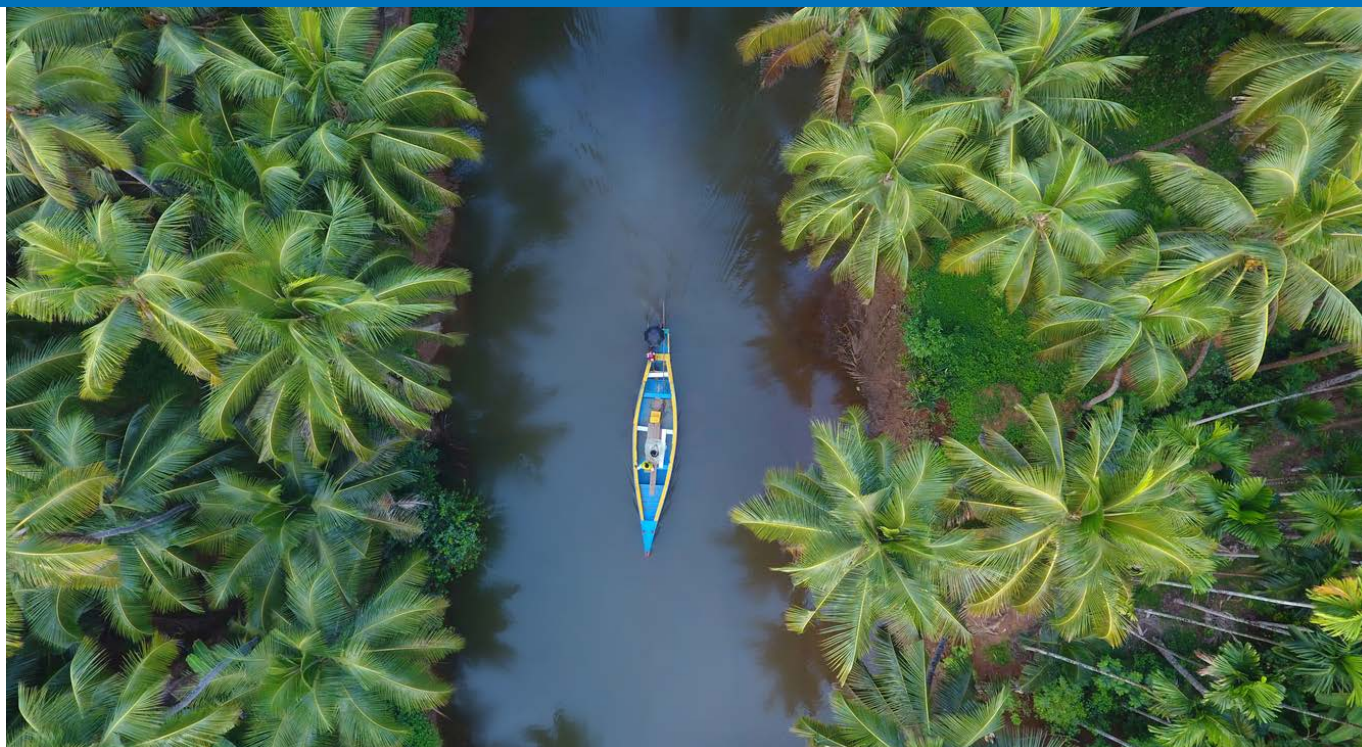
India Travel Market Sizing & OTA Benchmarking Study, FY20-FY26

Overview and analysis of Indian travel market opportunity covering air, hotel, rail, and intercity bus categories, along-with the India based OTA landscape.

Written by:
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PARTNERS

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VIDEC began this research with a set objective and a comprehensive scope that it felt was seminal to the growth of the India travel market henceforth.

VIDEC is thankful to its partners for agreeing to the need for such an unbiased research, and for their sponsorship participation in this multi-client syndicated research study.





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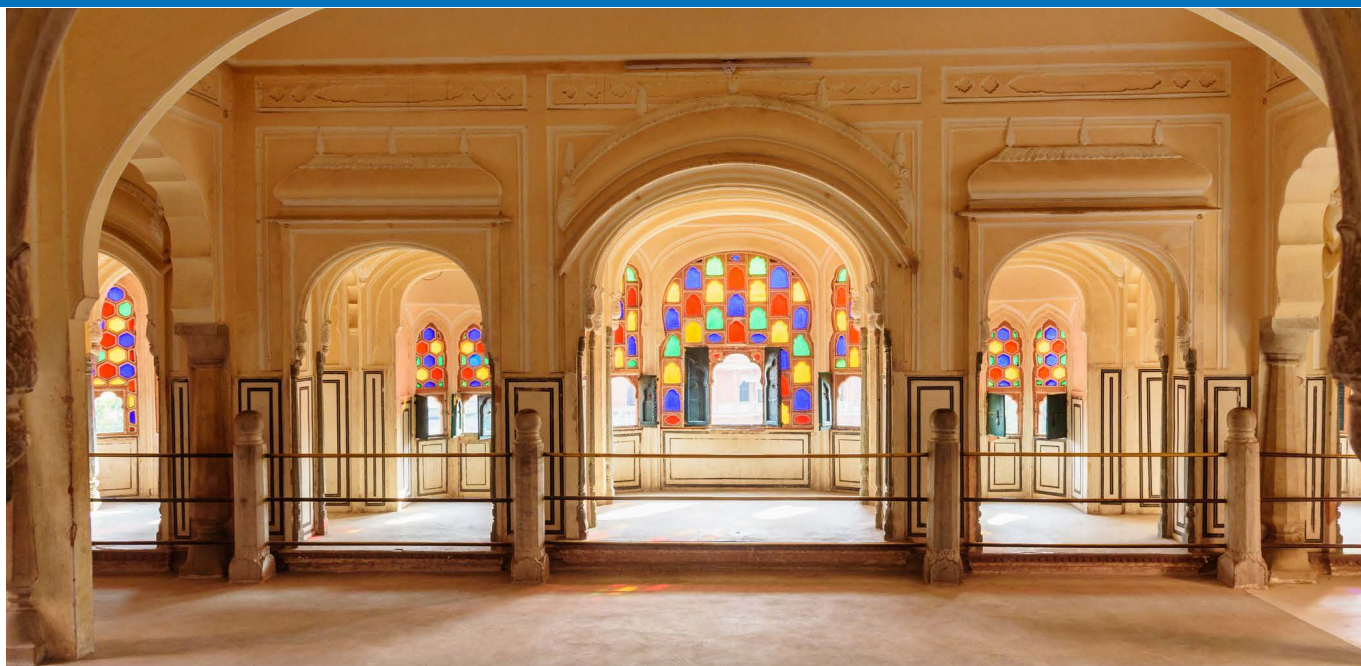
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» Key Findings

1. India's total travel market opportunity grew by 99% in FY23, surpassing FY20 levels for the first time. The total market opportunity will increase to ₹ 5,787 billion (US\$ 72.4B) by FY26 from ₹3,892 billion (\$US48.7B) in FY23, growing at a CAGR of 14.1% during FY23-FY26.
2. India's online travel market will grow by more than 65%, from ₹1,519 billion (\$19B) in FY23 to ₹2,491 billion (\$31.1B) by FY26, growing at a CAGR of 17.9% during FY23-FY26.
3. With 65% market share, OTAs dominate the Indian online travel distribution landscape, accounting for ₹988 billion (\$12.4B) in FY23 and are expected to reach ₹1,694 billion (\$21.2B) by FY26.
4. MakeMyTrip group is the leader in the OTA segment in FY23 with 54% share of the total OTA GBV, followed by Cleartrip (8.5%), EaseMyTrip (8.1%), ixigo Group (7.5%) and Yatra at 6.6%. The global OTAs, Indian ecommerce players, and the OTA long tail cumulatively account for the remaining 16%.
5. Despite a two-third share of the total online GBV, OTAs have considerable room for growth as they accounted for only 25% of the total travel market in FY23.
6. India's total air market will grow from ₹1,743 billion (\$21.8B) to ₹2,824 billion (\$35.3B) at a CAGR of 17.4% during FY23-FY26. Air category accounted for 45% of the total travel market in FY23, and its share will grow steadily to reach 49% by FY26.
7. The online air market was estimated at ₹762 billion (\$9.5B) or 44% total air GBV in FY23 and is projected to reach ₹1,263 billion (\$15.8B) by FY26.
8. In FY23, the domestic air market is highly penetrated at 67% while the international segment lags at 25% penetration.
9. Indian OTAs grossed ₹583 billion (\$7.3B) of air bookings in FY23 and are projected to grow at 19% CAGR during FY23-FY26, rising to ₹984 billion (\$12.3B).
10. Domestic flown passengers at 137 million in FY23 were just shy of FY20 traffic of 141 million. International flown passengers in FY23 were 54 million, as against 60 million in FY20.
11. Low-cost carriers (LCCs) dominate the domestic segment with 82% share of flown passengers in FY23. Full-service carriers (FSCs) continued to maintain a stronghold in the international segment, cornering 59% of the international flown passengers in FY23.
12. The hotel market almost doubled to ₹993 billion (\$12.4B) in FY23, as compared to ₹539 billion (\$7.2B) FY22, surpassing its pre-pandemic levels of ₹926 billion (\$13.1B).
13. The hugely fragmented hotel category is relatively underpenetrated at 27%, with an online GBV of ₹264 billion (\$3.3B) in FY23.
14. The OTA hotel GBV at ₹222 billion (\$2.8B) accounted for 84% of the online hotel GBV in FY23 and is estimated to reach ₹380 billion (\$4.7B) in FY26, at a CAGR of 19.6% during FY23-FY26.
15. Indian rail market witnessed spectacular growth, reaching a high of ₹617 billion (\$7.7B) in FY23, up 29% from ₹478 billion (\$6.7B) in FY20. The rail GBV is estimated to reach ₹801 billion (\$10B) by FY26.

16. Rail category has the highest online penetration in the Indian travel market. The online channel accounted for 82% of total IRCTC bookings, valued at ₹393 billion (\$4.9B) in FY23. It is projected to reach ₹597 billion (\$7.5B) by FY26, or 87% of the total IRCTC rail bookings.
17. The share of supplier-direct online in rail is the highest across all travel categories. However, the OTA channel is gaining share in online rail bookings—the OTA rail GBV will grow fourfold from ₹42 billion(\$0.6B) in FY20 to ₹176 billion (\$2.2B) in FY26.
18. The intercity bus market was valued at ₹539 billion (\$6.7B) in FY23 and is projected to reach ₹688 billion (\$8.6B) by FY26.
19. The online intercity bus GBV was estimated at ₹100 billion (\$1.2B) in FY23 and is projected to reach ₹176 billion (\$2.2B) by FY26.
20. The intercity bus market is the least penetrated travel category with an online penetration of 19% in FY23.
21. OTA is the dominant online distribution channel, accounting for 88% or ₹88 billion (\$1.1B) of all online bus bookings in FY23 and is estimated to reach ₹153 billion (\$1.9B) FY26, growing at an CAGR of 21% during FY23-FY26.



» Methodology

VIDEC's India Travel Market Sizing & OTA Benchmarking Study, FY20-FY26 presents market sizing and projections for the Indian travel market for FY20-FY26. The sizing takes a demand size approach, covering all domestic and outbound bookings made by Indian travelers, as well as inbound travelers visiting India. The total market is segmented into the following channels:

The total market is segmented into following channels:

- Online gross booking value (GBV) generated via consumer-facing websites and apps that sell directly to consumers, including supplier-direct online, online travel agencies (OTA) and e-commerce marketplaces.
- VIDEc has estimated OTA GBV using a demand side, top-down approach for each category. The OTA benchmarking numbers may have variance with published IR/ guidance by OTAs and/ or suppliers.
- Offline GBV includes those made by consumers directly with suppliers via phone, walk-ins and/or supplier reservation systems and indirect offline distribution channels including traditional travel agencies, authorized agents et al. The following methodology was used to assess the GBV for each travel category:

The following methodology was used to assess the GBV for each travel category:

- **Air:** The air market sizing aims to assess the demand side potential of India's commercial aviation market, including all domestic, inbound, and outbound traffic.
- **Hotels:** Hotel gross bookings are based on room revenue generated by hotel room supplies located across India, including branded and budget chains as well as the independent/ unbranded supply. The hotel sizing also accounts for all hotel bookings made by Indian outbound travelers.
- **Rail:** Total rail market represents non-commuter passenger revenue of Indian railways, including all reserved and unreserved passenger classes. Online rail bookings include online bookings made via IRCTC website/app as well as its B2C channel partners (OTAs, e-commerce marketplaces et al). For the purpose of this report, bookings made through B2C channel are referred to as OTA bookings.
- **Intercity Bus:** Estimates for Intercity bus market are based on routes/services operated by both private bus operators and SRTCs, connecting cities/towns that are typically 150+ kilometers apart. These services have a fixed schedule and/or stops, and are discoverable online. All routes/services that ply on intra-city (within same city or suburbs) or connect cities/towns to adjoining towns/villages, usually have flexible schedules/stops, and are not discoverable online, are excluded from this sizing.

VIDEC conducted executive interviews with suppliers, including airlines, hotels, rail and bus operators, and travel distributors, including traditional and online travel agencies, and travel technology providers operating in India, to better understand the evolution, current dynamics, and outlook for the market.

All financial information has been sourced from publicly available financial reports or company interviews. Estimates and projections are based on various third-party data sources, including tourism board visitor arrival/departure data, government statistics, MIDT data, executive interviews, economic indicators, market trends, and VIDEC analysis.

Data is actual for FY20-FY22 and projected for FY24-FY26. In selected cases for FY23, estimates are arrived at based on the first three-quarters of the reported gross bookings (April-December 2022), combined with projections for the final quarter (January-March 2023). Totals in charts and figures do not always equal 100% due to rounding.

Market sizing is presented in Indian rupee (₹) as well as US dollars (US\$), using applicable average currency exchange rates for respective years as noted below. None of the sizing data is adjusted for inflation.

| US\$1 = ₹ | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
|-----------|-------|-------|-------|-------|-------|-------|-------|
| | 70.92 | 74.22 | 74.52 | 79.98 | 79.98 | 79.98 | 79.98 |



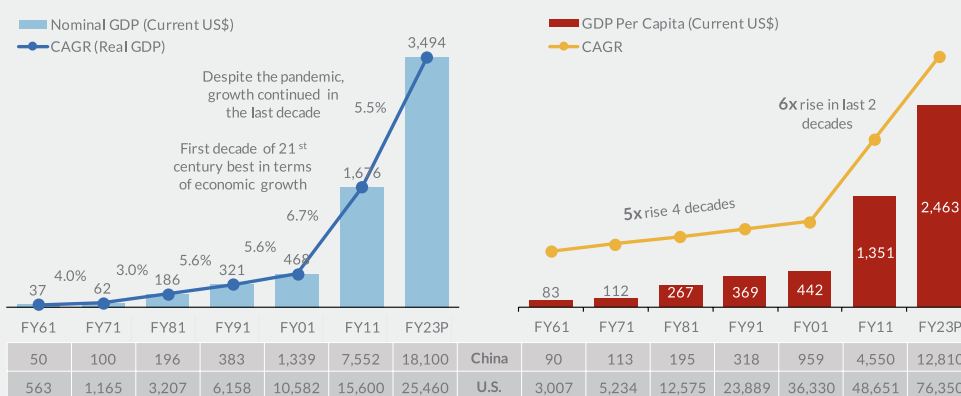
» Market Overview

Global economic growth is witnessing a downturn, egged on by high inflation and interest rates, and supply chain disruptions. The likelihood of an impending recession in key markets, in addition to ongoing territorial conflicts, have dampened prospects of a full-scale recovery. The World Bank's latest Global Economic Prospects Reportⁱ forecasted that Gross Domestic Product (GDP) levels of developing economies would likely remain 6% below the expected figures before the pandemic came knocking. There are lurking fears that any new adverse development may push the global economy into a recession. Two global recessions in a decade would be the first in 80 years. Such worrying forecasts have led to a tapering in retail consumption.

Despite these headwinds, India continues to shine, and remains the biggest emerging opportunity globally. India, predicted to be the world's fastest-growing major economy in 2023ⁱⁱ, and now the world's most populous country, is undergoing several transformational changes, cumulatively creating a fertile ground for the next major leap.

On the economic front, India galloped from the tenth spot in 2014 to the world's fifth-largest economy, overtaking Britainⁱⁱⁱ in 2022. India is poised become the world's third-largest economy by 2027^{iv}, ahead of Germany and Japan. India's fiscal deficit is narrowing fast (5.9% of GDP budgeted for FY24 vs. 9.2% in FY21), despite an all-time high public capex on creating hard, physical infrastructure.

Figure 01: India Gross Domestic Product (GDP) (US\$B) and GDP Per Capita (US\$) Trend, FY1961-FY2023



Note: Figures for China and U.S. are for calendar year.

Source: Indian Railways; VIDECON Consultants

India's Gross Domestic Product (GDP) at US\$3.75T in 2023, up from \$2T in 2014.

ⁱ Weakening Growth, Financial Risks: The World Bank

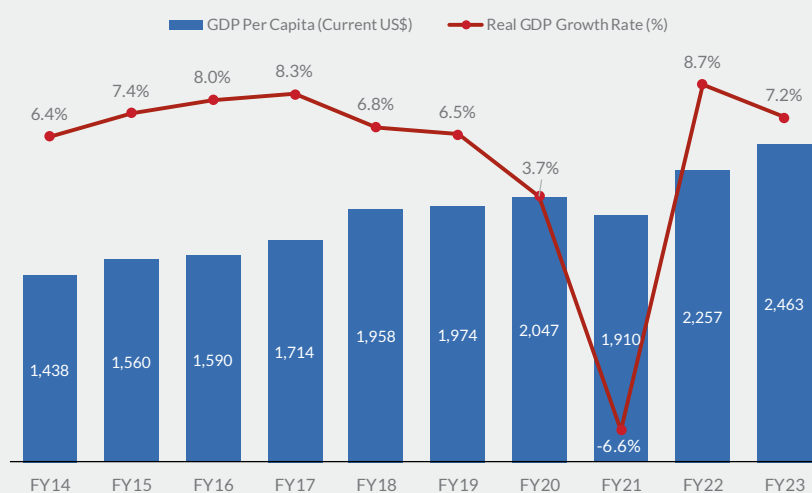
ⁱⁱ India retains top spot as fastest-growing major economy: UN report

ⁱⁱⁱ UK slips behind India to become world's sixth biggest economy

^{iv} India's impending economic boom: Morgan Stanley

India's macroeconomic growth has remained largely robust, with the GDP growing at a CAGR of 5.5% during FY11-FY23. The impetus for economic growth in the past decade has come from many progressive reforms in taxation, including the Goods and Services Tax (GST) and the lowering of the corporate tax rate. A spate of financial reforms, including the Insolvency and Bankruptcy Code (IBC), and promotion of domestic industry through schemes such as the Production Linked Incentive Scheme (PLI), have helped improve the ease of doing business.

Figure 02: India Real GDP Growth and GDP Per Capita: Recent Trends



Source: The World Bank; Ministry of Finance, GoI

Private consumption and investments, coupled with the government's policies that boost logistics, infrastructure, and the business ecosystem, will help India sustain the momentum, despite gloomy global economic forecasts. Indian economy grew by 7.2% in FY23 and will likely expand by 6.5% in FY24^{vi}.

India's per capita GDP stands at about \$2,500 in FY23, up 6x in two decades, indicating a significant rise in purchasing power.

Infrastructure investments worth ₹111 trillion (\$1.4 trillion) have been planned during FY20-25, under the National Infrastructure Pipeline^{vii}. One-third of this is earmarked for transportation.

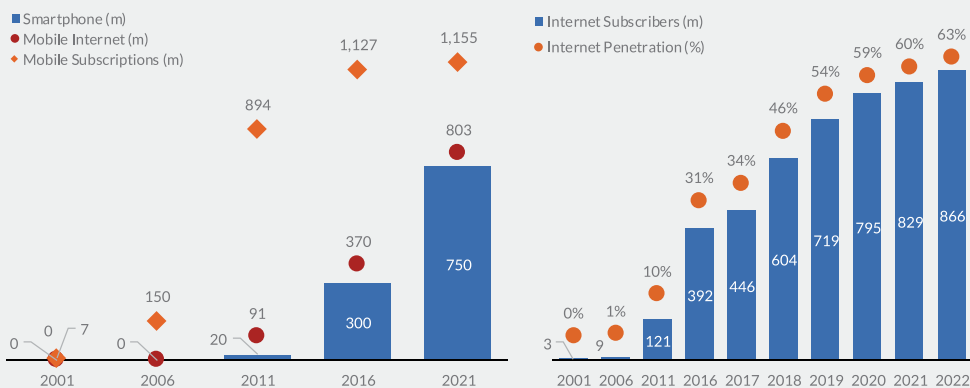
Another reason for this heady optimism is India's mobile-first user landscape, which has now over 1.1 billion subscribers. The recent rollout of 5G services has already penetrated to over 500 cities^{viii} further expediting high-speed 'mobile' penetration. Internet penetration has grown to 63% in 2022, from a mere 10% in 2011, while Internet subscribers have increased by seven times since 2011, reaching 866 million in 2022. Inexpensive and reliable Internet access and affordable smartphones have created a new breed of aspirational consumers. India is one of the cheapest markets in terms of data cost, at \$0.17 per GB in 2022^{ix}.

^{vi} RBI raises India FY24 GDP growth forecast marginally to 6.5%

^{vii} Building new India: The national infrastructure pipeline

^{viii} Jio 5G and Airtel 5G available in 500 plus India cities

^{ix} Worldwide mobile data pricing 2022

Figure 03: India Digital Profile: Internet, Mobile and Smartphone Users

Source: Telecom Regulatory Authority of India (TRAI), International Telecommunication Union (ITU), cable.co.uk

Notably, India is now the world's second largest smartphone manufacturer*, the largest Internet data consumer, and the world leader in the global fintech adoption rate (87% vs. global average of 64%^{xi}). The consumer Internet opportunity in India will likely surpass \$1.6 trillion^{xii} by 2025.



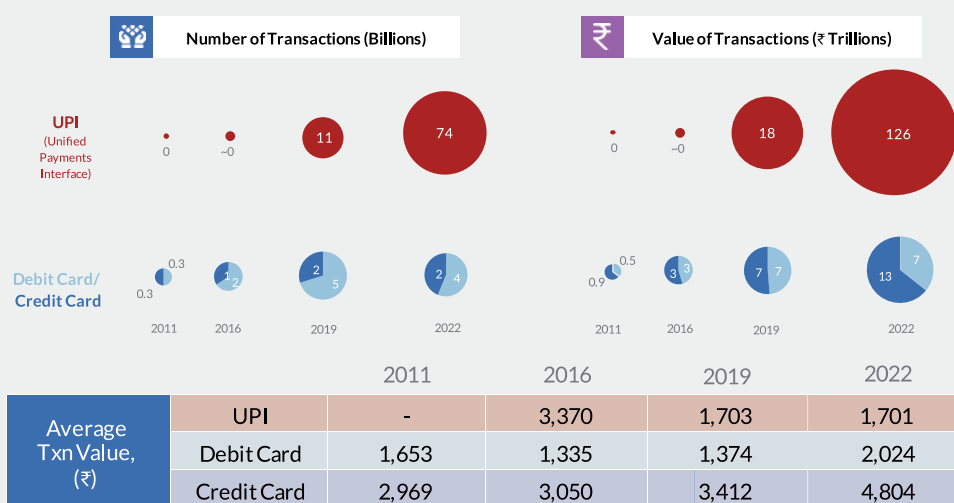
* India second-largest phone manufacturer globally

^{xi} At 87%, India has the highest FinTech adoption rate in the world

^{xii} Inside India's \$1.6 Tn consumer Internet economy

The government's laser-sharp focus on creating a seamless digital payments infrastructure, spearheaded by the home-grown payment system, Unified Payments Interface (UPI)^{xiii}, has democratized access to online payments. This free payment system, accessible with or without the Internet, has emerged as the backbone of retail and e-commerce transactions. In digital payments, India has gained the third position globally, clocking nearly eight billion transactions every month in December 2022^{xiv}.

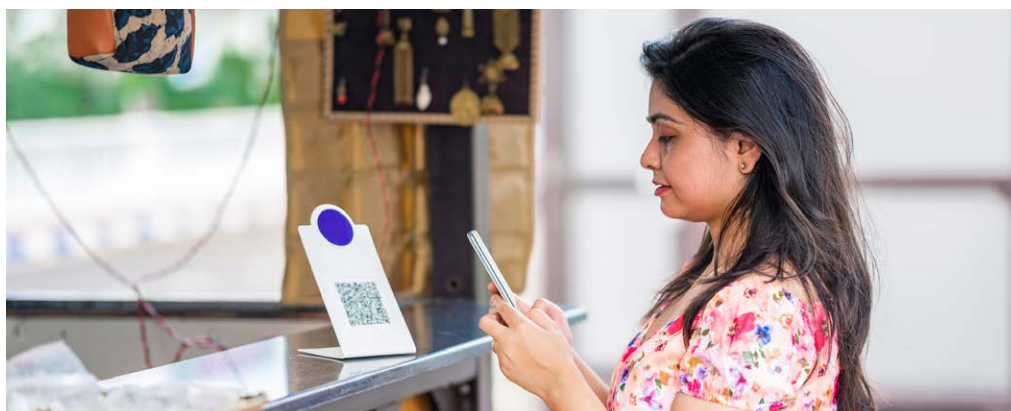
Figure 04: Evolution of Payment Channels in India: UPI vs. Cards



Source: Reserve Bank of India (RBI)

The UPI transaction value has surged by 7x since 2019, as compared to the 1.4x rise in the combined value for debit and credit cards. In 2022, UPI outnumbered credit and debit card combined, by 12:1 in transactions and 6:1 in terms of value. The phenomenal success of UPI, which facilitated 74 billion transactions worth ₹126 trillion in 2022, has ensured that about 40% of all payments in the country are digital. This marks a paradigm shift in a traditionally cash-based economy.

In 2022, there were 939M debit cards versus 78M credit cards in circulation in India.^{xv}



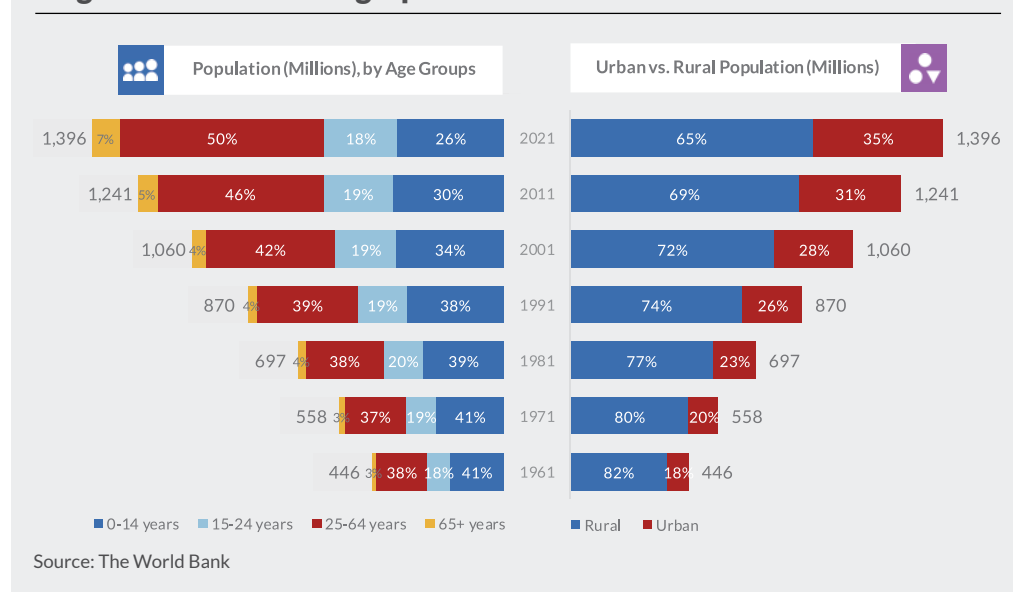
^{xiii} Unified Payments Interface (UPI)

^{xiv} UPI accounted for 52% of total digital transactions in FY22

^{xv} RBI

India is poised to ride the wave of a burgeoning and young demography with two out of three Indians between the age of 15 and 64. A massive shift in the population base from the hinterlands to cities and towns is underway.

Figure 05: India Demographic Profile



Sustained economic growth, urbanization, access to quality education, healthcare, and targeted welfare schemes, powered by 'digital', are lifting millions out of poverty and into the middle class^{xvi}. This burgeoning middle-class population, which accounted for nearly 31% of Indian households in 2018, is expected to increase to over 715 million by 2030-31^{xvii}. The per capita GDP is close to \$2,500 in FY23, up six times in the past two decades, indicating a significant rise in purchasing power. Rising disposable incomes and access to information and services are fueling the middle class's consumption, which will continue to boost the travel sector. Tier-2, tier-3, and even tier-4 towns are emerging as the new engines of growth.

India has one of the fastest-growing start-up ecosystems and 107 unicorns, with a combined valuation of \$344B^{xviii}. Eyeing the first mover's advantage, Indian start-ups are investing in developing innovative applications to offer consumers bespoke and seamless experience, and on-demand services.

This billion-plus retail consumer market, which remains largely untapped, is also gaining considerable tailwinds because of the Indian government's infrastructure development program. Indian domestic tourism was significantly trailing at 677 million trips in 2021 against its pre-pandemic levels of 2.3 billion trips in 2019^{xix}. The Indian outbound traffic too plummeted from 26.9 million in 2019 to 8.6 million in 2021, a contraction of 68%. Foreign tourist arrivals shrank from 10.9 million in 2019 to 1.5 million in 2021. The Indian inbound traffic however grew over 4x to 6.2 million in 2022.

According to the Population Census of 2011, India has 5,705 towns with a population up to 100,000, which offers a massive base for the next wave of the adoption of online travel.

^{xvi} 415 million Indians came out of multidimensional poverty in 15 years

^{xvii} India to have billion-plus middle-class by 2047: study

^{xviii} Here are the 21 Indian startups that entered the unicorn club in 2022

^{xix} India tourism statistics 2022

In the past nine years, India has more than doubled the number of airports—from 74 in 2014 to 148 in 2023—and will soon have close to 200 airports. India has the world's biggest order book of more than 1,500 aircraft, and IndiGo recently placed the largest ever order of 500 aircraft, pipping Air India's historic 470 aircraft order.

India's hotel market is a unique concoction of some of the most high-end luxury hotels and palaces, but most of the Indian hotel supply comprises branded and independent budget to mid-scale hotels. This wide array offers consumers umpteen choices across price points. However, the immense fragmentation, lack of standardization and a slower technology adoption continue to shackle its potential growth. Smaller hotels are unable to improve their services and increase visibility due to hesitancy and resource limitations. The government has recently undertaken several data driven initiatives such as NIDHI (National Integrated Database of Hospitality Industry) to address these challenges and unlock growth.

Road transport is also undergoing a massive fillip, as the government is constructing highways and expressways at a phenomenal 42 km/day in February 2023^{xx}, connecting key commercial and religious centres with tier-2 and tier-3 cities and towns. A vast network of world-class highways and expressways will tremendously boost the yet-to-be-tapped ground travel category.

The capital outlay for Indian Railways is budgeted at ₹2.4 trillion (\$30 billion) for FY24, nine times that in FY13. Under the National Rail Plan (NRP)—2030, Indian Railways is introducing new high-speed trains such as Vande Bharat, and undertaking redevelopment of old stations, converting them into state-of-art mega terminals to create a 'future-ready' railway system^{xx}.



^{xx} National highway construction in February at 42 km/day, highest in FY23

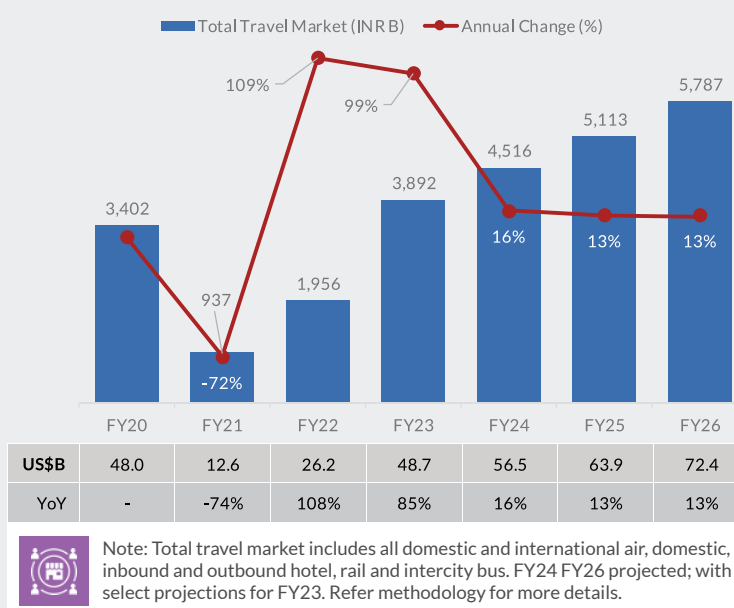
^{xx} National Rail Plan

» Total Travel Market Opportunity

This report takes a demand size approach to size the gross booking value (GBV) of in four travel categories—air, hotel rail, and intercity bus travel—to examine the nation's total market opportunity. An important consideration is the dollar representation of the Indian market. The Indian rupee weakened by 15% against the US dollar between FY20 and FY23, which is undervaluing the market in dollar terms.

The Indian total travel market was estimated at ₹3,892 billion (US\$48.7B) in FY23, up 99% from ₹1,956 (\$26.2B) billion in FY22, surpassing the pre-pandemic levels of ₹3,402 billion (\$48B) in FY20. It is projected to grow to ₹5,787 billion (\$72.4B) in FY26, growing at a CAGR of 14.1% during FY23-FY26.

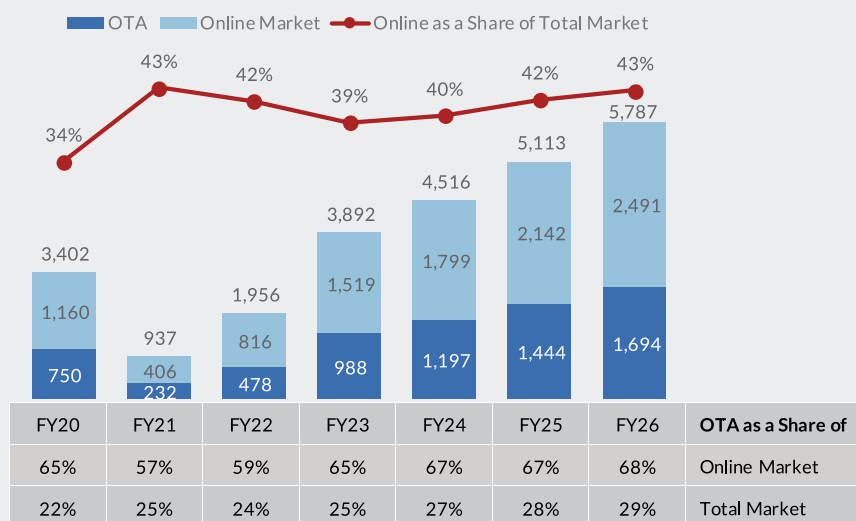
Figure 06: India Total Travel Market (₹B) and Annual Change (%), FY20-FY26



Source: VIDECON Consultants

Across categories there is a clear nuance of volume versus value. The volumes across all four travel categories are lower indexed to FY20. Domestic air comes closest with a 97% passenger recovery—137 million flown passengers in FY23 against 141 million in FY20. However, led by the pent-up demand that sustained the higher ticket price, all four travel categories notched a net higher GBV in FY23.

All travel categories have significantly varying degrees of online penetration, primarily led by domestic air and rail. India's total online travel market was estimated at ₹1,519 billion (\$19B) in FY23, up 31% from ₹1,160 (\$16.4B) billion in FY20. The online market is projected to grow to ₹2,491 billion (\$31.1B) in FY26, growing at a CAGR of 17.9% during FY23-FY26. Online penetration stood at 39% in FY23 and is expected to reach 43% by FY26. Currently, it is lower compared to the penetration in the years of pandemic when digital was the only way to go.

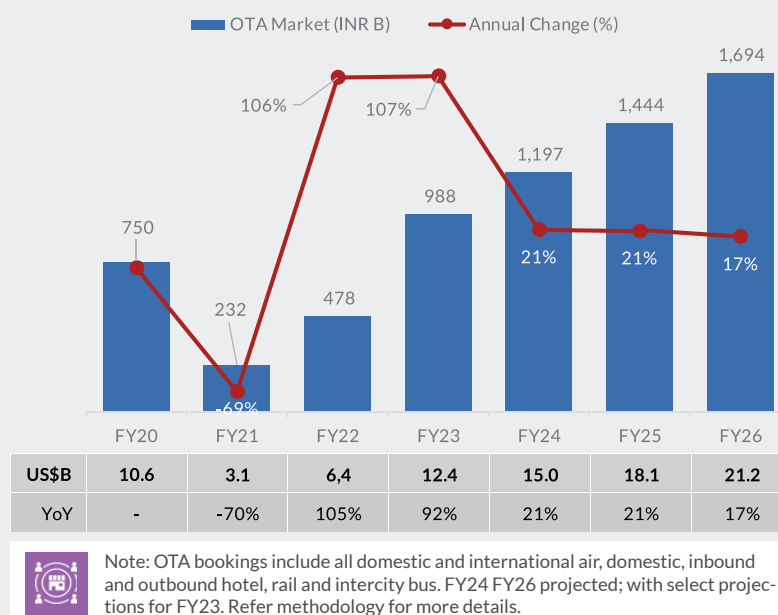
Figure 07: India OTA and Online Travel Market (₹B), and as a Share of Total Travel Market (%), FY20-FY26

Note: Total travel market includes all domestic and international air, domestic, inbound and outbound hotel, rail and intercity bus. FY24 FY26 projected; with select projections for FY23. Refer methodology for more details.

Source: VIDEC Consultants

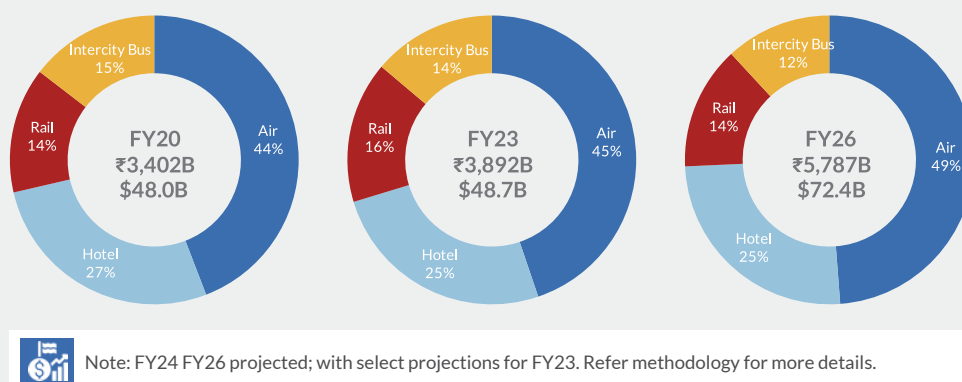
The Indian online travel story began with online travel agencies (OTAs). Beginning with domestic air and later hotels, Indian OTAs have systematically built the Indian online travel market, one category at a time. Consequently, OTAs have a commanding share in the online travel market at 65% or ₹988 billion (\$12.4B) in FY23. The Indian OTA market almost doubled consecutively, clocking ₹232 billion, ₹478 billion, and ₹988 billion, in FY21, FY22, and FY23 respectively. Compared to ₹750 billion (\$10.6B) in FY20, OTA GBV will more than double by FY26, reaching ₹1,694 billion (\$21.2B). This demonstrates an increasing appetite for booking travel services online, as more Indians are opting for the convenience and ease of access of OTAs, using the previously sparse and now burgeoning, ubiquitous, and inexpensive digital infrastructure. Moreover, the immense supply side fragmentation, and price sensitive consumer with high service expectations explains the OTA channel beating the growth of both, total and online market.

The clout of OTAs will continue to grow as they percolate to tier-2 and tier-3 markets, led by overall growth across categories, as well as higher online adoption in categories with lower penetration, i.e., hotel and the intercity bus categories, thus opening the doors to the “next billion Indian opportunity”. Despite a consistent dominance on two-thirds of the online travel market, OTAs have a long runway for growth, as they made up for a quarter of India’s total travel market in FY23. India’s total travel market will also grow by half, to reach ₹5,787 billion in FY26 (vs. FY23), while OTAs further grow their share of India travel market to 29%.

Figure 08: India OTA Travel Market (₹B) and Annual Change (%), FY20-FY26

Source: VIDECON Consultants

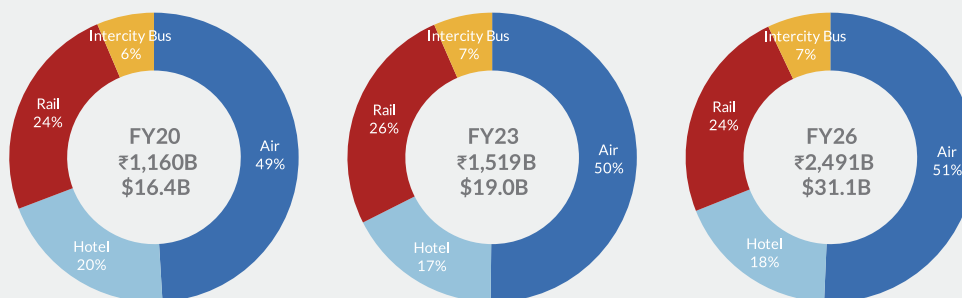
The air category at ₹1,743 billion (\$21.8B) in FY23 accounted for 45% of the total market share and was the biggest travel category in India. Hotel accounted for another quarter, while ground transportation category (rail and intercity bus category) accounted for the remaining 30% market. While the share of each of these categories will remain largely the same, there's significant growth in GBV as the total market grows by 50% during FY23-FY26.

Figure 09: India Total Travel Market, Share by Category

Source: VIDECON Consultants

Led by the domestic segment, air accounted for 50% or ₹762 billion (\$9.5B) of the total online travel market, followed by rail at 26% in FY23. Hotel and intercity bus collectively accounted for the remaining. While the online share might appear stagnant, intercity bus GBV is expected to grow from ₹100 billion to ₹176 billion, whereas hotel GBV is projected to grow from ₹264 billion to ₹455 billion during FY23-FY26.

Figure 10: India Online Travel Market, Share by Category

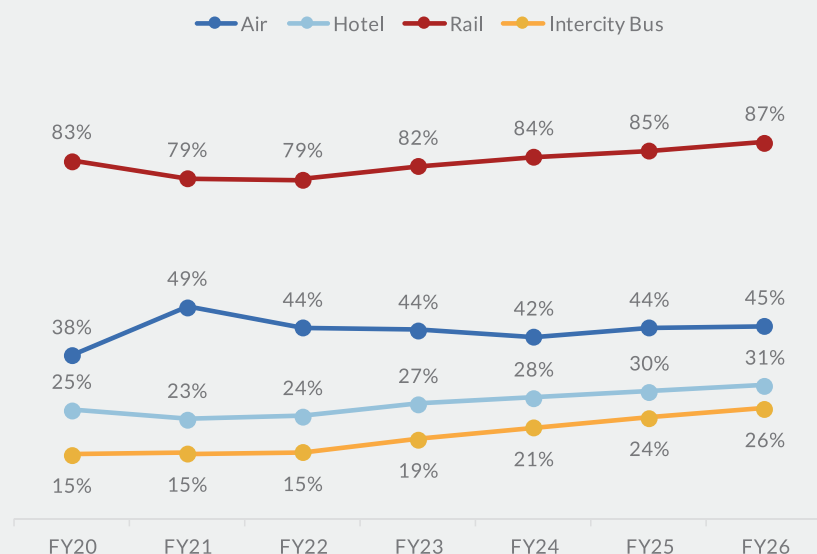


Note: FY24 FY26 projected; with select projections for FY23. Refer methodology for more details.

Source: VIDECON Consultants

The ground transportation category offers the two extremes of the Indian online travel market. Rail is the highest penetrated category at 82%, while bus is the most underpenetrated travel category at 19% in FY23, with a long runway for a sustained growth.

Figure 11: India Online Market as a Share of Total Market by Category (%), FY20-FY26

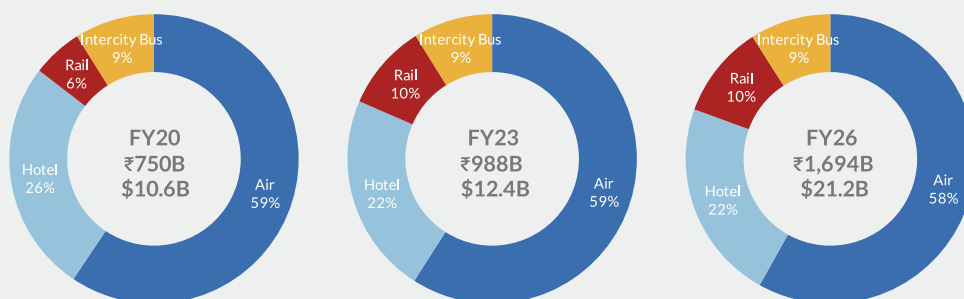


Note: Total travel market includes all domestic and international air, domestic inbound and outbound hotel, rail and intercity bus. FY24 FY26 projected; with select projections for FY23. Refer methodology for more details.

Source: VIDECON Consultants

Since OTAs built and further drove the online air category, air has remained the largest contributor in OTA GBV at almost 60% in FY23. While air remains the largest shareholder, rail share grew from 6% in FY20 to 10% in FY23. In GBV terms, this translates to ₹42 billion in FY20 to ₹176 billion in FY26, a fourfold rise in OTA GBV in Indian online rail market.

Figure 12: India OTA Travel Market, Share by Category



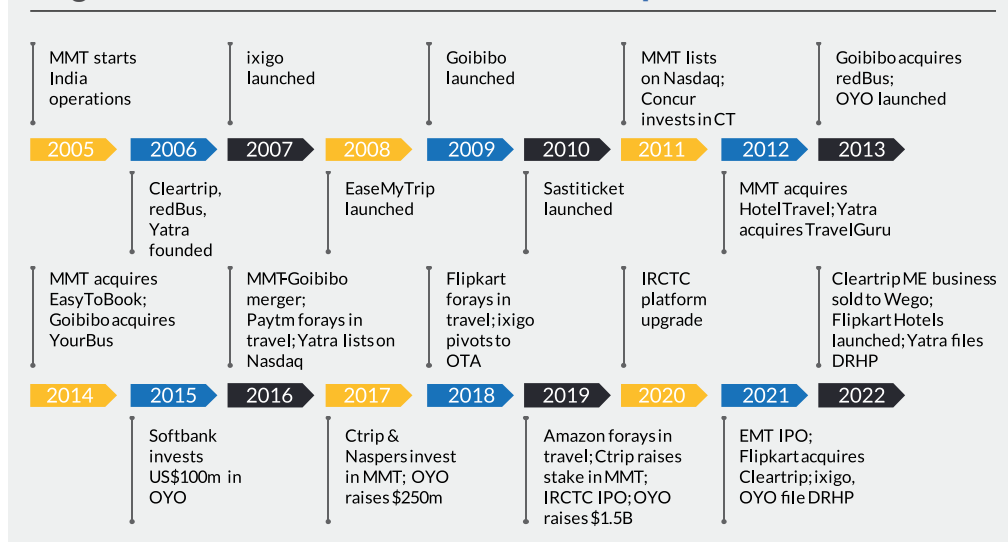
Note: FY24-FY26 projected; with select projections for FY23. Refer methodology for more details.

Source: VIDEC Consultants

The Indian OTA market has been vibrant and highly competitive, in conjunction with the market's risk and reward opportunity since its beginning in 2005. There have always been a few leading OTAs with consolidation every two to three years, to drive synergies and market rationalisation. All Indian OTAs began with the air category, with a pursuit to drive non-air product offerings to drive margins subsequently.

The genesis of India's thriving OTA landscape can be traced to the early 2000s, with the launch of MakeMyTrip (MMT), followed by Yatra (2006) and Cleartrip (2006). The Naspers-backed Goibibo (2007) came later, tapping into the young India as part of their broader gaming offerings by the Ibibo group. The MMT-Goibibo merger in 2016 made it a landmark year in Indian OTA evolution. ixigo (2007) launched itself as a meta, subsequently pivoted into an OTA. Self-funded EaseMyTrip (2008) began as a B2B player, and successfully transitioned into a B2C brand, rapidly garnering market share amid cut-throat competition and established heavyweights.



Figure 13: Evolution of Indian OTA Landscape

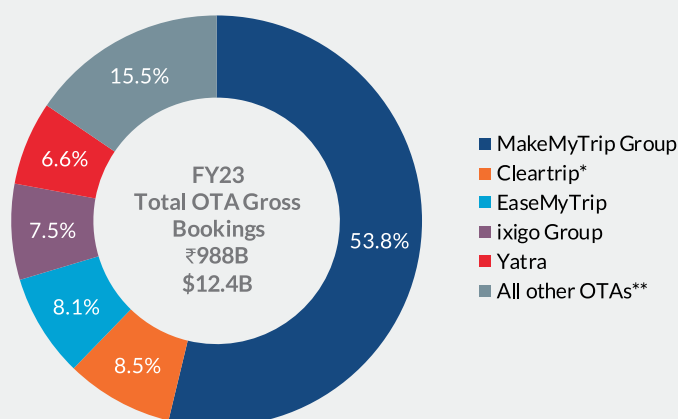
In terms of niche Indian OTAs, redBus (2006) is credited as building the online bus category. It was acquired by Goibibo in 2013. AbhiBus (2008) was the other major bus aggregator, which paved the way for ixigo Group's expansion into the bus category through an acquisition in 2021. ConfirmTkt (2014), launched as a predictive rail technology to help travelers with the ticket confirmation probability, was acquired by ixigo in 2021.

While homegrown players were setting the stage for the next two decades of growth in the Indian OTA market, global OTAs were simultaneously eyeing the Indian opportunity. Booking Holdings has managed to sizeably grow its share in the lodging category organically through its mothership brand Booking.com as well as Agoda, whereas Expedia's GBV contribution is largely owed to its B2B content and media solutions, and Indian B2C outbound. Expedia pursued an aggressive inorganic strategy in APAC with investments and acquisitions in Australia (Wotif), China (eLong) and Indonesia (Traveloka), but it followed the organic route in India. The Indian OTA landscape could have been remarkably different had Expedia made acquisitions in its first decade, instead of taking local OTAs head-on.



Nasdaq-listed MakeMyTrip Group remains the undisputed market leader with 54% share of the total OTA GBV. There's an intense race for the second spot with Cleartrip, EaseMyTrip and ixigo Group in the fray. Cleartrip is neck-to-neck with EaseMyTrip, the former having a slight edge with an 8.5% share vis-a-vis EaseMyTrip at 8.1% of OTA GBV in FY23. ixigo Group follows with a 7.5% share. Yatra continues to recover from the lows of 2021, managing at 6.6% share among the top five Indian OTAs. Several other global OTAs, ecommerce marketplaces and the long tail cumulatively account for 16% of the remaining total OTA GBV.

Figure 14: India OTA Total Gross Bookings (GBV), Share by Top OTAs (%), FY23



Note: OTA GBV is arrived using a demand side top down approach. The OTA benchmarking numbers may have variance with the published IR/ guidance by OTAs and/or suppliers. OTA GBV includes all domestic and international air, domestic, inbound and outbound hotel, rail and intercity bus.

*VIDEC estimates.

**includes major local and global OTAs operating in India.

Source: Company earnings releases, VIDEC Consultants

Indian OTAs are evolving from a pure B2C to hybrid business mix in travel, as well as ancillary revenue streams such as fintech, visa services, advertising, and platform play. Further to being a full-service OTA with a commanding share in air, hotel, and bus categories, MMT has also grown its B2B, corporate and fintech offerings. MMT has a clear advantage in replicating its Indian playbook in other emerging markets. In the Middle East, especially UAE and Saudi Arabia, MMT aspires to build a completely localized product that caters to the local and the large Indian expat population. Equally, its redBus brand is scaling its intercity bus offering in Southeast Asia and Latin America. MMT is contemplating an India listing, making 2024 a year to watch out for.

Walmart-owned Flipkart acquired a 100% stake in Cleartrip in 2021, which gave the latter access to deep pockets and a massive Flipkart user base, including the premium Flipkart Plus users. Cleartrip, known for its product and user experience, has long since been selling hotels beyond air which accounts for majority of its GBV. It also recently rolled out its bus offering. Besides a strong recovery in B2C, Cleartrip has also doubled its B2B business including agency and corporate business, further bolstering its FY23 GBV.

Beginning with a successful public listing in 2021 in India amid the pandemic, EaseMyTrip (EMT) showcases the Indian market potential for OTAs. Its GBV grew 75% in FY22 and 117% in FY23. Owed to their B2B origins, they continue to maintain a very healthy relationship with suppliers. While EMT aspires to grow its non-air business mix through both organic and inorganic means, air contributes the lion's share of its GBV for now. It acquired YoloBus (2021), Spree Hotels (2021) and Nutana Aviation (2022) to grow the bus ticketing, hospitality, and chartered jet business. EMT continues to grow internationally, primarily in the Middle East, through its tourism board partnerships and physical stores.

ixigo has been on a growth spree over the last few years, with two acquisitions—ConfirmTkt and AbhiBus—giving it an edge in the ground transportation category. ixigo is a ground-heavy OTA, rail and bus categories contribute to more than half of its GBV. The group's revenue ballooned five times between FY20 and FY23. To its credit, the group has the second-best performance in revenue terms among leading Indian OTAs, despite the majority share of its business coming from high-volume, low-margin categories. This is a testament to its customer centricity and product ingenuity. The group is now eyeing a listing on the Indian stock market.


NASDAQ-listed Yatra, with a domain name that is synonymous with travel for Indians, has pursued a hybrid approach of consumer retail along with B2B business mix. It acquired Travel Services International (2010) to beef up the agency business, hotel aggregator Travelguru (2012) to enrich hotel content, and Air Travel Bureau (2017) which bolstered its corporate business and is now known as Yatra for Business.



Yatra faced major headwinds during the pandemic years, precipitated further because of the challenges with the Ebix deal. While other OTAs were notching up their share, Yatra lost over a year in terms of opportunity cost besides the natural financial loss. However, it has managed to hold its own by doubling down on the corporate business with volumes at par with the other major Indian TMCs. Yatra's GBV has steadily improved, led by B2C followed by the corporate business. It has scaled back the agency business but has a promising ancillary business mix in B2B hotel content, logistics, monuments, and cruise, to complement its core consumer direct and corporate business. The group is now eyeing a listing on the Indian stock market.

The Indian online travel business is a capital-intensive play with high cost of customer acquisition in B2C, and the need for deep pockets to support the credit and the cash flow in B2B. Unlike the last decade, when emphasis was on multiplying the topline/volumes at any cost, it is equally about building sustainable and profitable businesses now. Ergo, different OTAs are focusing on B2B at different degrees depending on their need to drive volumes, with an eye on revenue by increasing the non-air mix. OTAs are also looking at high customer engagement and product stickiness, resulting in a higher customer LTV and ARPPU.

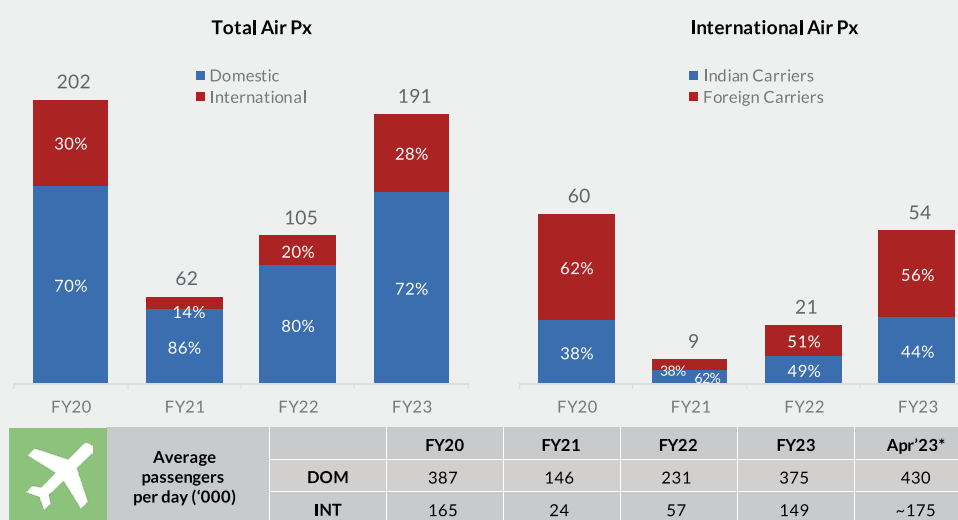
Below is a snapshot of the total travel market.

| Table 1: Indian Total Travel Market Snapshot, FY20-FY26 | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| in Rupee Billions | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
| Total Travel Market (₹B) | 3,402 | 937 | 1,956 | 3,892 | 4,516 | 5,113 | 5,787 |
| Annual Change (%) | - | -72% | 109% | 99% | 16% | 13% | 13% |
| Online Travel Market (₹B) | 1,160 | 406 | 816 | 1,519 | 1,799 | 2,142 | 2,491 |
| Annual Change (%) | - | -65% | 101% | 86% | 18% | 19% | 16% |
| OTA (₹B) | 750 | 232 | 478 | 988 | 1,197 | 1,444 | 1,694 |
| OTA Share of Online Market (%) | 65% | 57% | 59% | 65% | 67% | 67% | 68% |
| Supplier-direct Online (₹B) | 410 | 174 | 337 | 531 | 602 | 698 | 798 |
| Supplier-direct Share of Online Market (%) | 35% | 43% | 41% | 35% | 33% | 33% | 32% |
| Online as a Share of Total Market (%) | 34% | 43% | 42% | 39% | 40% | 42% | 43% |
| in US Dollar Billions | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
| Total Travel Market (\$B) | 48.0 | 12.6 | 26.2 | 48.7 | 56.5 | 63.9 | 72.4 |
| Online Travel Market (\$B) | 16.4 | 5.5 | 10.9 | 19.0 | 22.5 | 26.8 | 31.1 |
| OTA (\$B) | 10.6 | 3.1 | 6.4 | 12.4 | 15.0 | 18.1 | 21.2 |
| Supplier-direct Online (\$B) | 5.8 | 2.3 | 4.5 | 6.6 | 7.5 | 8.7 | 10.0 |
|  Total travel market includes all domestic and international air, domestic, inbound and outbound hotel, rail and intercity bus. FY24- FY26 projected; with select projections for FY23. Refer methodology for more details. Source: VIDEC Consultants | | | | | | | |

» Air Market Opportunity

The total flown passengers in FY23 were 191 million as compared to 202 million in FY20. The domestic air passengers stood at 137 million or 375,000 pax/day in FY23, just shy of 141 million in FY20. The international flown passengers were 54 million in FY23 as against 60 million in FY20.

Figure 15: India Total Flown Passengers (M), FY20-FY23



Note: *Provisional figures

Source: Directorate General of Civil Aviation, India; Ministry of Civil Aviation, GoI

The Indian domestic air market was dominated by low-cost carriers (LCCs) in FY23, as LCCs flew 112 million or 82% of all domestic traffic. In terms of market segmentation, IndiGo dominated the Indian skies with a market share of 56% in FY23, followed by the Tata Group at 24%. The newborn domestic operator, Akasa Air, too, delivered a stellar performance, flying 18 aircrafts in less than a year since commencement of operations.

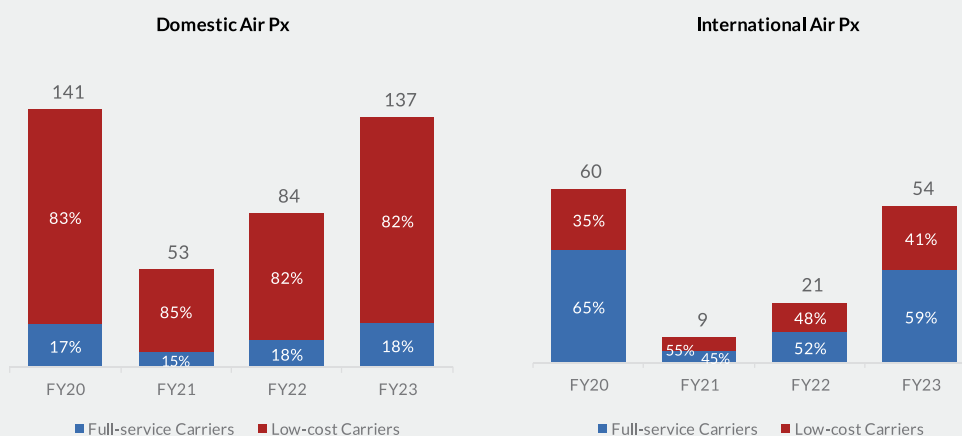
Table 02: Domestic Flown Passengers (Px), FY20 vs. FY23

| Airline | Flown Px (millions) | | Market Share (%) | |
|------------------------|---------------------|------------|------------------|-------------|
| | FY20 | FY23 | FY20 | FY23 |
| IndiGo (LCC) | 68 | 77 | 48% | 56% |
| Tata Group | 33 | 33 | 23% | 24% |
| Vistara Airlines (FSC) | 8 | 13 | 6% | 9% |
| Air India (FSC) | 15 | 12 | 11% | 9% |
| AirAsia India (LCC) | 9 | 9 | 7% | 7% |
| Go Air (LCC) | 15 | 11 | 11% | 8% |
| SpiceJet (LCC) | 22 | 11 | 16% | 8% |
| Akasa Air (LCC) | - | 2 | - | 1% |
| All Others | 3 | 3 | 2% | 2% |
| Total Flown Px | 141 | 137 | 100% | 100% |

Source: Directorate General of Civil Aviation, GoI

Historically, the Indian international lift had been catered to by the foreign carriers, at a share of 62% in FY20, with Emirates having the recognition of the India's 'pseudo' international carrier. Post pandemic, local carriers have managed to create a dent, and increase their market share to 44% in FY23. Full-service carriers (FSCs) have maintained their stronghold in the international travel segment, especially on the long haul, cornering 59% of the total flown passengers in FY23.

Figure 16: India Flown Passengers (M), Share by Airline Type, FY20-FY23



Source: Directorate General of Civil Aviation, India; VIDEC Consultants

As three in four Indian international passengers travel to destinations within a flying distance of six hours or less (South Asia, Southeast Asia & Gulf), LCCs' share has risen to 41% in FY23 from 35% in FY20 due to increased capacity by local carriers on international routes. Supply and network issues of global carriers also contributed to their loss of the Indian international traffic share.

Table 03: International Flown Passengers (Px), FY20 vs. FY23

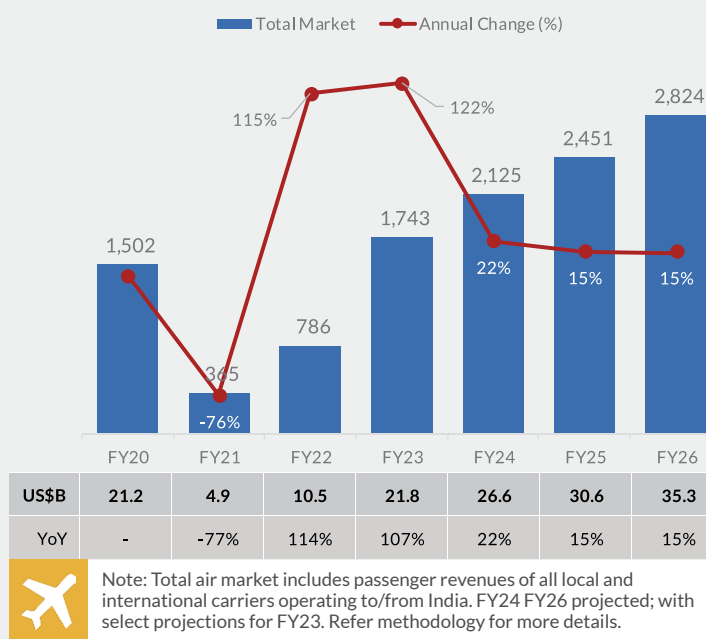
| Airline | Flown Px (millions) | | Market Share (%) | |
|--------------------------|---------------------|-------------|------------------|------------|
| | FY20 | FY23 | FY20 | FY23 |
| IndiGo (LCC) | 7.0 | 8.5 | 12% | FY23 |
| Air India (FSC) | 7.0 | 6.7 | 12% | 16% |
| Emirates (FSC) | 5.5 | 5.3 | 9% | 12% |
| Air India Express (LCC) | 4.6 | 4.1 | 8% | 10% |
| Singapore Airlines (FSC) | 1.6 | 2.0 | 3% | 8% |
| Qatar Airways (FSC) | 2.0 | 2.0 | 3% | 4% |
| SpiceJet (LCC) | 2.8 | 1.9 | 5% | 4% |
| Air Arabia (LCC) | 1.7 | 1.8 | 3% | 4% |
| Go Air (LCC) | 1.0 | 1.3 | 2% | 3% |
| Etihad Airlines (FSC) | 2.7 | 1.2 | 4% | 2% |
| All Others | 24.4 | 19.6 | 41% | 2% |
| Total Flown Px | 60.3 | 54.4 | 100% | 36% |

Source: Directorate General of Civil Aviation, GoI

While the total flown passengers remained marginally lower, a bigger ticket size helped the market drive a higher GBV in FY23. Airlines are maneuvering their capacity, services, and routes to drive better yields. As a result, the total air market staged a complete turnaround after being severely impacted during the pandemic.

The total Indian air market i.e., domestic and international combined, was estimated at ₹1,743 billion (US\$21.8B) in FY23, surpassing pre-pandemic levels of ₹1,502 billion (\$21.2B) in FY20.

Figure 17: India Total Air Market (₹B) and Annual Change (%), FY20-FY26



Source: VIDEC Consultants

The domestic air market is estimated at ₹781 billion (\$9.8B) in FY23 from ₹601 billion in FY20, accounting for 45% of the total air market. The international air market grew to ₹963 billion (\$12B) in FY23 from ₹901 billion in FY20 and is estimated to account for 59% of the total air market by FY26, just shy of its pre-pandemic levels of 60%. The total air market is expected to rise to ₹2,824 billion (\$35.3B) by FY26, growing at a CAGR of 17.4% during FY23-FY26.

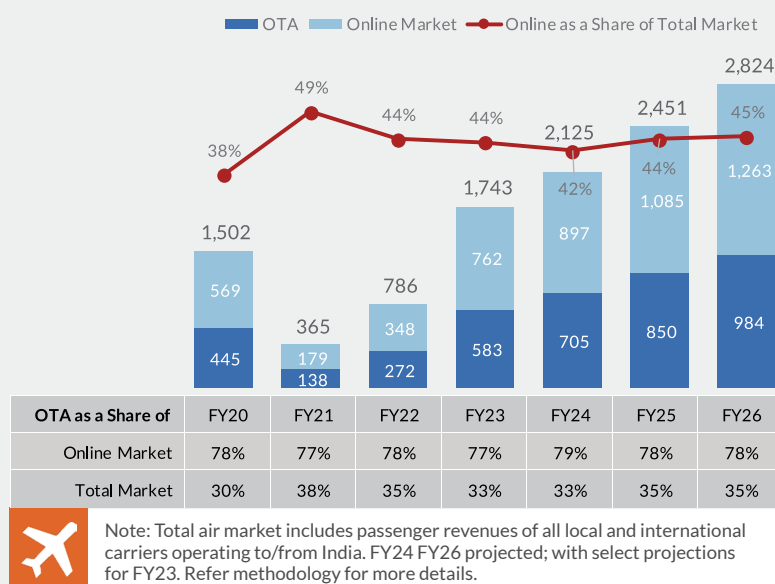
The growth of the air market is being led by the private sector, with a significant government focus on improving the nation's aviation infrastructure. For instance, the passenger handling capacity at six major airports i.e., Delhi, Mumbai, Bengaluru, Chennai, Hyderabad, and Kolkata, will likely expand to 500 million a year in the next few years. The total number of airports has doubled in the past nine years, and India will soon have 200 airports, connecting smaller towns and cities, soon increasing the pie of air travelers from the current 5-6% to upward of 10%. The Ude Desh Ka Aam Naagrik (UDAN) a Regional Connectivity Scheme (RCS) scheme to increase air connectivity by providing affordable and profitable travel on regional routes, has been a game-changer in this regard.

The privatization of Air India and its pending merger with Vistara has allowed the Tata Group to focus on expansion plans. Air India recently placed a historic order of 470 aircraft, which IndiGo topped with its order of 500 Airbus A320s. This is the largest-ever single aircraft purchase order by any airline. While IndiGo currently operates 300 aircraft, its orderbook has swollen to a massive 1,000 aircraft.

Despite these tailwinds, all has not been rosy for the Indian aviation sector, as witnessed by the grounding of Go First. With a market share of 8% in FY23, the halting of Go First's operations in May '23 will stress the capacity temporarily. Besides, operational constraints such as the supply crunch of crucial aircraft parts, have added to the financial woes of many airlines, including Go First and SpiceJet.

The online air market was estimated at ₹762 billion in FY23. It is projected to reach ₹1,263 billion by FY26, or 45% of the total air GBV. The domestic online air market is estimated at ₹525 billion (\$6.6B) in FY23, up 40% from its pre-pandemic levels of ₹375 billion (\$5.3B). The international online air market stood at ₹237 billion (\$3.0B) in FY23 and is estimated to reach ₹437 billion (\$5.5B) in FY26, surpassing the pre-pandemic levels of ₹194 billion (\$2.7B) in FY20. The domestic online market is highly penetrated at 67%, in stark contrast to the complex and costlier international segment at 25% in FY23.

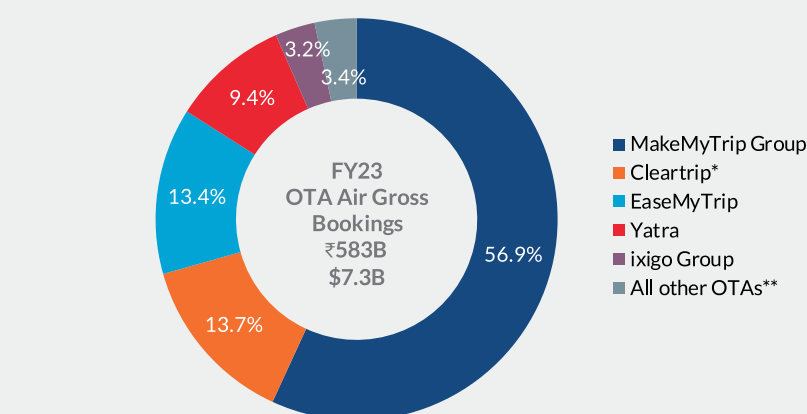
Figure 18: India OTA and Online Air Market (₹B), and as a Share of Total Air Market (%), FY20-FY26



Source: VIDEC Consultants

OTA is the dominant online distribution channel for air and the torchbearer of online travel in India. In the domestic segment, OTAs grossed ₹427 billion (\$5.3B), with a market share of 81% of all online domestic air bookings. The OTA share of domestic online air gross bookings will remain around 80% through FY26, suggesting that OTAs will maintain their pole-position. In contrast, OTAs grossed ₹156 billion (\$2.0B) or 66% of online international air market in FY23. The OTA GBV is estimated to reach ₹325 billion (\$4.1B), accounting for almost three-fourth of the online international air market in FY26. However, there's a solid runway for growth considering that OTA GBV still accounts for just 16% of total international air bookings in FY23, a highly under-penetrated segment as against the domestic air.

Figure 19: India OTA Air Gross Bookings (GBV), Share by Top OTAs (%), FY23

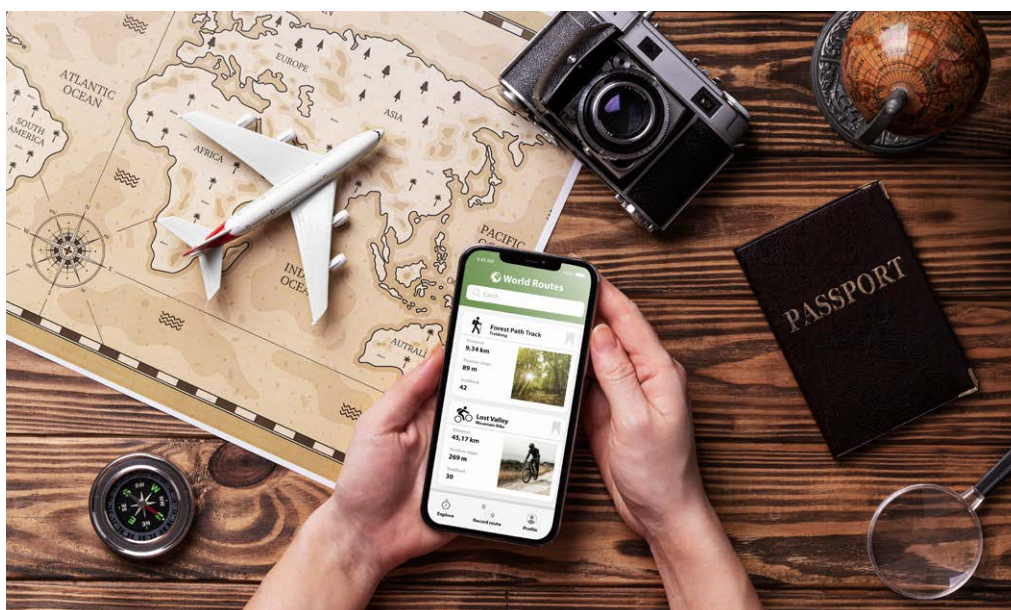


Note: OTA GBV is arrived using a demand side to down approach. The OTA benchmarking numbers may have variance with the published IR/ guidance by OTAs and/or suppliers. OTA air GBV includes passenger revenues of all local and international carriers operating to/from India.

*VIDEC estimates.


**includes major local and global OTAs operating in India.

Source: VIDEC Consultants, Company earnings releases



Air is the singular category where all five leading India-based OTAs are in the fray. MMT Group is the market leader in the air category with a 57% share of the total OTA air GBV in FY23, maintaining its leadership position by wide distance. Cleartrip accounted for 13.7% of the OTA air GBV closely followed by EaseMyTrip at 13.4%. Meanwhile, Yatra has managed to corner 9.4% of the OTA air GBV riding on the leisure travel wave. Others, including global OTAs and the long tail, cumulatively managed the remainder.

Below is a snapshot of the air market.

| Table 04: India Air Market Snapshot, FY20-FY26 | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| in Rupee Billions | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
| Total Air Market (₹B) | 1,502 | 365 | 786 | 1,743 | 2,125 | 2,451 | 2,824 |
| Annual Change (%) | - | -76% | 115% | 122% | 22% | 15% | 15% |
| Total Online Air Market (₹B) | 569 | 179 | 348 | 762 | 897 | 1,085 | 1,263 |
| Annual Change (%) | - | -69% | 94% | 119% | 18% | 21% | 16% |
| OTA (₹B) | 445 | 138 | 272 | 583 | 705 | 850 | 984 |
| OTA Share of Online Air Market (%) | 78% | 77% | 78% | 77% | 79% | 78% | 78% |
| Supplier-direct Online (₹B) | 124 | 41 | 76 | 178 | 192 | 235 | 278 |
| Supplier-direct Share of Online Air Market (%) | 22% | 23% | 22% | 23% | 21% | 22% | 22% |
| Online as a Share of Total Air Market (%) | 38% | 49% | 44% | 44% | 42% | 44% | 45% |
| in US Dollar Billions | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
| Total Air Market (\$B) | 21.2 | 4.9 | 10.5 | 21.8 | 26.6 | 30.6 | 35.3 |
| Total Online Air Market (\$B) | 8.0 | 2.4 | 4.7 | 9.5 | 11.2 | 13.6 | 15.8 |
| OTA (\$B) | 6.3 | 1.9 | 3.7 | 7.3 | 8.8 | 10.6 | 12.3 |
| Supplier-direct Online (\$B) | 1.7 | 0.6 | 1.0 | 2.2 | 2.4 | 2.9 | 3.5 |
|  Total air market includes passenger revenues of all local and international carriers operating to/from India. FY24-FY26 projected; with select projections for FY23. Refer methodology for more details. Source: VIDEC Consultants | | | | | | | |

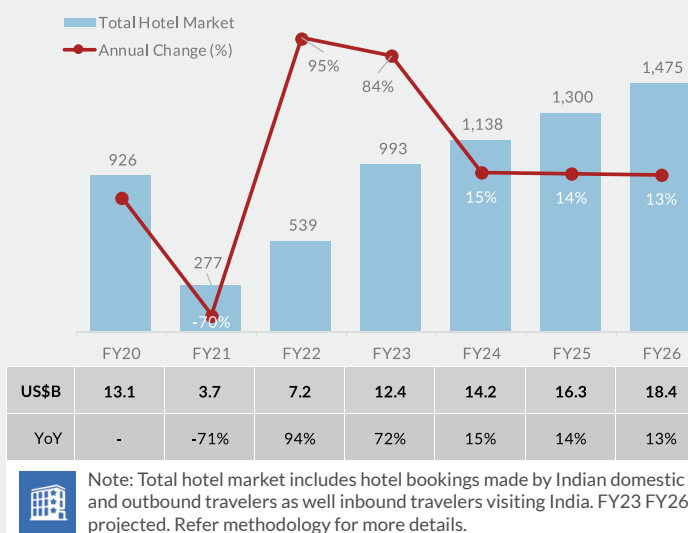


» Hotel Market Opportunity

The Indian hotel market is hugely fragmented with unbranded and independent supply dominating the landscape. The vista of independent supply ranges from palaces and high-end boutique properties to mid-low scale hotels in cities and the hinterlands of India. In FY23, the total room supply in India was estimated at two million rooms. Of these, branded chain supply, such as Taj, Lemon Tree, Sarovar, Marriott and Accor, was estimated at around 175,000 rooms. Meanwhile, the supply of branded budget chains such as OYO, Fab Hotels, and Treebo was pegged at approximately 200,000 rooms. Industry estimates suggest that close to 15-20% of the third category, i.e., unbranded, and independent supply, went out of business during the pandemic when properties were either shut down or assigned for other purposes. Around 200,000 of this eroded room supply is steadily making its way back thanks to higher yields seen during the post-pandemic recovery period.

The hotel market almost doubled to ₹993 billion (US\$12.4B) in FY23, as compared to ₹539 billion (\$7.2B) in FY22. The market breached the pre-pandemic levels of ₹926 billion (\$13.1B) in FY20, making a full recovery in GBV terms. Higher consumer demand helped boost the average daily rates (ADRs) and occupancies. The branded chains outpaced the market with 65-67% occupancy, while the broader industry averaged at around 60% occupancy in FY23.

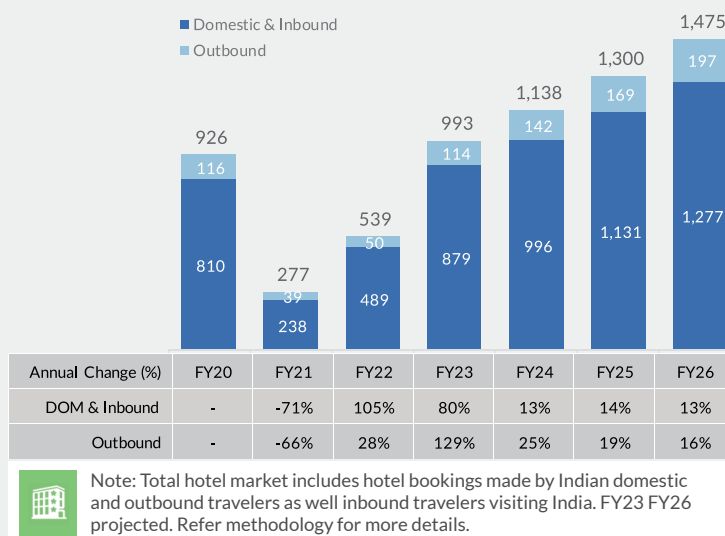
Figure 20: India Hotel Market (₹B) and Annual Change (%), FY20-FY26



Source: VIDECON Consultants

Domestic and inbound segments, which cover the supply based in India, cornered 89% of the total hotel market in FY23, valued at ₹879 billion (\$11B). While the share of this segment will remain static through FY26, the growth in market size will boost its GBV to ₹1,277 billion (\$16B). Interestingly, the share of this segment reached a high of 89% in FY22, as international travel came to a near halt.

Figure 21: India Hotel Market (₹B), Share by Destination (%), FY20-FY26



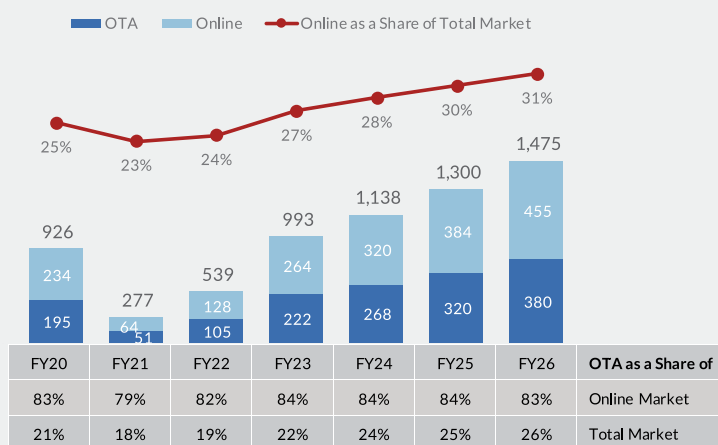
Source: VIDECON Consultants

The India outbound hotel segment reached ₹114 billion (\$1.4B) or 11% of total India hotel GBV in FY23. India outbound traffic is the only travel category that's still lagging in FY23 – 21 million outbound travelers in 2022, as against 26.9 million in 2019. Considering the broader growth in Indian international airlift as well as the recovery in international traffic, Indian outbound hotel GBV projected to reach ₹197 billion (\$2.5B) by FY26, growing at a CAGR of 20% during FY23-FY26.

Branded and organized players are now increasing their capacity through asset-light techniques, such as inking hotel management contracts to enhance supply quickly and circumvent delays caused due to the long gestation period of hotel projects. Egged on by augmented demand, supply, and better operating metrics, the hotel market is projected to grow to ₹1,475 billion (\$18.4B) by FY26 at a CAGR of 14.1% during FY23-FY26.

The online hotel market witnessed a stellar performance and was valued at ₹264 billion (\$3.3B) or 27% online penetration in FY23. The online market is projected to increase to ₹455 billion (\$5.7B) by FY26 or by 31% of the total hotel GBV. This growth can be traced back to the fact that the pandemic forced consumers to take to online mediums. Their experience of conducting safe and seamless transactions has helped dissipate concerns, real or perceived, around using online mediums, leading to a massive and sure-footed shift toward the 'digital'. Access to digital payment systems and digital literacy are also key enablers, driving this upward trajectory.

Figure 22: India OTA and Online Hotel Market (₹B), and as a Share of Total Hotel Market (%), FY20-FY26



Note: Total hotel market includes hotel bookings made by Indian domestic and outbound travelers as well inbound travelers visiting India. FY23 FY26 projected. Refer methodology for more details.

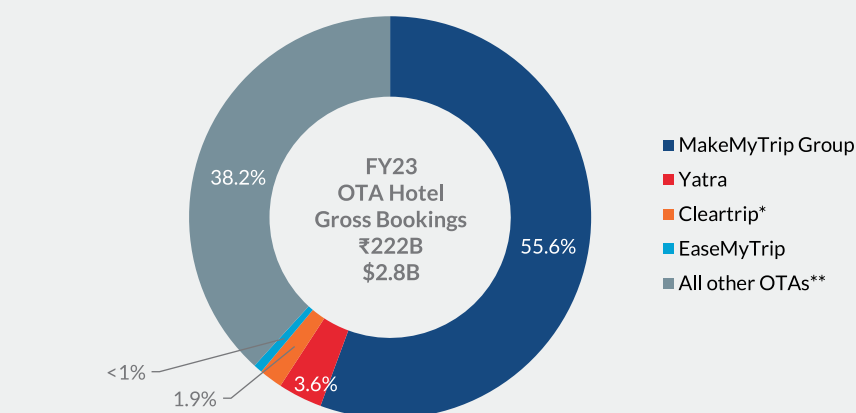
Source: VIDECON Consultants

OTA continues to be the dominant online distribution channel for hotels, accounting for 84% or ₹222 billion (\$2.8B) of online hotel bookings. OTA hotel GBV is estimated to reach ₹380 billion (\$4.7B) in FY26, growing at a CAGR of 19.6% during FY23-FY26. Fast-paced Internet penetration, coupled with access to smartphones and tablets, growing household incomes, and the government's concerted efforts to ease out visa-on-arrival policies will help increase the share of the OTAs.



MMT Group's 56% share of the OTA hotel GBV further underscores its dominance in the country's OTA landscape and its deep penetration in non-air categories. Yatra is a distant second with a 4% market share of the Indian OTA hotel GBV. Global OTAs have a meaningful role to play in the Indian online hotel category, with an edge in outbound and inbound hotel segments. Booking Holdings comprising Booking.com and Agoda, and Expedia Group, comprising Expedia and Hotels.com, along with the long tail, collectively account for 38% share of the Indian OTA hotel GBV.

Figure 23: India OTA Hotel Gross Bookings (GBV), Share by Top OTAs (%), FY23



Note: OTA GBV is arrived using a demand side top down approach. The OTA benchmarking numbers may have variance with the published IR/ guidance by OTAs and/or suppliers. OTA hotel GBV includes hotel bookings made by Indian domestic and outbound travelers as well inbound travelers visiting India.

*VIDEC estimates.

**Includes major local and global OTAs operating in India such as Booking.com/Agoda, Expedia/hotels.com etc.


Source: VIDEC Consultants, Company earnings releases



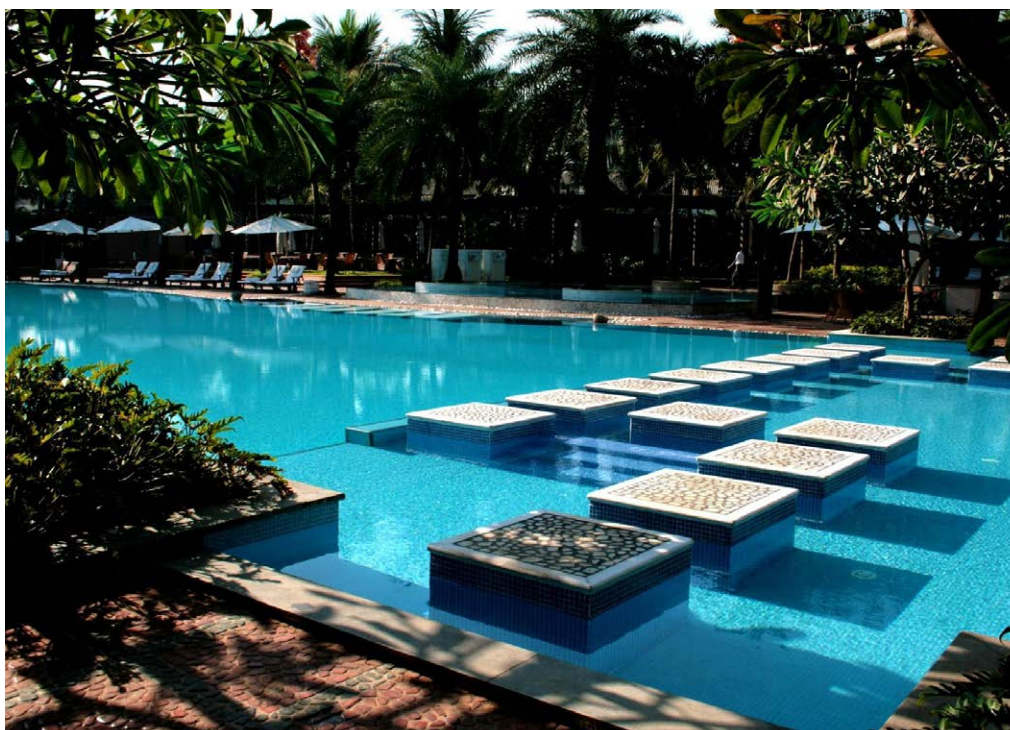
All other Indian OTAs are aspiring to build their hotel GBV. Cleartrip and EaseMyTrip cumulatively accounted for the rest of the OTA hotel GBV.

Below is a snapshot of the Indian hotel market.

| Table 05: India Hotel Market Snapshot, FY20-FY26 | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| in Rupee Billions | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
| Total Hotel Market (₹B) | 926 | 277 | 539 | 993 | 1,138 | 1,300 | 1,475 |
| Annual Change (%) | - | -70% | 95% | 84% | 15% | 14% | 13% |
| Total Online Hotel Market (₹B) | 234 | 64 | 128 | 264 | 320 | 384 | 455 |
| Annual Change (%) | - | -73% | 100% | 106% | 21% | 20% | 19% |
| OTA (₹B) | 195 | 51 | 105 | 222 | 268 | 320 | 380 |
| OTA Share of Online Hotel Market (%) | 83% | 79% | 82% | 84% | 84% | 84% | 83% |
| Supplier-direct Online (₹B) | 39 | 14 | 24 | 42 | 52 | 63 | 75 |
| Supplier-direct Share of Online Hotel Market (%) | 17% | 21% | 18% | 16% | 16% | 16% | 17% |
| Online as a Share of Total Hotel Market (%) | 25% | 23% | 24% | 27% | 28% | 30% | 31% |
| in US Dollar Billions | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
| Total Hotel Market (\$B) | 13.1 | 3.7 | 7.2 | 12.4 | 14.2 | 16.3 | 18.4 |
| Total Online Hotel Market (\$B) | 3.3 | 0.9 | 1.7 | 3.3 | 4.0 | 4.8 | 5.7 |
| OTA (\$B) | 2.8 | 0.7 | 1.4 | 2.8 | 3.3 | 4.0 | 4.7 |
| Supplier-direct Online (\$B) | 0.5 | 0.2 | 0.3 | 0.5 | 0.7 | 0.8 | 0.9 |



Total hotel market includes hotel bookings made by Indian domestic and outbound travelers as well inbound travelers visiting India. FY23-FY26 projected. Refer methodology for more details.
Source: VIDEC Consultants



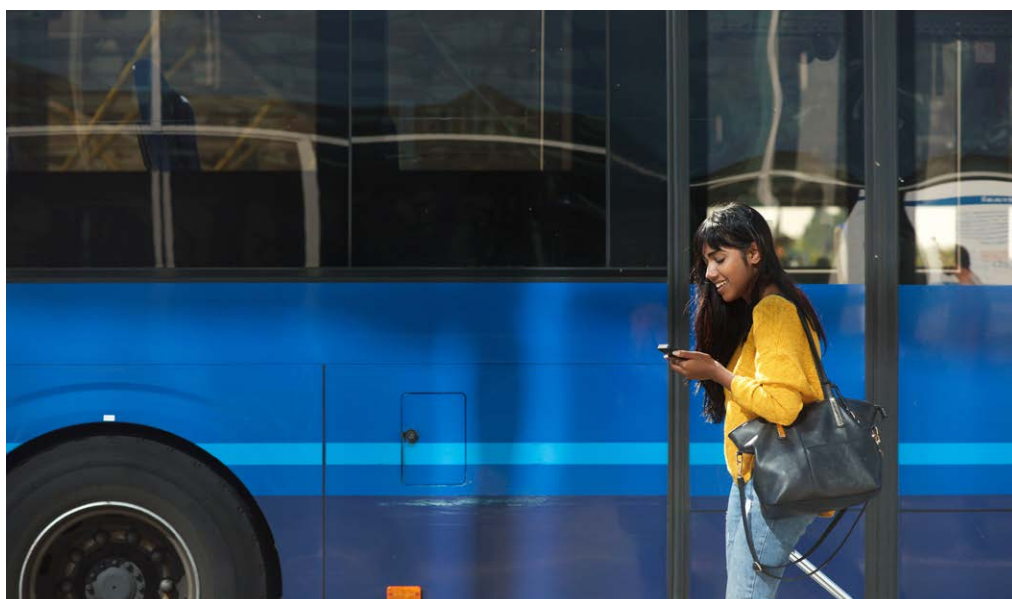
Credit : https://www.tripadvisor.in/Hotel_Review-g304554-d1135662-Reviews-Waterstones_Hotel-Mumbai_Maharashtra.html

» Intercity Bus Market Opportunity

Bus is one of the largest modes of transportation in terms of passenger volumes. The network, lower ticket price, booking flexibility and last-mile connectivity are the core strengths for the intercity bus. Intercity bus category acts as arteries for the transport sector, ensuring connectivity to every nook and corner of the country. While India already has the second largest road network in the world, with a total length of 6.4 million km in 2022, up from 3.4 million km in 2001, the record pace of the construction of the national highways at 42 km/day will act as a force multiplier, boosting the intercity bus market growth in high single-digits through FY26.

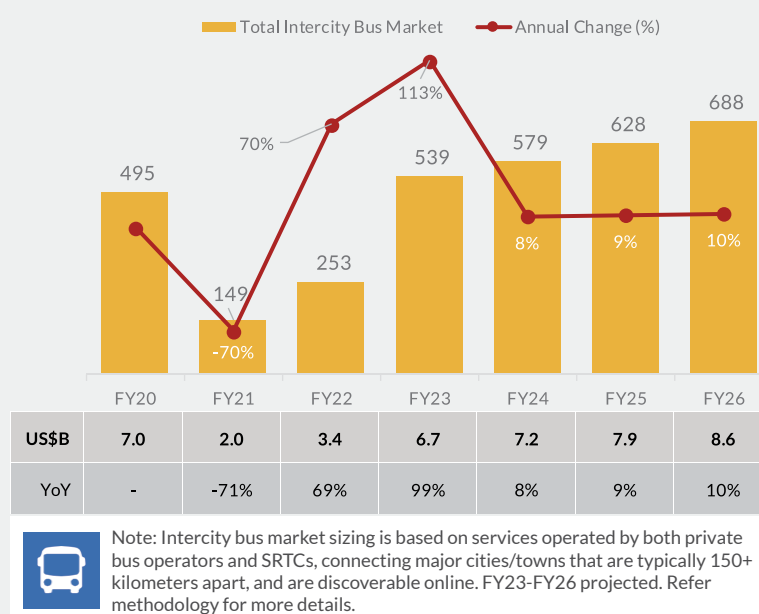
The intercity bus category comprises over 4,500 private bus operators and over 25 state road transport corporations (SRTC), creating an enormous fragmentation on the supply side. Consistently growing online visibility of service providers, the introduction of new routes, and a robust order book for SRTCs will enhance the market's revenue and business pie. Besides, service providers are focusing on elevating the overall product quality and passenger experience by adding more high-end chassis, such as Volvo, Scania, Bharat Benz, to the supply mix. State governments too, have upped the ante by constructing state-of-the-art bus terminals and lounges, and providing amenities such as food courts, and multi-level parking. Plus, operators are now providing features such as live tracking, on-board washrooms, CCTV, and women-friendly seat assignments, attracting new categories of passengers.

The fleet size operating in the intercity bus category that is discoverable online amounts to 65,000-70,000 buses and formulates the basis of market sizing. The total commercial bus fleet size in India is around 400,000 buses. Of these, more than 80% connect a major town/city with neighboring localities within 150 km or facilitate intra-city public transport, thus excluded from the sizing scope. Around 40% of the intercity bus fleet has the service configuration of AC segment (Volvo et al), while the remaining belongs to the non-AC segment. The average selling price (ASP) for AC category ranges from ₹700-1,100, while that of the non-AC category is between ₹450-700. In terms of operator type, the split in bus fleet between SRTCs and private operators is about equal, with the balance leaning slightly towards SRTCs. This report is presenting the first-ever comprehensive sizing for the Indian intercity bus category from the demand side, whose estimates are based on routes and/or services operated by both private bus operators and SRTCs.



The intercity bus market was estimated at a high of ₹539 billion (US\$6.7B) in FY23, more than double that in FY22, and higher than pre-pandemic figures of ₹495 billion in FY20. It is projected to reach ₹688 billion (\$8.6B) by FY26, growing at a CAGR of 8.5% during FY23-FY26.

Figure 24: India Intercity Bus Market (₹B) and Annual Change (%), FY20-FY26



Source: VIDEC Consultants

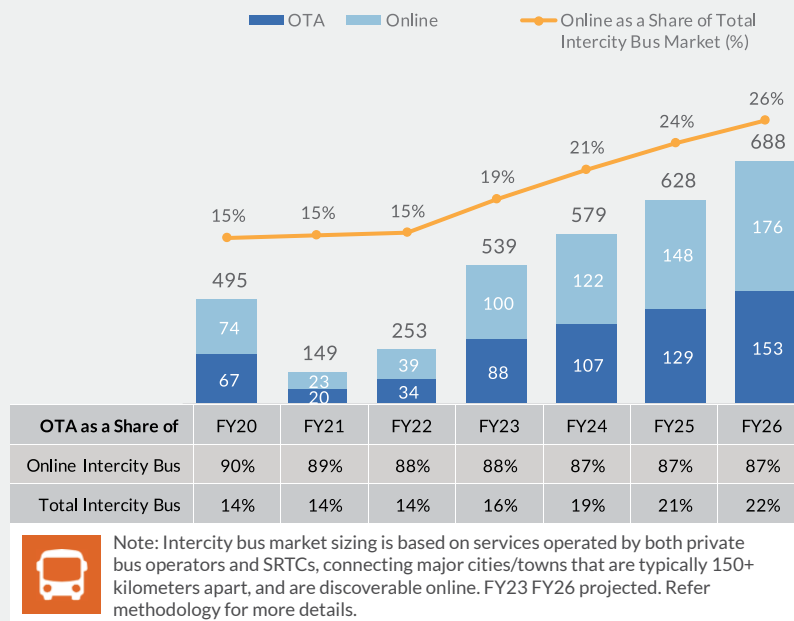
The segment has been primarily led by southern India—Andhra Pradesh, Telangana and Karnataka—followed by Gujarat, Maharashtra, and Rajasthan in western India. Southern and Western regions account for three-fourth of the total intercity bus GBV. However, improvement in road infrastructure will create new regional strongholds, particularly in northern and eastern India, somewhat democratizing the intercity bus travel market, also increasing its share in the total market.

The intercity bus segment is at a sweet spot with ample demand and supply-side drivers. Sustained improvement in the quality of roads, buses, services, and online discoverability are attracting OTAs and service providers to tap into new catchment areas. This industry push is widening the segment's reach into tier-2 to tier-4 towns, creating new growth avenues and pockets of influence.

The total commercial bus fleet is estimated at 375,000-400,000 buses. Of these, 65,000-70,000 buses ply on the intercity routes, which is evenly split between private operators and SRTCs.

As a result, the online share of the intercity bus travel market will jump from 19% in FY23 to 26% in FY26. However, the online channel accounted for just 19% of total bookings, valued at ₹100 billion (\$1.2B) in FY23. It is projected to reach ₹176 billion (\$2.2B) by FY26, or 26% of the total GBV. OTA is the dominant online distribution channel for the intercity bus travel market, accounting for 88%, or ₹88 billion (\$1.1B), of all online bus bookings and is estimated to reach ₹153 billion (\$1.9B) by FY26, growing at a CAGR of 21% during FY23-FY26.

Figure 25: India OTA and Online Intercity Bus Market (₹B), and as a Share of Total Intercity Bus Market (%), FY20-FY26



Source: VIDEC Consultants

The intercity bus market in India is about 88% of the rail category (₹617 billion) in FY23. However, it's highly under-penetrated at 19% compared to rail at 82%. The bus category will provide the much-needed cushion for the growth in the Indian online travel category, as domestic air and rail categories reach saturation.

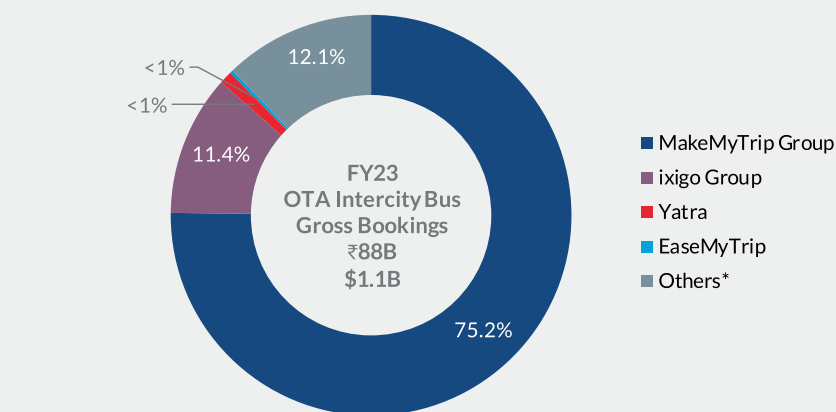
The intercity bus category is hugely fragmented, with a combined total of 100,000 services daily, operated by approximately 4,500 private bus operators and over 25 state road transport corporations.



Paytm and Amazon are currently the top e-commerce marketplaces in indirect online bus bookings, capitalizing on a low-value, high-volume travel product.

MMT Group-owned redBus's market leader stature propelled its share to more than 75% of the OTA intercity bus GBV in FY23. Similarly, ixigo-owned AbhiBus has helped the group command the second spot with 11% share of the OTA intercity bus GBV. Ecommerce players such as Paytm and Amazon, and new online aggregators such as zingbus and IntrCity, cumulatively referred to as others, accounted for more than 12% of the OTA intercity bus GBV.

Figure 26: India OTA Intercity Bus Gross Bookings (GBV), Share by Top OTAs (%), FY23



Note: OTA GBV is arrived using a demand side top down approach. The OTA benchmarking numbers may have variance with the published IR/ guidance by OTAs and/or suppliers. *Others include marketplaces such as Paytm and Amazon, online aggregators such as intrcity, zingbus etc.


Source: VIDECON Consultants, Company earnings releases



The intercity bus category is dominated by OTAs with 90% share of the online market. However, the market is ripe for a sustained growth as only 19% of the total market has gone online. The OTAs are well positioned to retain their high market share of the online GBV, reaping rewards as more and more supply gets discoverable online.

Below is a snapshot of the intercity bus market.

| Table 06: India Intercity Bus Market Snapshot, FY20-FY26 | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| in Rupee Billions | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
| Total Intercity Bus Market (₹B) | 495 | 149 | 253 | 539 | 579 | 628 | 688 |
| Annual Change (%) | - | -70% | 70% | 113% | 8% | 9% | 10% |
| Online Intercity Bus Market (₹B) | 74 | 23 | 39 | 100 | 122 | 148 | 176 |
| Annual Change (%) | - | -70% | 72% | 156% | 23% | 21% | 19% |
| OTA (₹B) | 67 | 20 | 34 | 88 | 107 | 129 | 153 |
| OTA Share of Online Intercity Bus Market (%) | 90% | 89% | 88% | 88% | 87% | 87% | 87% |
| Supplier-direct Online (₹B) | 7 | 3 | 5 | 12 | 15 | 19 | 23 |
| Supplier direct Share of Online Intercity Bus Market (%) | 10% | 11% | 12% | 12% | 13% | 13% | 13% |
| Online as a Share of Total Intercity Bus Market (%) | 15% | 15% | 15% | 19% | 21% | 24% | 26% |
| in US Dollar Billions | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
| Total Intercity Bus Market (\$B) | 7.0 | 2.0 | 3.4 | 6.7 | 7.2 | 7.9 | 8.6 |
| Online Intercity Bus Market (\$B) | 1.0 | 0.3 | 0.5 | 1.2 | 1.5 | 1.8 | 2.2 |
| OTA (\$B) | 0.9 | 0.3 | 0.5 | 1.1 | 1.3 | 1.6 | 1.9 |
| Supplier-direct Online (\$B) | 0.10 | 0.04 | 0.06 | 0.15 | 0.19 | 0.24 | 0.28 |



Note: Intercity bus market sizing is based on services operated by both private bus operators and state transport road corporations (SRTCs), connecting cities/towns that are typically 150+ kilometers apart. These services have a fixed schedule and/or stops and are discoverable online. FY23- FY26 projected. Refer methodology for more details.
Source: VIDEC Consultants



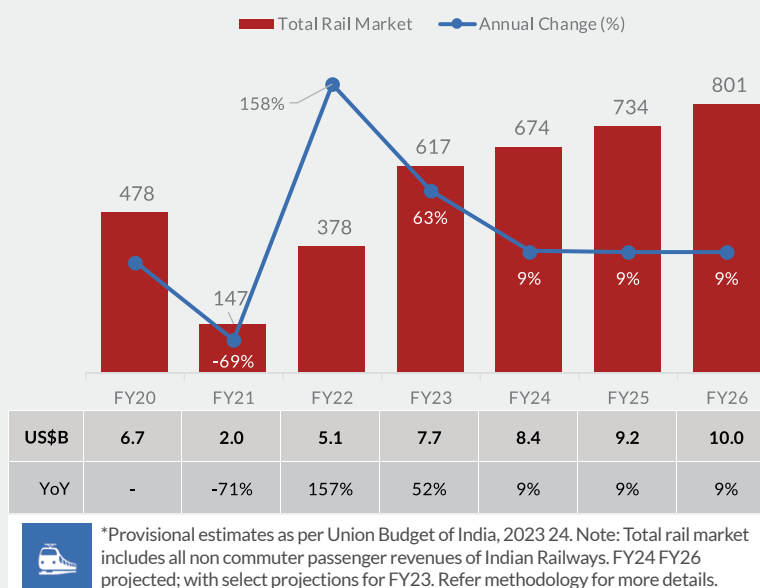
» Rail Market Opportunity

Rail has been the beating heart of Indian transportation. The connectivity provided by Indian Railways is unparalleled, considering the country's vast landmass and diverse geography. It has something to offer to consumers across different social strata, from the premium travelers of Vande Bharat and Rajdhani Express, to the billions traveling in the unreserved class. Indian Railways has one of the largest railway networks in the world, with a route length exceeding 68,000 km as of March 2023, and continues to expand to new territories.

The Indian Railways operated around 7,000 non-commuter trains and raked higher revenues in FY23, despite transporting 2.9 billion passengers as compared to 3.5 billion passengers in FY20, because of the vertical movement of the commuters into higher-class travel segments, which led to higher earnings from air-conditioned class passengers. For instance, the reserved class (AC and Sleeper classes) accounted for just 21% of passengers in FY23 but contributed to a staggering 71% of passenger revenues. The introduction of dynamic pricing on the lines of airfares also contributed to higher revenue.

The Indian rail market reached its lifetime high GBV of ₹617 billion (\$7.7B) in FY23, up 63% from ₹378 billion in FY22. The rail market is projected to increase to ₹801 billion (\$10B) by FY26, growing at a CAGR of 9.0% during FY23-FY26 due to robust single-digit growth (railways penetration and growth are already at high levels) in the next three years.

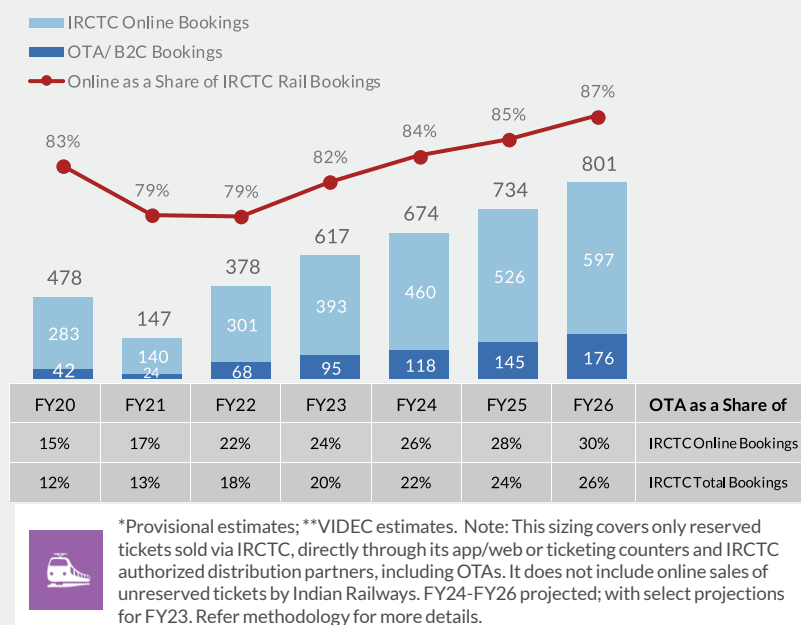
Figure 27: India Rail Market (₹B) and Annual Change (%), FY20-FY26



Source: Indian Railways; VIDECON Consultants

The online channel accounted for a whopping 82% of total IRCTC bookings, valued at ₹393 million (\$4.9B) in FY23. It is projected to reach ₹597 billion (\$7.5B) by FY26, or 87% of the total IRCTC rail bookings. Supplier-direct was the dominant online distribution channel, accounting for ₹298 billion (\$3.7B) of all IRCTC rail bookings and is estimated to increase to ₹421 billion (\$5.3B) in FY26, growing at a CAGR of 12.3% during FY23-FY26.

Figure 28: India OTA and IRCTC Online Rail Bookings (₹B), and as a Share of IRCTC Total Rail Bookings (%), FY20-FY26

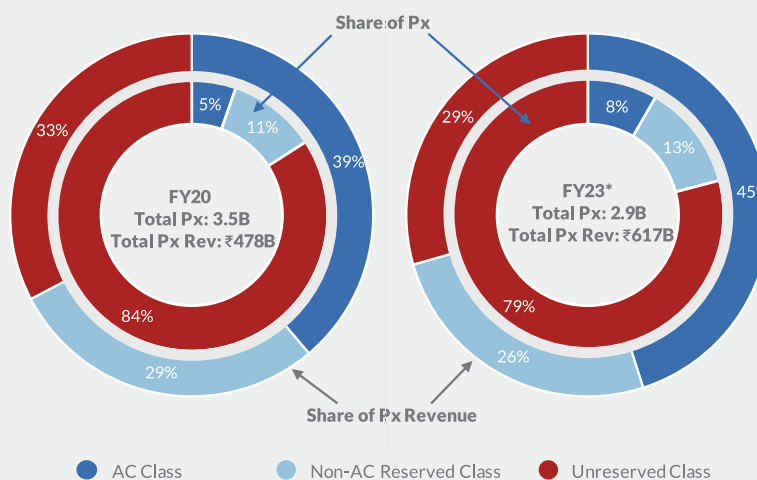


Source: VIDEC Consultants

The share of supplier-direct online in rail is the highest across all travel categories. However, the OTA channel is gaining a share in IRCTC's total rail bookings—its share grew to 20% in FY23 compared to 12% in FY20. Riding on the digital adoption by the broader Indian consumer class, product level innovation by OTAs, notably around fintech, as well as the ease of OTA platforms, the OTA channel share is further expected to reach 26% by FY26. Impetus is given to products such as 'Assured Fares' by ixigo to garner customer stickiness. To its credit, IRCTC, too, has continued to embrace technology and innovation and is proactively collaborating with indirect distribution partners, including OTAs. In FY23, IRCTC averaged around 1.1 million ticket bookings per day, while the indirect channels accounted for nearly a fifth of this, with the OTAs clocking in the lion's share at approximately 225,000 tickets per day.

While Indian Railways transported 2.9 billion passengers in FY23, nearly four out of five rail passengers (2.3 billion) traveled in the unreserved class whose bookings are currently outside the purview of IRCTC. The high share of supplier-direct online has saturated IRCTC's growth prospects. The potential inclusion of unreserved bookings in its fold could unravel the next growth frontier for IRCTC and provide it the runway to create new milestones.

Figure 29: India Rail Passenger and Passenger Revenue, Share by Seat Class



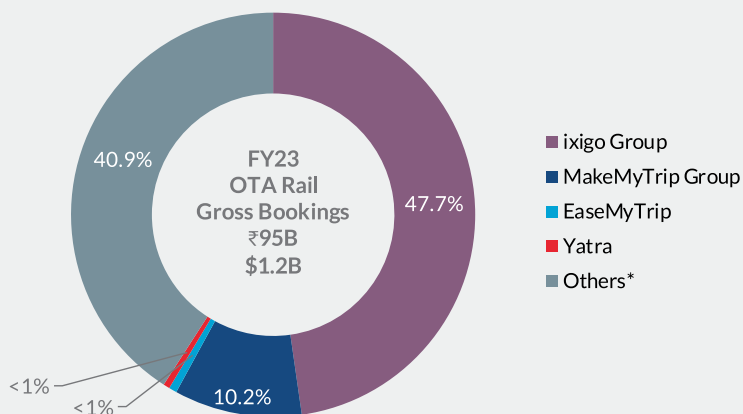
Note: *Provisional estimates as per Union Budget of India, 2023 24

Source: Indian Railways; VIDEC Consultants



ixigo Group, that pioneered the indirect online rail distribution, accounted for 48% of the OTA rail GBV making it the market leader by a wide margin. MakeMyTrip Group is a distant second among Indian OTAs with a 10% market share of the Indian OTA rail GBV. E-commerce players Paytm and Amazon India, along with the long tail OTAs such as RailYatri and Trainman, collectively account for 41% share of the Indian OTA rail GBV.

Figure 30: India OTA Rail Gross Bookings (GBV), Share by Top OTAs (%), FY23




Note: OTA GBV is arrived using a demand side top down approach. The OTA benchmarking numbers may have variance with the published IR/ guidance by OTAs and/or suppliers. *Others include marketplaces such as Paytm and Amazon, OTAs such as RailYatri, and other points of sale classified as B2C by IRCTC.

Source: VIDEC Consultants, Company earnings releases



E-commerce players and OTAs seek low-cost, high-volume channels of customer acquisition. This explains why players such as Amazon and Paytm doubled down on rail and bus categories during the formative years of the travel vertical, the channel with the promise of aggressive growth of user base.

Below is a snapshot of the rail market.

| Table 07: India Rail Market Snapshot, FY20-FY26 | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| in Rupee Billions | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
| Total Rail Bookings (Indian Railways) (₹B) | 478 | 147 | 378 | 617 | 674 | 734 | 801 |
| Annual Change (%) | - | -69% | 158% | 63% | 9% | 9% | 9% |
| IRCTC Online Rail Bookings (₹B) | 283 | 140 | 301 | 393 | 460 | 526 | 597 |
| Annual Change (%) | - | -50% | 115% | 31% | 17% | 14% | 14% |
| OTA (₹B) | 42 | 24 | 68 | 95 | 118 | 145 | 176 |
| OTA Share of IRCTC Online Bookings (%) | 15% | 17% | 22% | 24% | 26% | 28% | 30% |
| Supplier direct Online (IRCTC) (₹B) | 240 | 117 | 233 | 298 | 342 | 381 | 421 |
| Supplier direct Share of IRCTC Online Bookings (%) | 85% | 83% | 78% | 76% | 74% | 72% | 70% |
| IRCTC Online Bookings as a Share of IRCTC Total Bookings (%) | 83% | 79% | 79% | 82% | 84% | 85% | 87% |
| in US Dollar Billions | FY20 | FY21 | FY22 | FY23 | FY24 | FY25 | FY26 |
| Total Rail Bookings (\$B) | 6.7 | 2.0 | 5.1 | 7.7 | 8.4 | 9.2 | 10.0 |
| IRCTC Online Rail Bookings (\$B) | 4.0 | 1.9 | 4.0 | 4.9 | 5.8 | 6.6 | 7.5 |
| OTA (\$B) | 0.6 | 0.3 | 0.9 | 1.2 | 1.5 | 1.8 | 2.2 |
| Supplier direct Online (IRCTC) (\$B) | 3.4 | 1.6 | 3.1 | 3.7 | 4.3 | 4.8 | 5.3 |
| <div>  <p>Note: Total rail market includes all non commuter passenger revenues of Indian Railways. The online sizing only covers reserved tickets sold via IRCTC, directly through its app/web or ticketing counters and IRCTC authorized distribution partners, including OTAs. It does not include online sales of unreserved tickets by Indian Railways. FY24-FY26 projected; with select projections for FY23. Refer methodology for more details. Source: VIDEC Consultants</p> </div> | | | | | | | |



» Conclusion

The growth and fortunes of the travel sector directly ties in with market sentiments. Disposable income and aspiration for travel are crucial enablers for the travel sector to grow unabated. The palpable energy and optimism in the Indian market reflect the latent potential for the growth of the travel sector. India is in a sweet spot, aided by a burgeoning middle-class that seeks new experience and upward mobility. An overwhelming consensus suggests that the coming decades of global growth will be powered by India. As India crosses new milestones and acquires its rightful spot as one of the leading economies in the world, the travel sector will be a natural beneficiary. The heady growth in the last couple of years could be considered a precursor to what lies ahead. The Indian travel sector's growth story is just starting, aided by 'digital' and driven by OTAs.




It has been a remarkable journey from the early days when OTAs were lesser-known entities that serviced a miniscule educated and elite minority to their evolution as one of the mainstays of travel. The pursuit for an India listing by all leading India-based OTAs illustrates the journey in the last two decades and underlines the alpha potential of the bourses. The success of EaseMyTrip's public listing is also a vote of confidence by the masses in the future of the OTA business and that of the broader travel sector itself.

The success of the travel segment hinges on many variables such as consumer aspiration, disposable income, political stability, and broader infrastructure. For Indian OTAs that braved the highly volatile Indian retail market for decade(s), these variables are now an even keel, and the stars seem truly aligned.



» Appendix: OTA Snapshot

Snapshot: Cleartrip

| Brand Portfolio | | Group Timeline | |
|---|------------------------------|----------------|---|
|  | Flights, hotels, buses | 2006 | Cleartrip founded |
|  | Business travel | 2011 | Received investment from Concur |
|  | Platform for travel agents | 2018 | Cleartrip acquired Flyin (Saudi Arabian OTA) |
| | | 2021 | Flipkart acquires Cleartrip; Adani Enterprises buys 20% stake** |
| | | Key Metrics | |
| | | FY22 | FY23 |
| | Gross Bookings* (₹ Billions) | 35 | 84 |

*VIDEC estimates. **Adani Enterprises earnings release.




Source: Company websites; VIDEC Consultants

Snapshot: EaseMyTrip

| Brand Portfolio | | Group Timeline | |
|---|--|----------------|---|
|  | Flights, hotels, holidays, trains, buses, cabs, cruise, charters, activities, corporate travel, agent platform | 2008 | EaseMyTrip commenced operations, focusing on B2B2C distribution channel |
|  | Bus ticketing | 2011 | EaseMyTrip's B2C operations started |
|  | Hospitality supplier | 2013 | EaseMyTrip launches hotels, packages and corporate segment |
|  | Chat, bargain and book accommodations | 2018 | EaseMyTrip became IRCTC authorized partner for train tickets |
|  | Private jet services, aircraft leasing | 2021 | EaseMyTrip listed on NSE; acquired Spree Hotels and YoloBus |
| | | 2022 | EaseMyTrip acquired majority stake in Nutana Aviation |
| | | 2023 | EaseMyTrip acquired majority stake in Cheqin |
| | | Key Metrics | |
| | | FY22 | FY23 |
| | Gross Bookings (₹ Billions) | 37 | 81 |
| | Transactions (Millions) | | |
| | ✎ Air Segments | 7 | 11 |
| | ✎ Hotels Nights | 0.16 | 0.35 |
| | ✎ Trains, Bus & Others | 0.56 | 0.62 |
| | Market Cap (As on 28 th June 2023) | ₹72.9 Billion | |











Source: Company websites, earnings releases; investing.com; VIDEC Consultants

Snapshot: ixigo Group

| Brand Portfolio | | Group Timeline | |
|---|---------------------------------------|----------------|---|
|  | Flights, trains, buses, hotels & visa | 2007 | ixigo launched operations |
|  | Rail | 2008 | AbhiBus founded |
|  | Bus ticketing, bus rentals | 2015 | ConfirmTkt established |
| | | c. 2018 | ixigo pivots from meta model to full-service OTA |
| | | 2021 | ixigo acquired AbhiBus; ixigo acquired Confirmktk DRHP filed; MMT's exit from ixigo |
| | | Key Metrics | |
| | | FY22 | FY23 |
| | Gross Bookings (₹ Billions) | 56 | 75 |

Source: Company websites, DRHP & media releases; VIDEC Consultants


Snapshot: MakeMyTrip Group

| Brand Portfolio | |
|---|--|
|  | Flights, hotels, homestays, holidays, trains, buses, cabs, forex and charter flights |
|  | Flights, hotels, trains, cabs, bus, holidays, forex |
|  | Bus ticketing and bus hire |
|  | Rail |
|  | Outstation cabs, hourly car rentals, airport transfers |
|  | Self-serve B2B travel solution for SMEs. |
|  | Digital platform for large enterprises with customization capabilities |
|  | Exclusive platform for travel agents |
|  | Forex, travel loans, travel assistance |
|  | Online foreign exchange marketplace |

| Group Timeline | | |
|---|--------------------------------------|------|
| 2000 | MakeMyTrip founded | |
| 2005 | MakeMyTrip launches India operations | |
| 2010 | MakeMyTrip listed on Nasdaq | |
| 2012 | MakeMyTrip acquires HotelTravel | |
| 2013 | redBus acquired by Goibibo | |
| 2017 | MakeMyTrip – Goibibo merger | |
| 2019 | MakeMyTrip acquires Quest2Travel | |
| Key Metrics | | |
| | FY22 | FY23 |
| Gross Bookings (₹ Billions) | 243 | 535 |
| Transactions (Millions) | | |
| » Air Segments | 25 | 44 |
| » Hotels Room Nights | 15 | 25 |
| » Bus Tickets | 39 | 73 |
| Market Cap (As on 27 th June 2023) | US\$2.8 Billion | |

Source: Company websites, earnings releases; investing.com; VIDECON Consultants

Snapshot: Yatra

| Brand Portfolio | | Group Timeline | |
|---|--|-----------------|--|
|  | Flights, hotels, holidays, trains, buses, cabs, visa | 2006 | Yatra founded |
|  | Business & Corporate travel | 2010 | Yatra acquired TSI and expanded B2B business |
|  | Packages, tours, activities | 2012 | Yatra acquired Travelguru B2B & B2C entities from Travelocity |
|  | Business travel | 2015 | Yatra acqui-hired WhatsApp-based concierge service Dudgeon |
|  | Hotels, homestays | 2016 | Yatra acqui-hired auto-rickshaw aggregator mGadi; Listed on Nasdaq |
|  | Adventure tourism | 2017 | Yatra acquired Air Travel Bureau (ATB) |
| Key Metrics | | | |
| | | FY22 | FY23 |
| Gross Bookings (₹ Billions) | | 32 | 66 |
| Transactions (Millions) | | | |
| » Air Passengers Booked | | 3.7 | 5.6 |
| » Hotels Room Nights | | 1.0 | 1.8 |
| Market Cap (As on 27 th June 2023) | | \$133.6 Million | |

Source: Company websites, earnings releases; investing.com; VIDECON Consultants



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