

## Tourism - India

# Tourism: A multi-year theme; Best is yet to come?

Price Objective Change

### Tourism: All ingredients in place for sustained growth

We consider tourism in India as a multi-year theme driven by **1)** Increasing disposable incomes of young middle-class; **2)** improving infrastructure across sub-segment, **3)** well-developed travel ecosystem with healthy competition ensuring variety of options and **4)** improving use-cases like workcation/staycation, destination weddings. Unlike in other countries, where pent-up travel demand post COVID is behind, in India we are seeing sustained travel uptake both by consumers and corporates. Travel consultant Videc estimates the travel market size to increase from \$48bn in FY20 to \$72.4bn by FY26.

### Domestic boost from improving infra & govt initiatives.

The continued investments in Indian infra & govt initiatives should likely provide tailwinds for tourism. Govt schemes like Swadesh Darshan, PRASHAD, UDAN and Dekho Apna Desh are aiding travel. In fact, we expect more initiatives going ahead given govt's focus on tourism. On air infra, the aircraft fleet in India is expected to double from 720 in FY23 to 1,400+ in FY30 and the number of operational airports are expected to grow to 220 by FY30. On road infra, c.100K new routes have been added connecting the Tier-2/3 cities. A record 36.5 kms per day of national highways were constructed in FY21, up from 10.4 kms in FY12. On the hotel space, organized players are increasing capacity by asset-light techniques like hotel management contracts to enhance overall supply.

### Tailwinds from religious & international tourism

Apart from a \$6 bn makeover of Ayodhya & Kashi Vishwanath Corridor, the government continues to spend on developing multiple pilgrimage sites. With rising aspirations and affordable options to travel abroad, we think the growth from international travel by Indian consumers is at inflection point. Around 60 countries offer Visa-on-Arrival and Visa-Free facilities to Indian passport holders & this number continues to increase. Improving connectivity from low-cost carriers is helping international & religious travel.

### We find MMYT well positioned to capitalize...

In our coverage universe, we find Makemytrip (MMYT, price US\$ 59.63) benefits most from the travel theme. MMYT benefits on back of lower competition in the OTA space coupled with improving demand in the high margin hotel & international space. We believe IndiGo is well placed to take advantage of the growth opportunities given the size of its orderbook, low-cost structure and additions of long-range aircraft to its fleet. Some of the other listed companies (not covered) that give exposure to this theme are Indian Hotels, EaseMyTrip, IRCTC, VIP industries. Hospitals like APHS, FORH benefit from medical tourism. We increase our MMYT FY25-26 EPS by 3-v6% and model a stronger growth beyond FY26 to factor sustained momentum. As a result, our PO moves to \$71. Reiterate Buy (B-1-9) on MMYT on favorable risk-reward.

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Equity  
India  
Tourism

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#### Key Changes - Makemytrip (MMYT)

(US\$)	Previous	Current
Price Obj.	60.00	71.00
2025E EPS	1.10	1.13
2026E EPS	1.72	1.82

Glossary at the end of report on page 23.

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**Refer to important disclosures on page 27 to 29. Analyst Certification on page 23. Price Objective Basis/Risk on page 23.**

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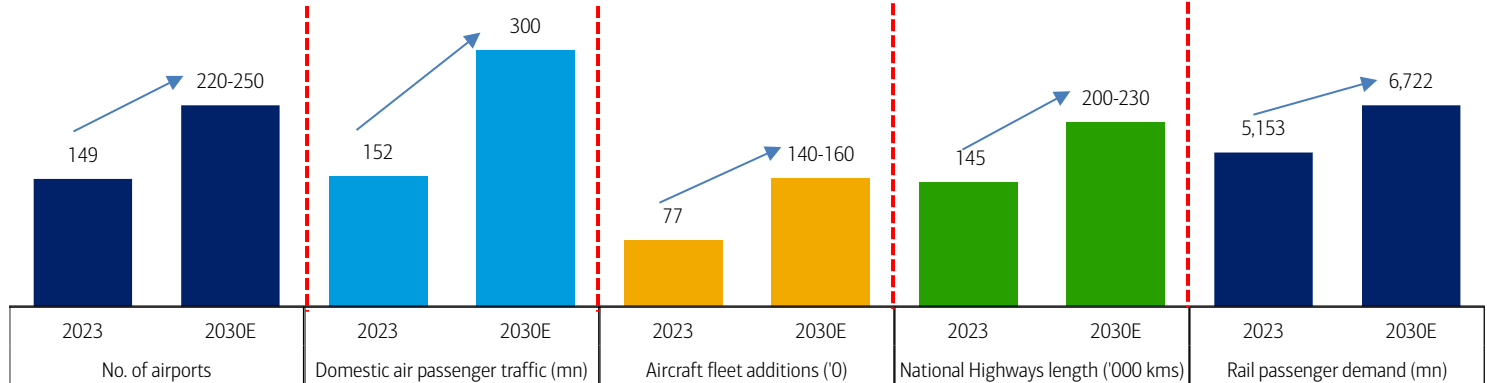
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# Tourism theme: Sustained growth likely...

## Exhibit 1: India progress towards travel infrastructure aiding in the tourism boom

Likely better improvement across all modes of travel led by govt push on infra



Source: BofA Global Research, Ministry of Civil Aviation, Railways documents, NHAI, Government of India documents, media articles; Rail passenger demand constitutes long distance only (AC+non-AC)

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## Exhibit 2: Supportive govt policies & schemes aiding growth

Multiple initiatives by government

### Supportive Indian government policies

#### Swadesh Darshan Scheme

- Develop package of 50 tourist destinations for wholesome experience

#### PRASHAD Scheme

- Integrated development of identified pilgrimage/heritage destinations

#### UDAN Scheme

- Regional connectivity scheme to develop smaller regional airports

#### Dekho Apna Desh

- Create awareness about heritage & promote lesser-known destinations

#### Other initiatives

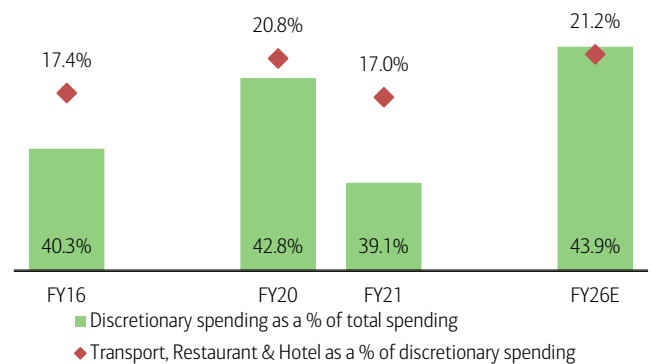
- Promote tourist centres by offering long-term interest-free loans to states
- More Vande Bharat & NAMO Bharat trains + conversion of normal trains to VB
- NIDHI scheme helps tourists find info on accommodation at any destination

Source: BofA Global Research

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## Exhibit 3: Spending on Transport, restaurants & hotels as % of discretionary spending

Likely to increase going ahead as GDP/capita increases...

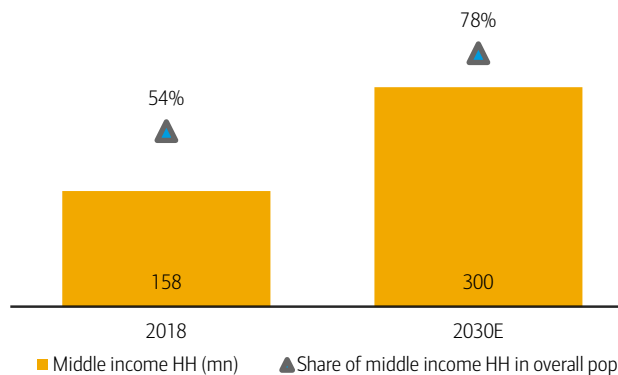


Source: Ministry of Statistics Govt of India, Ixigo DRHP

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## Exhibit 4: c. 142 mn additional middle income HH by 2030

Indian middle class to drive outbound travel

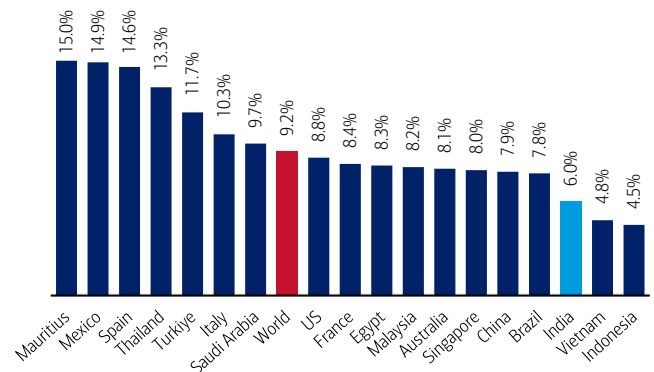


Source: BofA Global Research, company report

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## Exhibit 5: Global: Contribution to GDP by Tourism sector – 2023E

Huge upside room for contribution to inch up

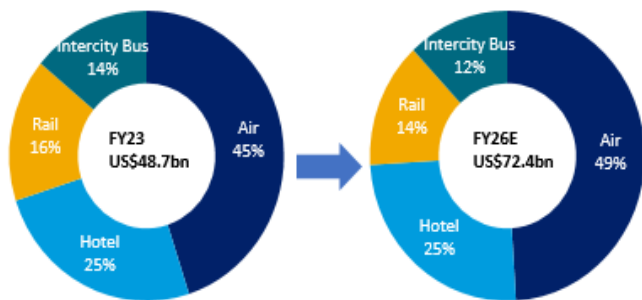


Source: World Travel Tourism Council

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**Exhibit 6: India total travel market by category**

Indian travel market likely to reach US\$72bn by FY26



Source: Videc

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**Exhibit 7: Top travelled destinations international & domestic (mn)**

UAE is most visited foreign destination by Indians in 2022

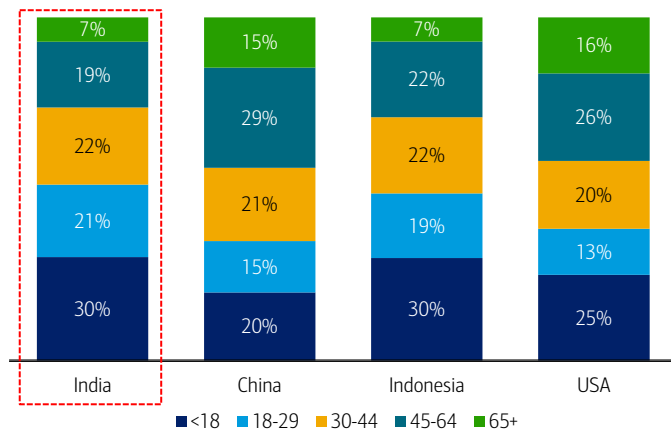
International		Domestic	
UAE	5.9	Uttar Pradesh	318
Saudi Arabia	2.4	Tamil Nadu	219
USA	1.7	Andhra Pradesh	193
Singapore	1.0	Karnataka	182
Thailand	0.9	Gujarat	136

Source: Ministry of Tourism, Govt. of India

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**Exhibit 8: Age-wise share of population – 2023**

India's larger share of young pop likely to drive better travel growth



Source: BofA Global Research, Euromonitor

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**Exhibit 9: Top visited states in India and key religious places**

Spread across regions/destinations

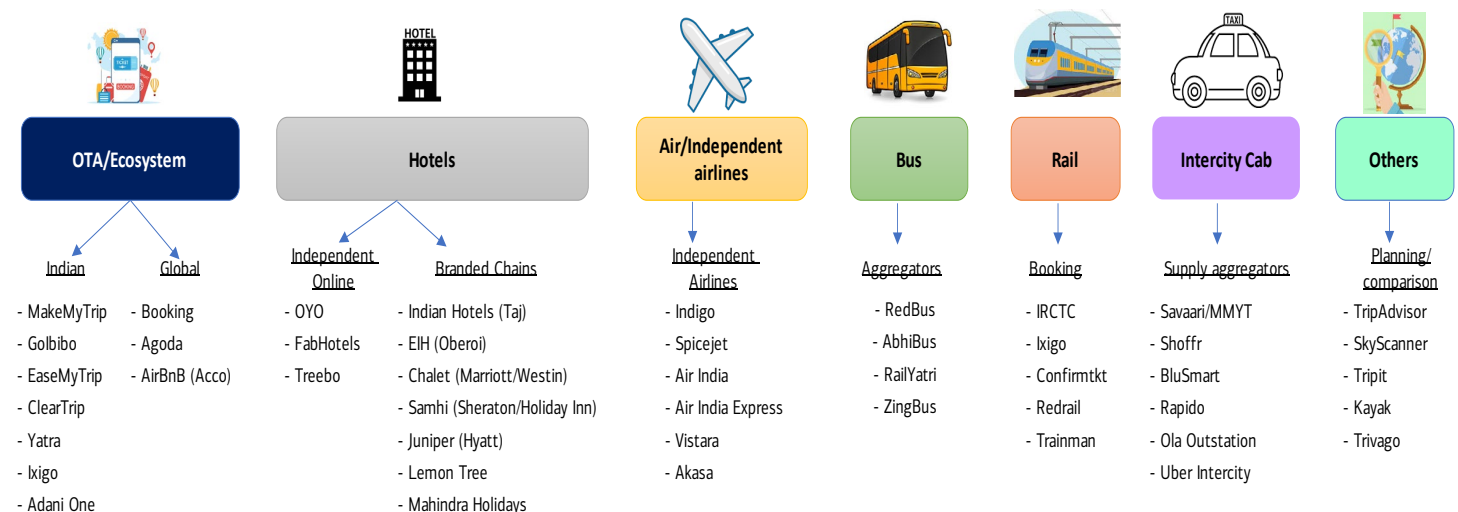
State	Region	Key religious places
Gujarat	West	Kaluour, Dwarka, Veraval, Porbandar, Vadodara
Maharashtra		Shirdi, Nashik, Bhimashankar, Aurangabad
Rajasthan		Pushkar, Nathdwara, Udaipur, Jaipur
Tamil Nadu	South	Madurai, Kanchipuram, Rameswaram, Thanjavur
Andhra Pradesh		Tirupati, Samalkot, Puttaparthi, Srikalahast,
Karnataka		Machelipatnam
Telangana		Dharmasthala, Sringeri, Murudeshwar, Srirangapatna
Uttar Pradesh	North	Varanasi, Vrindavan, Mathura, Ayodhya, Allahabad
Uttarakhand		Rishikesh, Haridwar, Kedarnath, Badrinath, Yamunotri, Gangotri
West Bengal	East	Mayapur, Navadvipa, Midnapore, Kolkata

Source: BofA Global Research, Ministry of Tourism

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**Exhibit 10: India tourism/travel ecosystem – a few key players across sub-segments**

Bird's eye view of key large players in the travel/travel tech ecosystem



Source: BofA Global Research

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# MMYT/Indigo best placed in listed space

**Exhibit 11: A few key large, listed names exposed to travel theme**  
MMYT from our coverage biggest beneficiary

<b>Airlines</b>	Indigo (\$15bn) Spicejet (\$470mn)
<b>Hotels</b>	Indian Hotels (\$10bn) EIH Ltd (\$3bn) Chalet Hotels (\$2bn) Lemon Tree Hotels (\$1.3bn)
<b>Platforms/ Portals</b>	MakeMyTrip (\$7bn) EaseMyTrip (\$1bn) Yatra (\$320mn)
<b>Hospitals</b>	Apollo (\$11bn) Max (\$9bn) Fortis (\$3.6bn)
<b>Others</b>	IRCTC (\$9bn) Safari (\$1.2bn) Mahindra Holidays (\$1bn) VIP (\$1bn)

Source: BofA Global Research

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In our coverage universe, we find MMYT and Indigo as the companies which benefit most from the travel theme.

- **MMYT: The dominant OTA in India:** As shown in the exhibit 13, MMYT dominates almost all of the major travel sub-segments. We find the lower competition in the OTA space coupled with improving demand to travel to bode well for the company and see sustained growth for coming years.
- **Indigo: The dominant airline in India:** Indigo is the leading low-cost player in the market allowing it to offer affordable airfares to capture rising demand ahead. It has 60% domestic market share with the largest network putting them better placed to capture emerging demand in non-metro cities. Its orderbook of around 1,000 aircraft give it the capacity to capture growth as airports in India expand. And its new aircraft including A321XLRs should allow IndiGo to capture new demand particularly on direct flight launches to Europe and Asia given longer flying range.

Even hospitals, hotel chains, luggage companies benefit from this theme.

- **Hospital chains** like Apollo Hospital, Fortis health & Max Healthcare benefit on the back of strong private hospitals network, highly skilled medical professionals, minimal waiting time at a considerably lower cost (vs other countries). Leading hospital chains in India derived ~10% of their revenues from international patients in FY20 with the most procedures being the higher ARPOB/ complex cardiac procedures, orthopedics, organ transplant, oncology, etc.
- **Uncovered companies:** The other listed (uncovered) companies giving exposure to this space are in airlines, hotels, platforms and luggage space. Refer Exhibit 11.
- **Derivative beneficiaries:** Food services also benefit on back of tourism uptake – Out-of-home F&B category like biscuits, snacks, carbonated soft drink etc are mainly consumed on the go. Though contribution to the overall revenues to QSR, food delivery platforms and FMCG brands may not be large.

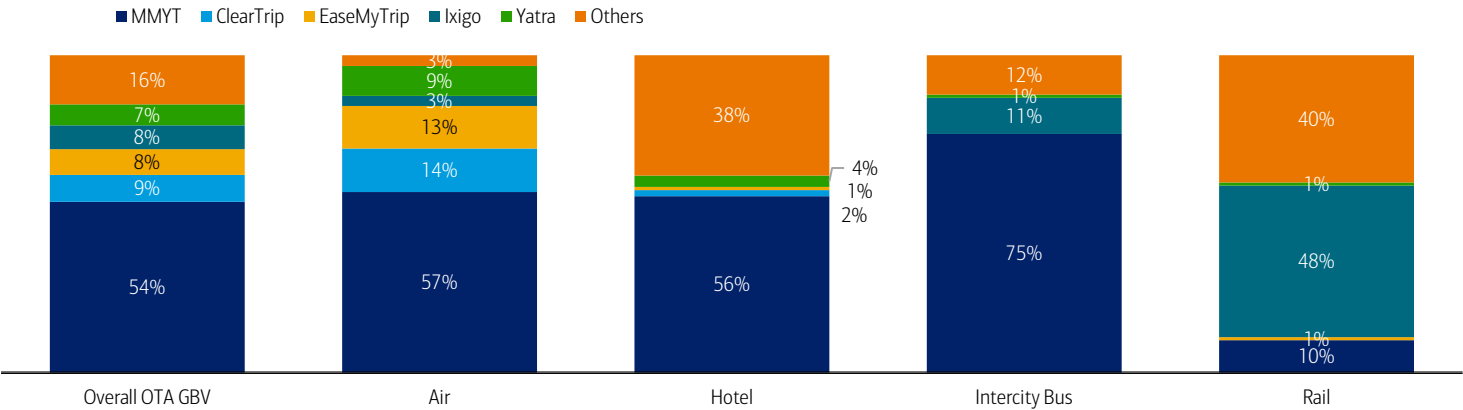
**Exhibit 12: Comp-sheet of key Indian travel/hospitality companies**  
Across listed space

Category	Company	Market Cap	P/E		EV/EBITDA	
		US\$ mn	FY25E	FY26E	FY25E	FY26E
Airlines	Indigo	14,291	17.2	13.5	20.3	16.9
	Spice Jet	513	NA	NA	NA	6.2
Hotels	Indian Hotels	10,124	51.3	43.6	32.3	28.6
	EIH Hotels	3,151	30.5	24.8	20.5	16.7
	Chalet Hotels	2,004	42.6	32.0	23.3	19.2
	Lemon Tree Hotels	1,397	43.3	32.3	20.2	17.3
Platforms	MMYT	6,585	53.3	34.1	22.5	15.8
	EaseMyTrip	1,056	55.6	47.9	36.8	32.1
	Yatra	312	36.4	21.1	30.4	18.6
Hospitals	Apollo Hospital	10,679	54.6	42.5	27.8	22.2
	Max healthcare	8,675	43.8	33.7	30.0	22.9
	Fortis Healthcare	3,566	35.5	26.0	18.3	14.0
Others	IRCTC	8,975	55.5	46.9	43.0	36.3
	Safari	1,177	46.0	37.6	29.3	23.7
	Mahindra Holidays	998	51.4	NA	30.0	NA
	VIP Industries	944	43.4	30.8	21.8	17.3

Source: BofA Global Research estimates, Bloomberg

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**Exhibit 13: Videc’s estimate of Indian OTA’s market share across categories by GBV – FY23**  
MMYT the leader across categories



Source: Videc; MMYT refers to the overall group: MakeMyTrip, Golbibo, redBus etc



## Tourism: Stars aligned for strong growth

### Improving affordability/govt policies aiding travel spends

- Travel spends by Indian consumers continue to increase:** As per Frost & Sullivan (F&S), the discretionary spending is expected to increase from 40.3% in FY15 to 43.9% in FY28. The spends towards travel sector, as a proportion of total discretionary spending, has been steadily increasing from 17.4% in FY15 to 20.2% in FY19 and is further expected to increase to 21.2% by FY27 as per F&S. Even India's tourism spending contributed 6% to the country's GDP in FY21 and is expected to grow to 7% by FY31 as per F&S. Furthermore, availability of low-cost travel, increasing income per household & competition amongst airlines/hotels have made travel more attractive. The average spend on domestic travel was c. Rs 20K and for international travel it was around c. Rs 129K in 2022.

In the recent years travel trends were driven by **1)** experiences and personalized travel especially by younger population; **2)** Lower sized tickets and affordable hotels increasing the middle-class addressable market; **3)** Workcation as a trend picking up during pandemic apart from staycation and **4)** Religious tourism complementing wellness offerings led by Ayurveda, yoga etc.

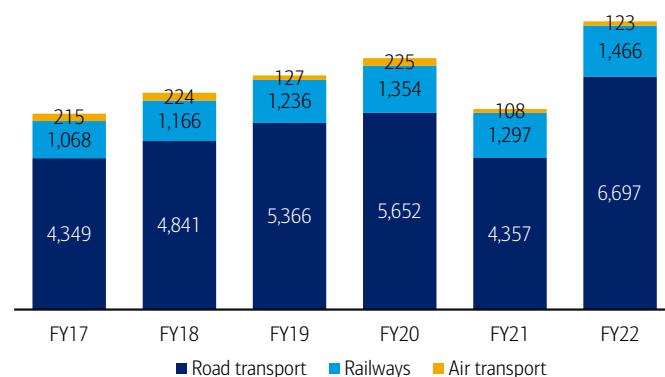
**Exhibit 14: Supportive govt policies & schemes aiding growth**  
Multiple initiatives by government

Supportive Indian government policies	
<b>Swadesh Darshan Scheme</b>	
-	Develop package of 50 tourist destinations for wholesome experience
<b>PRASHAD Scheme</b>	
-	Integrated development of identified pilgrimage/heritage destinations
<b>UDAN Scheme</b>	
-	Regional connectivity scheme to develop smaller regional airports
<b>Dekho Apna Desh</b>	
-	Create awareness about heritage & promote lesser-known destinations
<b>Other initiatives</b>	
-	Promote tourist centres by offering long-term interest-free loans to states
-	More Vande Bharat & NAMO Bharat trains + conversion of normal trains to VB
-	NIDHI scheme helps tourists find info on accommodation at any destination

Source: BofA Global Research

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**Exhibit 15: Indian Tourism and Transportation Sectors (Rs bn)**  
Air based transportation is still the smallest part of the pie currently



Source: Frost & Sullivan

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- Infra Investments & government policies also bode well:** The travel industry has also benefited from the government investments in infrastructure – particularly roads, railways and new airports built. For instance, around 499 new air routes have been operationalized since the commence of the UDAN initiative. The government has also planned to increase these routes served to 1000 in coming years. Also, under the “Swadesh Darshan” scheme, the government has developed an integrated approach to provide lasting visiting experiences by creating tourist circuits on specific themes. Even multiple Indian government policy initiatives have helped promote domestic tourism and the development of tourism infrastructure. There have also been policy reforms in visa and passport issuance, helping improve international travel as well.

### Momentum strong in all travel segments: Air, Rail & Bus

In the overall Indian Travel market, c. 55% of all travel spends were made online in FY23. We expect this to move to c. 65% in the next 5 years. Online penetration is relatively higher in air & rail when compared to hotels & buses. Videc estimates the online travel market to increase from \$19 bn in FY23 to \$31 bn by FY26.

The three main transportation modes are airlines, railway, and bus. We note that **1)** Of the 140 mn daily commuters, road/rail transport absorb c. 75%/24% respectively; **2)** Surface transport comprises 60% intra-city traffic and 40% intercity traffic and **3)** Air still contributes to 1% of daily transport requirements despite hitting a record high of 460K in Nov-23. Going ahead, the mix is expected to move in favor of air as the price differential between rail and air narrows led by uptake of low-Cost Carriers. We also see room for bus travel to improve led by improving online penetration. Currently most buses run at 50-60% capacity while the trains on the same routes are overbooked.

#### Exhibit 16: India travel market landscape (\$bn)

Based on Videc's estimates

	FY22	FY23	FY24E	FY25E	FY26E	% CAGR - FY24-26E
<b>Overall Online</b>						
Online Travel Market	10.9	19	22.5	26.8	31.1	18%
OTA	6.4	12.4	15	18.1	21.2	19%
Supplier-direct Online	4.5	6.6	7.5	8.7	10	15%
<b>Air market</b>						
Online Air (domestic)	3.6	6.6	7.5	8.8	10.1	16%
Online Air (international)	1.0	3.0	3.5	4.5	5.3	24%
<b>Total Hotel Market</b>						
Total Online Hotel Market	1.7	3.3	4	4.8	5.7	19%
OTA	1.4	2.8	3.3	4	4.7	19%
Supplier-direct Online	0.3	0.5	0.7	0.8	0.9	13%
<b>Total Rail Bookings</b>	<b>5.1</b>	<b>7.7</b>	<b>8.4</b>	<b>9.2</b>	<b>10</b>	<b>9%</b>
IRCTC Online Rail Bookings	4	4.9	5.8	6.6	7.5	14%
OTA	0.9	1.2	1.5	1.8	2.2	21%
Supplier-direct Online (mainly IRCTC)	3.1	3.7	4.3	4.8	5.3	11%
<b>Total Intercity Bus Market</b>	<b>3.4</b>	<b>6.7</b>	<b>7.2</b>	<b>7.9</b>	<b>8.6</b>	<b>9%</b>
Online Intercity Bus Market	0.5	1.2	1.5	1.8	2.2	21%
OTA	0.5	1.1	1.3	1.6	1.9	21%
Supplier-direct Online	0.06	0.15	0.19	0.24	0.28	21%

Source: Videc

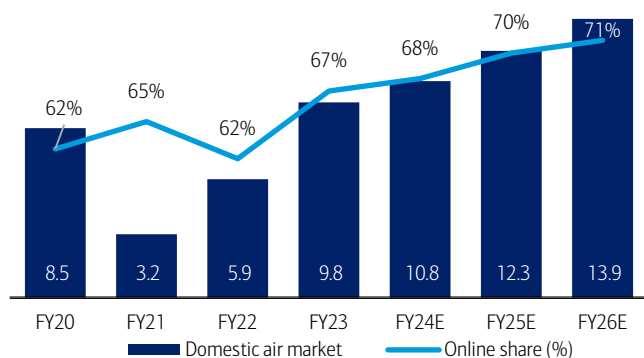
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#### #Airlines: Still in nascent stages of total volumes

India has one of the lowest domestic seats per capita as compared to other developing and developed nations. Domestic seats per capita in India is 0.13X vs 0.49X for China and even lower compared to other developing Asian nations such as Vietnam (0.32X), Thailand (0.66X), and Malaysia (1.04X).

#### Exhibit 17: Domestic air market in India (US\$ bn)

Online share could reach 70% by FY25E

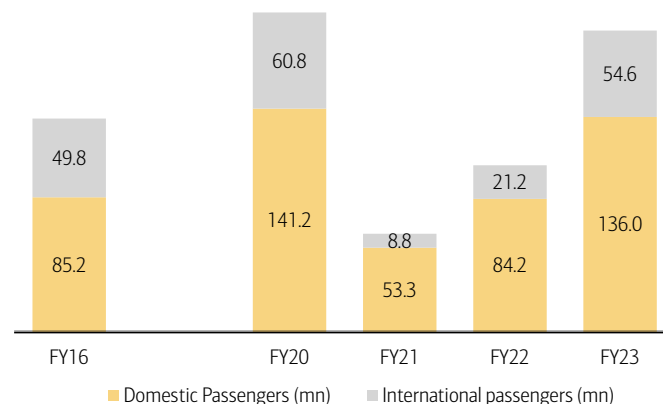


Source: Videc

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#### Exhibit 18: Passengers carried by airlines in India

Recovery near pre-Covid levels



Source: DGCA

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The aircraft fleet in India is expected to double from 720 in FY23 to 1,400 in FY30. Even the number of operational airports is expected to grow to 220 by FY30 – 80 new airports are expected in the next 5 years. All this should help push up the number of passengers and also lift up the seat/capita. On the flip side, we note that 100+ of the aircrafts are grounded mainly due to spare parts and engine issues. The online penetration in air booking is c.66% in FY23 with remaining coming mainly from offline travel agents. The online penetration in international air in FY23 is even lower at 25%. From OTA perspective, air business offer take rate of 4-6%, much better than in most developed markets (of c.2%). But given the commodity nature of the business, most OTAs have started to focus more on high take-rate hotel and bus businesses.

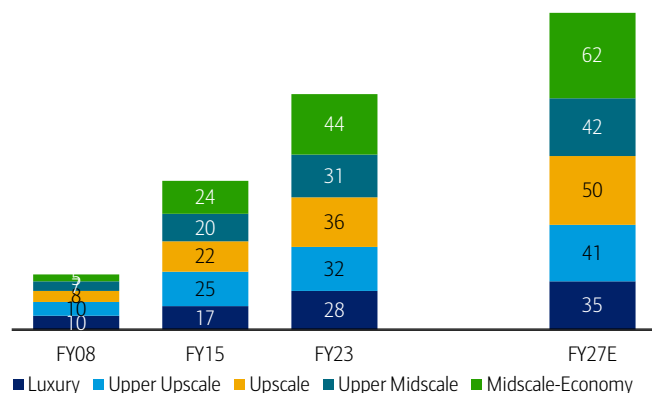
#### # Hotel: A fragmented market and historically supply constrained

India is estimated to have around 2 mn hotel rooms in FY23. Of these, c. 70% are mom & pop or independent hotels, 5-7% are part of branded hotels and remaining fall under the alternate accommodation & platforms, like as OYO, Treebo, and FabHotels. Of the 2 mn, c. 300K rooms are in economy segment and c. 1.6K are in 3–5-star segment. Going ahead, the branded hotels are expanding and would likely drive majority of the growth in tier 2-3 cities. F&S estimates the hotel market to grow at 7% CAGR of 7% till FY28.

According to industry estimates, around 15-18% of the supply went out of business during the pandemic when properties were either shut down or assigned for other purposes. As the supply of hotels is relatively low, the hotel occupancy historically has been high. The branded chains outpaced the market with 65-67% occupancy, while the broader industry averaged at ~57% occupancy in FY23. In urban areas like Mumbai & Delhi the number is as high as 75%. Given the long gestation period of hotel projects, the organized players are increasing capacity by asset-light techniques (such as hotel management contracts) to enhance supply. We believe alternate accommodation like Homestays/Airbnb equivalent model should be able to resolve the supply issues and may also lead to increase in demand as price may drop.

**Exhibit 19: Hotels: Segmental Composition (Inventory in 000s)**

Across category split

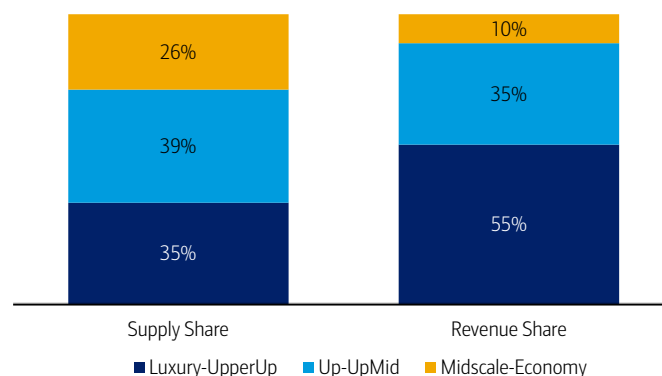


Source: Horwath HTL

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**Exhibit 20: Supply & revenue share for hotels segments for 2022**

Luxury & Luxury upscale have highest revenue share



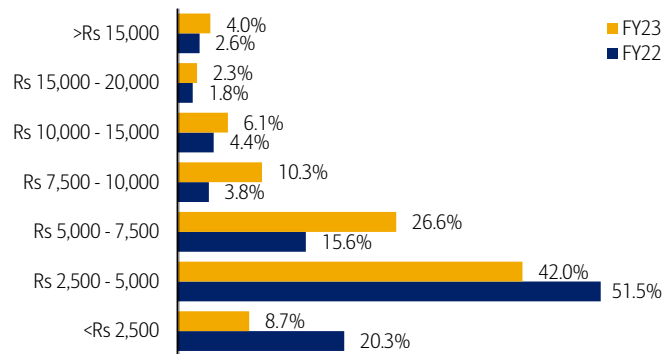
Source: Horwath HTL

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Hotel segment contributes to 22% of the total online travel market behind Air at 58%. The online penetration of hotel is around 27-28% and directionally expected to increase. As most of the hotels are independent and not as tech-savvy OTA companies/platforms have feet on the street employees which help in handholding. The take-rates in hotel are around 18-20% and historically stayed at these levels with smaller hotels paying better take-rates. In the last few years, discounting/couponing has materially reduced.

**Exhibit 21: Nationwide hotels avg daily rental breakdown**

Changing consumer behavior leading to higher share of premium hotels

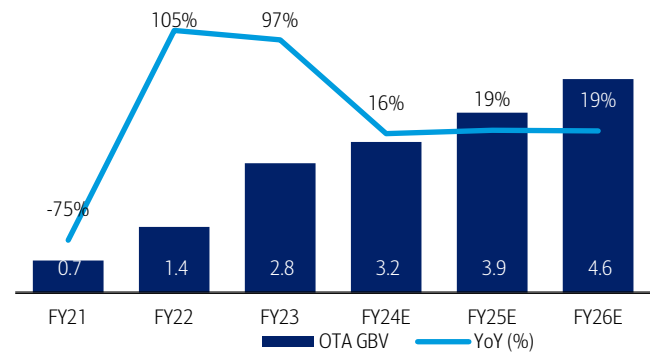


Source: Hotelivate

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**Exhibit 22: OTA GBV in hotel and YoY change (%)**

OTA GBV in hotel could reach US\$4.6bn by FY26E



Source: Videc

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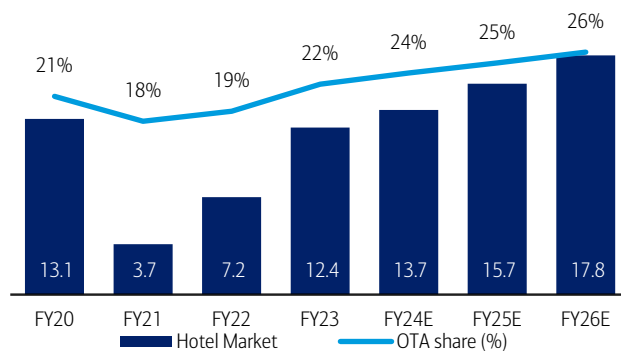
**#Bus: Sharp increase in online penetration likely**

The road transport in India accounts for c.75%+ of the country's passenger traffic and 60%+ of freight traffic. The current government has made aggressive investments in developing road infra in India. 36.5 kms per day of national highways were constructed in FY21, up from 10.4 kms a day in FY12 and around 100K new routes have been added connecting the Tier-2/3 cities. The Indian bus travel industry is highly concentrated by state road transport corporations (SRTC), which own 82% of the market. The intercity bus category is also hugely fragmented with a combined total of 100K services daily, operated by approximately 4.5K private bus operators and 25+ (SRTCs). Non-AC buses formulate most of this supply, accounting for nearly two in three of total intercity buses.

OTAs are not only providing convenience to the users but also helping in discovery of better buses (traditionally which were all offline). We consider that the bus segment remains under-penetrated by OTAs with penetration being c. 19%. As per Videc this is expected to improve to 26% by FY26. The key players in this segment are RedBus, AbhiBus, PayTM and RailYatri. Take-rates are in the range of 15-16% and directionally should be largely stable going ahead.

**Exhibit 23: Total Indian hotel market (US\$ bn) & OTA share**

Expected to reach ~\$18bn by FY26

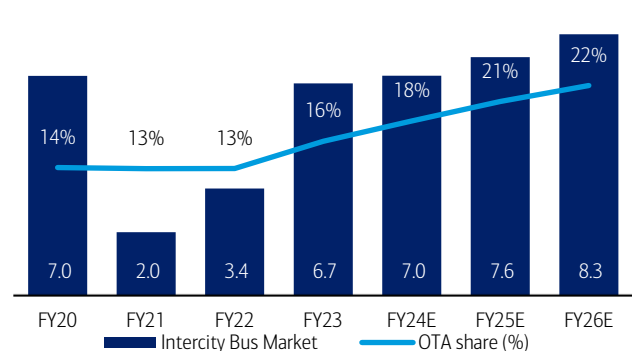


Source: videc

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**Exhibit 24: : Total intercity bus market (US\$ bn) & OTA share**

Expected to reach ~\$8bn by FY26



Source: videc

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**#Rail: Ixigo is the dominant player in the OTA space**

The Indian Railways is one of the largest railway networks in the world with a route length of over 68K km as of Mar-23. As per Videc, the Indian rail market reached its life-time high GBV of \$7.7 bn in FY23, up 63% yoy and is projected to rise to \$10 bn by FY26. The online channel accounted for whopping 82% of total IRCTC bookings. In FY23, IRCTC averaged ~1.1 mn ticket booking per day.

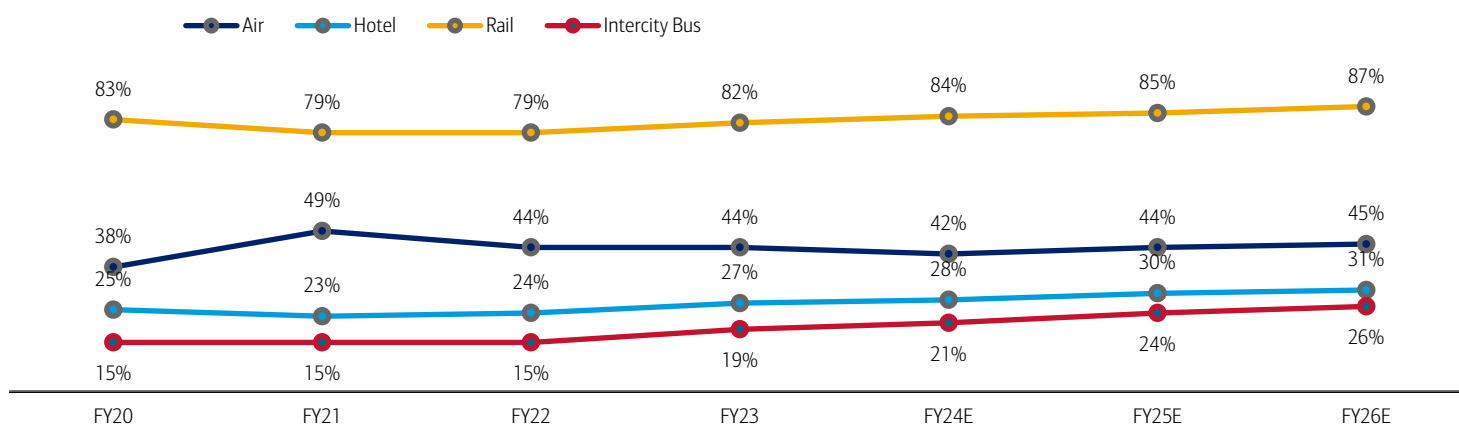
Given the monopoly of IRCTC, an e-ticketing government platform operated by Ministry of Railways, the traction of OTAs in the rail segment is low. This is because all transactions need to be routed via IRCTC. Also given the low-ticket sizes and low margins on ticket prices fixed by the government, the contribution of railways to OTAs has historically been low. Most OTAs are entering the Rail segment to extend their product offering to a one-stop travel portal for users. The hugely successful OTA in this space is Ixigo. The company is targeting the rail users, not as an auxiliary but as its main market, with its Ixigo trains and Confirmtkt apps.

### #Cab: Room to surprise the most going ahead

Intercity cab bookings' has surprised positively in last few years – especially during Covid. In last 2-3 years, we have witnessed new entrants like BluSmart and Shoffr, which have launched electric vehicle fleet. Even MMYT acquired Savaari, an inter-city taxi aggregator to expand its offering. Rapido has also announced its plans to enter into this market (a relatively smaller player).

### Exhibit 25: India Online Market as a Share of Total Market by Category (%)

Room for online penetration to inch up going ahead



Source: Videc

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## Key players & competition

The key tech platforms apart from MMYT are stated below.

- **ClearTrip** was acquired by Flipkart in Apr-21. Company has recently ventured into corporate segment, offering self bookings, travel desk etc. Company intends to launch multiple new lines like bus segment expansion, packages, Visa, Insurance, forex etc.
- **OYO** is one of the largest budget friendly hotel chains in India that has a good presence in Europe. It is also shifting focus to premium customers vs budget earlier.
- **IXIGO** primarily dominates the rail segment booking in India. Recently they have increased focus and have launched their hotel booking platform in later half of CY23. The company reported a profit of Rs230mn in FY23 vs Rs210mn loss in FY22.
- **Booking.com** is inching up its focus on India & dominates the inbound travel in India. They are also expanding domestic business and have launched Hindi based app and website to increase penetration.
- **Airbnb** has gained significant popularity in India owing to increasing family travel. They have signed an MoU with Ministry of Tourism to promote heritage stays and cultural tourism.

**Exhibit 26: International and unlisted domestic players core business and offerings**

MakeMyTrip &amp; Yatra focused on all breadth of offerings

Company	International			Domestic					
	Booking/Agoda	Expedia	AirBnB	MakeMyTrip	EaseMyTrip	Yatra	ClearTrip	OYO	IXIGO
<b>Core Business</b>	Hotels & Flights	Hotels & Flights	HomeStays	Hotels & Flights	Flights	Enterprise & Flights	Flights	Budget Hotels	Railways
<b>Target Segment</b>	Mass to premium	Mass to premium	Premium	Mass to premium	Mass to premium	Mass to Corporates	Mass to premium	Mass	Mass
<b>Key Shareholder</b>	Booking Holdings Inc.	Expedia Group	Promoters	Trip.com	Promoters	Promoters	Flipkart	SoftBank	Elevation Capital
<b>Key offerings</b>									
<b>Air</b>	✓	✓	✗	✓	✓	✓	✓	✗	✓
<b>Hotel</b>	✓	✓	✓	✓	✓	✓	✓	✓	✓
<b>Enterprise</b>	✓	✓	✗	✓	✓	✓	✓	✗	✗
<b>Railways</b>	✗	✗	✗	✓	✗	✓	✗	✗	✓
<b>Transport Services</b>	✓	✓	✗	✓	✓	✓	✓	✗	✓

Source: BoFA Global Research; Oyo is promoter owned company but Softbank is the largest shareholder

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As barriers to entry in the OTA space are relatively low, we have seen phases of competition uptake in the space. In the last 8-10 years we have seen companies like IBIBO, Paytm and Oyo getting aggressive leading to higher competition. But post Covid, we have seen competition materially reduce as **1)** existing players started to focus on profitability and **2)** no new entrants entered the space. Amongst the 3 sub-segments, air, hotel and bus, we find the number of players highest in the hotel space. At the high-end, we have international players like Booking which compete with MMYT, in the mid-segment active players in the space are Yatra, Cleartrip and MMYT and at the low-end Oyo & MMYT compete. Competition was always rational in the high-end and mid-segment. But in last 2-3 years, as Oyo's aggression has also reduced competition in low-end of the market.

**Traction in B2B & B2B2C models also helping OTAs...**

Apart from B2C models, OTAs are seeing good traction in B2C & B2B2C space. In the next 3-5 years, we estimate the share of B2B and B2B2C revenues in the total OTA revenues will increase.

- **B2B (Corporate) models:** Through this model, OTAs focus on corporate clients by helping employees to book tickets and rooms at lower prices. This space requires taking inventory risks, needs more feet on street employees to cater to the corporate demand. The traction in this space is also on the back of increasing SMEs. In this space, the airlines have not been able to develop deep inroads into corporate India and hence the competition to OTAs is less from the direct airlines. Companies which are currently having good traction in this space are MMYT & Yatra with the likes of Ixigo targeting this space. B2B has a higher margin on bookings than the price sensitive B2C segment, but the opportunities to cross sell is limited.
- **B2B2C Models:** The B2B2C model is more prevalent in Tier 2/3 cities where it is difficult for OTAs to grow given lower tech literacy and lower trust. In this model, the traditional travel agencies route their traffic through OTA portals or B2B consolidators. The rising disposable income in Tier 2/3 cities should help accelerate the growth in this space. Few names in the B2B2C space are consolidator Platforms like Travel Boutique Online (TBO) and Travclan.

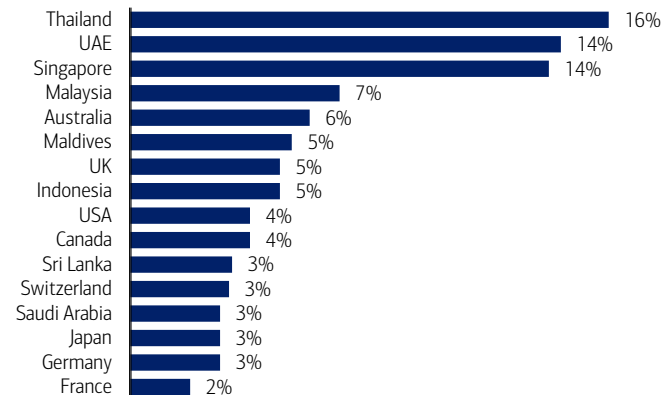
**Tailwinds likely from: International & religious travel****#International travel: At inflection point?**

With rising aspirations and affordable options to travel abroad, we think the growth from international travel by Indian consumers is at inflection point. Indeed, in the last 12-18 months, we have seen a remarkable surge in international air travel by Indian citizens. As per, Henley Passport Index, about 60 countries now offer Visa-on-Arrival and Visa-Free facilities to Indian passport holders as of March 2023. In fact recently countries like

Malaysia, Thailand, Sri Lanka and Kenya have waived visa requirements for Indian citizens. A recent survey done by Videc reveals the travel aspirations are just not related to a few select countries but across multiple destinations. Both MMYT and Indigo are well placed to benefit from this opportunity in our view.

#### Exhibit 27: Preferred outbound destinations for Indians

Based on Videc's survey: multiple available options across short & long haul

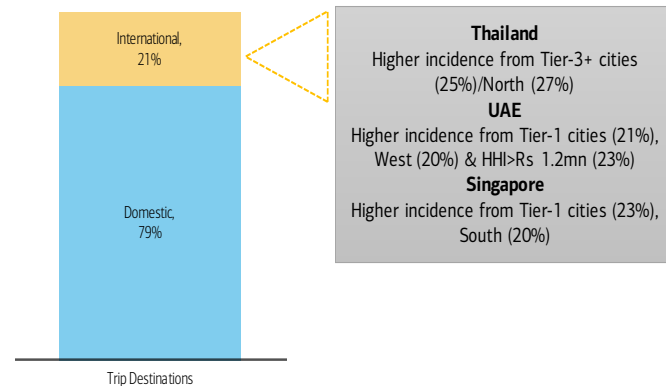


Source: Videc

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#### Exhibit 28: Domestic destinations top choice for Indian travelers

Responses based on Videc's survey



Source: Videc; HHI: Household income

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#### #Pilgrimage: Government's push is accelerating uptake

The Ministry of Tourism's initiative - Pilgrimage Rejuvenation and Spiritual Heritage Augmentation Drive (PRASHAD Scheme)'s primary focus is to enhance the awareness of religious tourism by identifying and developing tourist destinations across India in an organized and sustainable manner. Government's budget for this increased from initial allocation of Rs 1 bn, to Rs 2.5 bn in FY23. Additionally, there are plans to develop 50 tourist destinations as comprehensive packages under the 'Swadesh Darshan Scheme', for places like Amritsar, Kedarnath, Mathura etc. A recent example in the direction of renewed focus on promoting religious tourism is the "Revamped Kashi Vishwanath corridor". The Kashi Vishwanath Dham's attracted record-breaking 100 mn visitors since its opening in Dec-21. Similar growth is expected after the recent inauguration of the Ram Mandir in Ayodhya and with a new Ayodhya airport coming up.

#### Exhibit 29: PRASHAD scheme projects amount sanctioned (Rs bn)

~Rs15 bn has been sanctioned by Indian govt. under PRASHAD

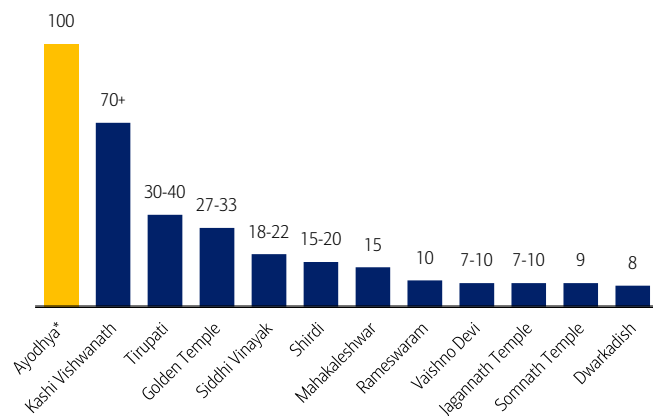


Source: Ministry of Tourism, Govt. of India

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#### Exhibit 30: Most visited temples in India (mn)

Ayodhya temple is expected to see ~100mn visitors annually



Source: BofA Global Research; \*expected annual visits

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#### Medial tourism: 10% hospital rev from overseas patients

Medical value travel (MVT) is a rapidly growing segment with India's large private hospitals network, highly skilled medical professionals, minimal waiting time at a

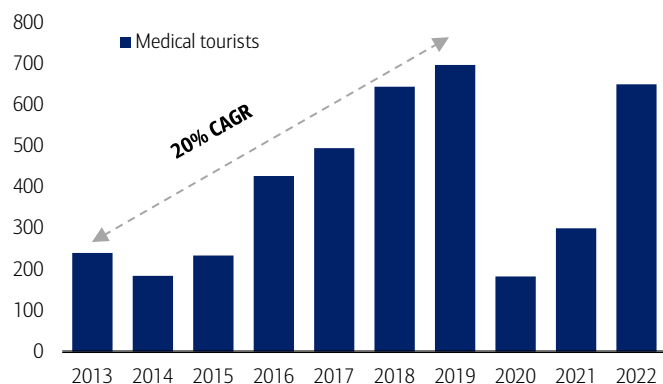
considerably lower cost (vs other countries) placing it at 10th position out of the 46 global destinations. Leading hospital chains in India derived ~10% of their revenues from international patients in FY20 with the most procedures being the higher ARPOB/complex cardiac procedures, orthopedics, organ transplant, oncology, etc. While the number of medical tourists to India took a hit due to COVID, the volumes are almost back to pre-COVID level of ~650k tourists.

Govt has increased focus on growing the medical tourism segment by putting in place a dedicated National Strategy for Medical Value Travel and Wellness Tourism in 2021 with measures, including new class of medical visa (Ayush visa), one-stop portal to access all medical tourism information, helpdesk/MVT concierge at international airports and financial assistance to medical tourism service providers. Further, to promote medical tourism, the Indian government has extended the e-medical visa facility to citizens of 156 countries. We also see initiatives by leading hospital chains to boost international revenue share that remains below pre-COVID level (as a % of revenue).

In our view, India's advantages for medical tourists along with impetus by the government and private players could enable the segment to post 20%+ CAGR. However, the high-teen revenue growth expectation for the segment for most players would imply ~100-200bp increase in international patient revenue contribution over the next 2-3 years, based on our calculation.

#### Exhibit 31: No of medical tourists in India (In '000)

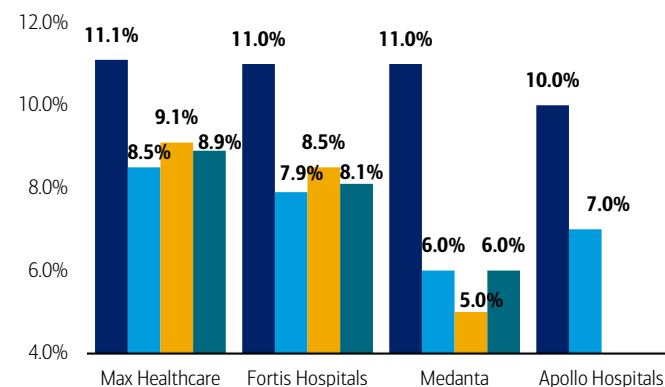
Medical tourists in India have witnessed a 20% CAGR over CY13-19



Source: Ministry of Tourism, FICCI. Note: Includes medical visa and medical attendant visa  
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#### Exhibit 32: International patients share of revenue for hospital chains

International patients contributed ~10% of revenue in FY20



Source: Company Reports

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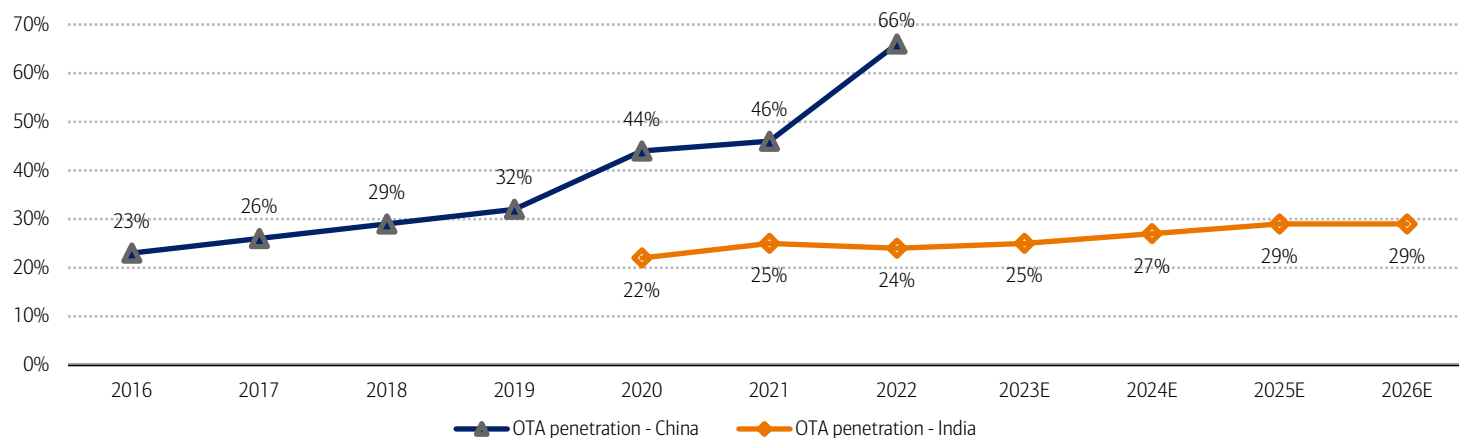
## Case-study: India is c.7 years behind China

China tourism has shown a rapid increase from 2004 till 2020 (COVID disrupted travel post that) mainly on the back of rising disposable income, improving domestic infrastructure and high competition amongst the OTAs. One of the key KPIs to watch in China is the rise of international tourists. We saw the inflection point likely around 2010 as other countries started offering visa on arrival & catering to the needs of Chinese tourists. As per PCom, Chinese tourists represent a part of the higher-middle class and the upper class, namely 18% of the Chinese population (c.250 mn). They are on average 34 years old and budget of c. \$4,000.

In our view, India is around 6-7 years behind China in terms of tourism uptake. India is also currently witnessing uptake in domestic and international travel on back of improving infrastructure, Indian middle-class getting richer. Around 20mn Indian users, c. 1% of the population travelled abroad in 2022. We see this number rapidly increasing in coming years as Indian consumers look to travel abroad with more affordable options around and increasing Visa on arrival status given by many countries.

### Exhibit 33: OTA penetration: India vs China

Expected increase led mainly by rising disposable income, improving infrastructure etc.

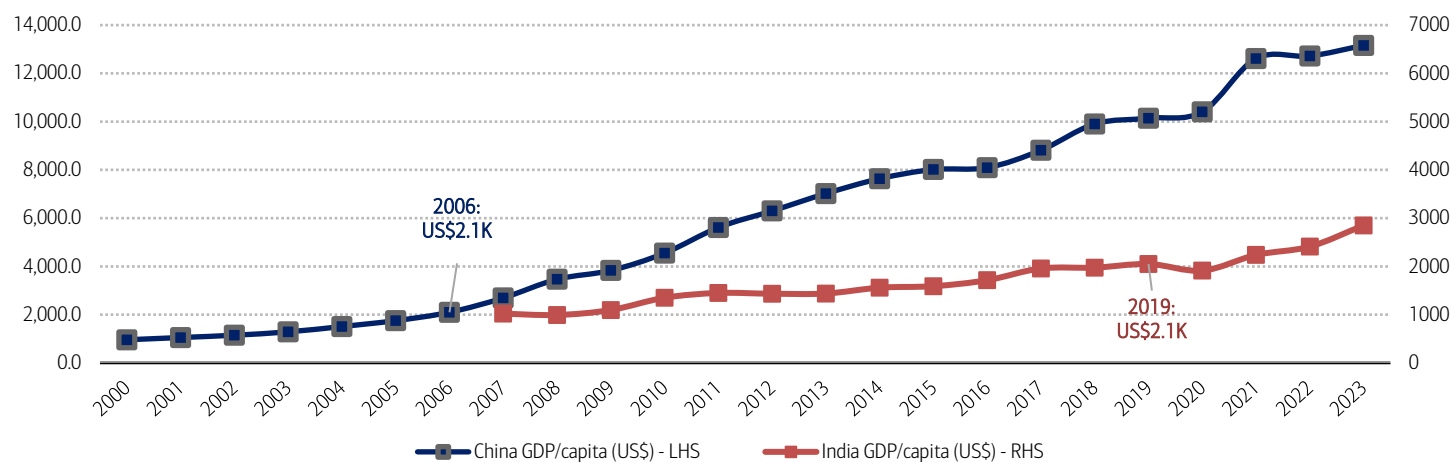


Source: Videc, Euromonitor, Ministry of Culture and Tourism, iResearch, BofA Global Research estimates

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### Exhibit 34: GDP per capita (US\$): India vs China

Inflection point for China came at c.\$2K GDP/capita

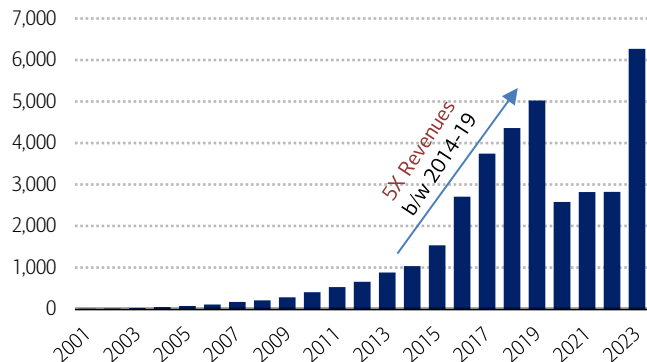


Source: World Bank

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**Exhibit 35: China travel proxy: Trip.com annual revenues (US\$mn)**

Revenues zoomed as GDP/capita jumped up &amp; rising int'l outbound

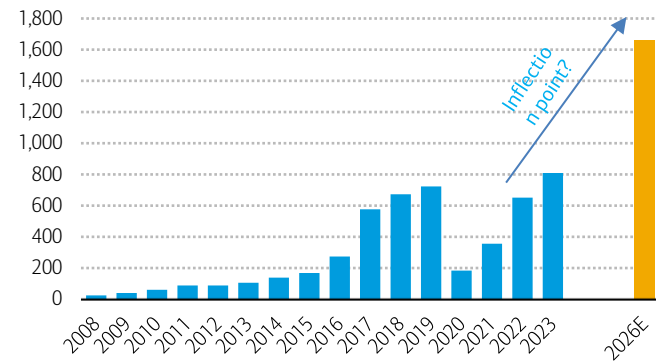


Source: BofA Global Research, company report

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**Exhibit 36: India travel proxy: MakeMyTrip annual revenues (US\$mn)**

We believe that India would witness a multi-year growth now

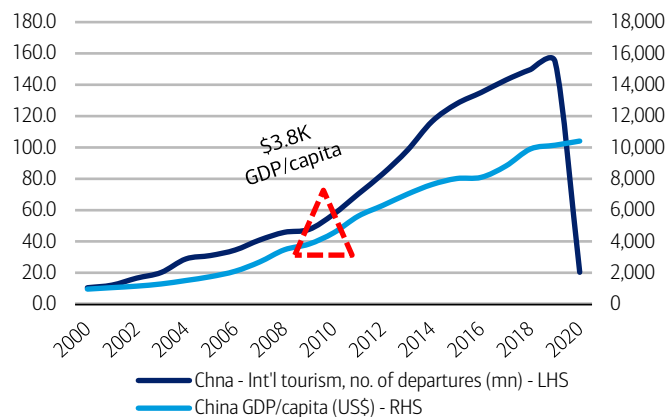


Source: BofA Global Research estimates, company report

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**Exhibit 37: International tourism, departures & GDP/capita - China**

China saw an inflection point in int'l outbound around \$3.8K GDP/capita + increasing outbound



Source: World Bank

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**Exhibit 38: International tourism, departures & GDP/capita - India**

If India follows China's outbound travel trajectory, there is a huge growth runway

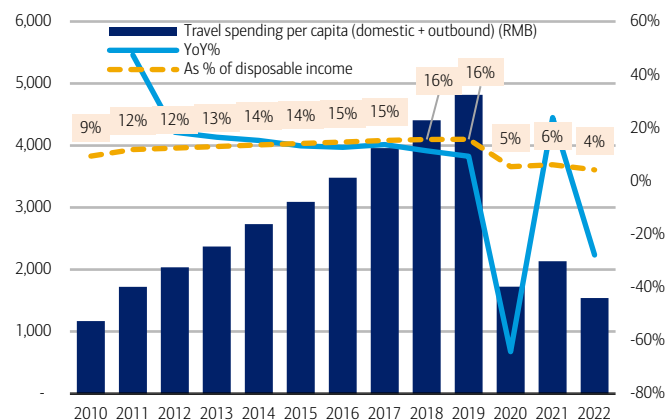


Source: World Bank

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**Exhibit 39: Travel spending vs disposable income: China**

Travel spending grew from 9% to 16% of disposable income during 2010-19

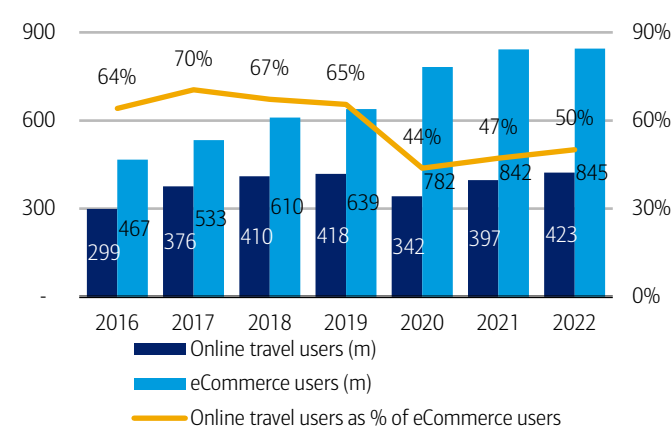


Source: NBS, Ministry of Culture and Tourism, Euromonitor, BofA Global Research estimates

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**Exhibit 40: Online travel user population vs eCommerce users: China**

Online travel user dropped significantly since 2020 while eCom users rose



Source: CNNIC, BofA Global Research

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# MMYT: Well placed to benefit...

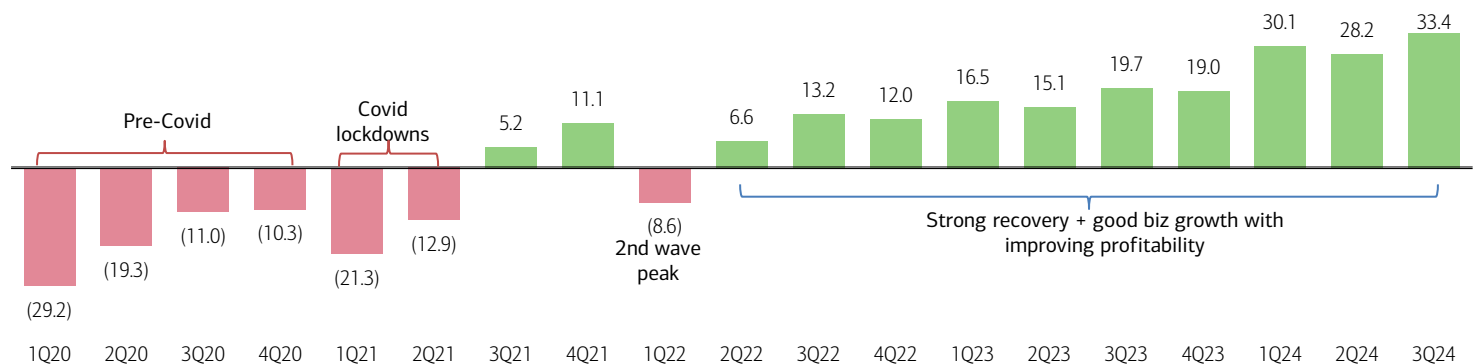
## Structurally well placed

Our thesis for our Buy rating on MMYT is driven by the following factors:

- **Revenue momentum to continue:** Unlike other geographies where we are seeing pent-up demand being behind, in India we are seeing consumers travelling more than before. As per consultants, an avg India family is now travelling 3X year versus 1.2X pre-Covid. We expect this to help show a sustained growth. We est. FY23-26 revenue CAGR to 27% led by good growth from both air & hotel segments.
- **Competition remains low:** We find the India OTA space to be in a sweet spot with current competitive intensity being benign and limited visibility of this increasing at least for next 12-18 months. We note that players like Oyo which were aggressive in the past are no longer aggressive and see limited risks of new competition given the current higher interest rate environment.
- **Margins may surprise:** We believe operational leverage led by better growth & declining S&M expenses given consumer pull could help the company positively surprise in terms of margin improvement going ahead. We expect S&M as % of GMV to gradually decline from current mgmt. guidance of <5% of GMV going ahead. We est. adj. EBIT to improve from 11% in FY23 to 23% by FY27.

### Exhibit 41: MMYT adjusted EBIT (\$mn)

Strong growth momentum off late, led by superb execution



Source: BofA Global Research, company report

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In our bull-case scenario, 1) we est. FY25/26 hotel growth to be c. 40% each and marketing spend as % of GMV to fall to 4%. This leads to FY26 EPS of \$2.5; 2) We assume FY26 multiple of 35X inline with India discretionary names. This translates to fair value of \$86, implying 44% upside from current levels

**Upside optionality/catalysts:** 1) Enterprise & bus/railway business scaling up aiding to better growth; 2) Indians travelling more internationally leading to better revenue & margins; 3) Expansion and scaling the Middle eastern business. **Risks:** 1) Cyclical slow-down leading to consensus downgrades; 2) Supply issue at airlines led by engine issues; 3) Potential unexpected new competition.

**Exhibit 42: Global OTAs Comp sheet**

MMYT trades at a premium to global OTAs but offers much higher growth

Company	M. Cap US\$mn	Enterprise Value US\$ Mn	3 yr CAGR 2022-25E			EBITDA Margin 2024	P / E (x)		EV/Sales		EV / EBITDA (x)	
			Revenue	EBITDA	EPS		2024	2025	2024	2025	2024	2025
Global OTAs												
Booking Holdings	119,589	121,401	13%	42%	25%	34%	21.7	20.1	5.3	4.9	15.5	8.0
Airbnb Inc	103,349	95,582	14%	17%	18%	36%	36.7	33.0	8.5	7.6	23.4	20.6
Trip.Com Group	28,446	26,267	40%	161%	107%	29%	18.2	15.3	3.6	3.2	12.4	10.4
Expedia Group	18,650	22,282	9%	12%	61%	21%	15.7	12.9	1.6	1.5	7.5	6.8
Tongcheng Travel	5,653	4,885	31%	64%	NA	23%	22.5	17.5	2.6	2.2	11.0	9.1
Average			22%	59%	53%	29%	22.9	19.8	4.3	3.9	13.9	11.0
Indian Travel & Hospitality companies												
Indian Hotels	10,124	10,366	12%	17%	23%	34%	51.3	43.6	11.1	10.1	32.3	28.6
IRCTC	8,975	8,739	14%	15%	15%	35%	55.5	46.9	15.1	13.2	43.0	36.3
EIH Ltd	3,151	3,125	20%	36%	48%	41%	30.5	24.8	8.4	7.2	20.5	16.7
Chalet Hotels	2,004	2,351	25%	29%	40%	46%	42.6	32.0	10.7	9.2	23.3	19.2
Lemon Tree Hotel	1,397	1,744	22%	22%	45%	52%	43.3	32.3	10.4	9.2	20.2	17.3
EaseMyTrip	1,056	1,058	18%	15%	10%	36%	55.6	47.9	13.2	11.4	36.8	32.1
Samhi Hotels	586	817	159%	287%	NA	35%	44.7	26.0	5.6	5.1	15.9	13.8
Yatra Online	312	318	19%	55%	149%	17%	36.4	21.1	5.0	4.0	30.4	18.6
Average			36%	59%	47%	37%	45.0	34.3	9.9	8.7	27.8	22.8
Makemytrip Ltd	6,585	6,529	27%	74%	NA	16%	54.3	33.6	6.0	4.6	37.0	24.0

Source: Bloomberg, BofA Global Research estimates

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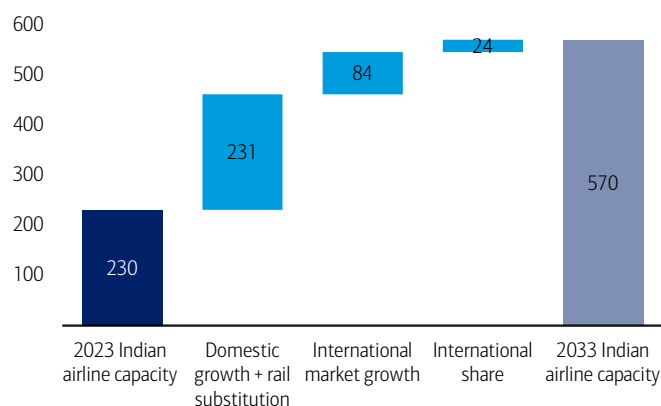
**Indian aviation: Secular growth in travel**

Demand for the Indian aviation market is forecast to double in the coming decade on rising demand and market share gains from rail (domestic) and foreign airlines (international). We are positive on the outlook for Indian air travel demand which is expected to at least double in the next decade. Key drivers include:

- **Domestic:** Air penetration demand is low in India with most travel via railway. However rising income levels should drive further rail to air substitution going forward with growth also supported by improving Indian airport infrastructure where capacity is set to double in the next decade.

**Exhibit 43: Indian airline market set to double in the coming ten years**

Indian airlines capacity (bn ASK), 2023-2033 bridge

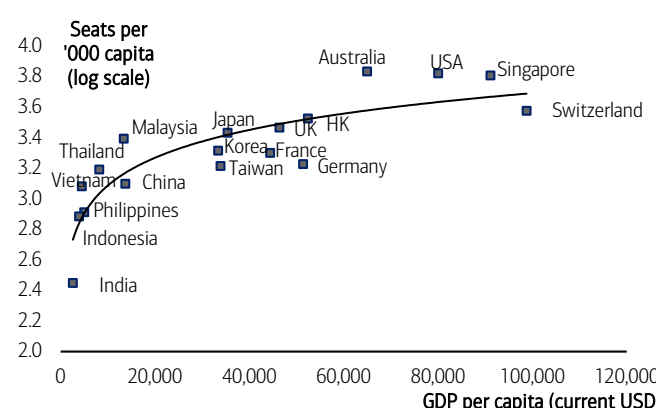


Source: BofA Global Research estimates

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**Exhibit 44: Seats per capita (log scale) versus GDP per capita, 2023**

Rising income levels tend to drive higher travel demand



Source: Diio

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- **International:** Indian international air travel is expected to grow ahead of domestic demand ahead as rising income levels drive growth in Indian outbound leisure demand, but also through rising GDP levels driving two-way business travel demand and ongoing inbound visiting friends & family and tourism demand. Indian airlines right now have a low market share on international despite the majority of

passengers flying in/out of India being Indian nationals. But government support through traffic rights and large orderbooks should allow Indian airlines to reclaim market share from Middle East and Asian hub airlines.

- **Ongoing industry rationality:** Air ticket pricing is holding at elevated levels relative to pre-COVID given improved industry rationality with Air India consolidation and smaller competitors facing balance sheet pressure. Industry rationality is expected to remain improved going forward given an improved industry structure and growth challenges for smaller players.

**Key risks: 1) Breakdown in rationality:** Indian airlines have a collective orderbook far above their fleet size. This combined with airport expansion could prompt periods of irrational pricing competition ahead as smaller players try to capture market share. Also watch for competition from the enlarged Air India group both around an improved product going forward and with its large orderbook set to support future growth; **2) Fuel & FX pressures:** Indian airlines faces risk from higher fuel costs and a weaker Rupee with no hedging for either risk if it is unable to passthrough the higher costs to the consumer.

#### Exhibit 45: Indian airline orderbook-to-fleet, 2023

Indian airlines have the orderbook for future growth

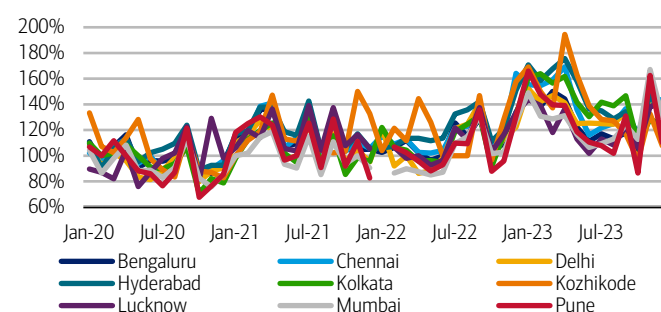
Airline	Current fleet	Aircraft orderbook	Orderbook to fleet	old gen % of fleet
IndiGo	325	972	299%	7%
Air India Group	236	517	219%	49%
Akasa	20	56	280%	0%
SpiceJet	71	216	304%	85%
Go First	54	88	163%	9%
<b>Total</b>	<b>706</b>	<b>1,849</b>	<b>262%</b>	<b>29%</b>

Source: Company reports

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#### Exhibit 46: Domestic pricing trends by routes as % of 2019, 2020-2024

Pricing for most domestic routes help up at above 2019 levels



Source: OAG

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## Appendix 1: India Tourism story in charts

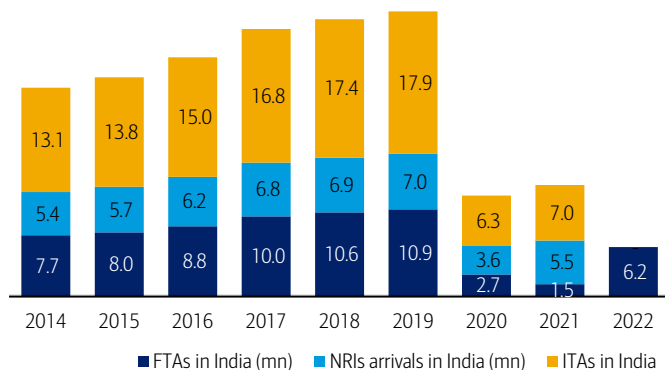
### Did You Know?

- India has emerged as the largest source market for outbound travelers in Asia in 2022, surpassing China, South Korea, and Japan.
- There are 42 UNESCO World Heritage Sites in India: 6<sup>th</sup> placed behind Italy, China, France, Germany & Spain.
- As of May-23, India became the second-largest international source of tourist arrivals in the US.
- With India's median age being just 28 years, UNWTO recognizes India as 1 of the top 3 fastest-growing outbound markets in the world.
- As per a survey by Acko, majority of Indian travelers are willing to spend upto \$7,000 on international trips.
- Per Booking.com, India is set to be the fourth-largest global spender on travel by 2030, with travel and tourism predicted to become a \$410 bn market.

To stand out from SE Asian neighbors and gain popularity with Indian travelers, Vietnam improved direct connectivity from India by increasing flight frequency/ new routes: Indian arrivals are now at an all-time high.

**Exhibit 47: FTA, NRI and ITAs arrivals in India (mn)**

Higher room to grow post-Covid



Source: Ministry of Tourism

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**Exhibit 48: Indian national departures from India (mn)**

Higher room to grow post-Covid



Source: Ministry of Tourism

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**Exhibit 49: Countries allowing E-Visa facility to Indian travelers**

Overall 35 countries provide E-Visa facility to Indian passport holders

Country	E-Visa facility & duration	Country	E-Visa facility & duration	Country	E-Visa facility & duration
Armenia	Single entry with duration of 21/120 days	Kenya	Single entry with 30 days limit	Singapore	Upto 30 days
Azerbaijan	Upto 30 days	Kyrgyzstan	E-Visa available	Sri Lanka	Upto 180 days
Bahrain	Upto 14 days	Lesotho	Single entry - 44 days, Multiple entry - 180 days	Suriname	Upto 90 days
Barbados	Upto 90 days	Malaysia	Upto 30 days	Taiwan	E-Visa available
Benin	E-Visa available	Moldova	Upto 90 days	Tajikistan	Upto 45 days
Cambodia	Upto 30 days	Myanmar	Upto 28 days	Tanzania	Single entry with upto 3 months stay
Colombia	Online Visa applicable	New Zealand	Upto 1 year	Thailand	Upto 15 days
Cote D' Ivoire	E-Visa available	Papua New Guinea	Upto 30 days	Uganda	Upto 3 months
Djibouti	Upto 90 days of stay	Russia	Upto 8 days	Uzbekistan	Single entry- 30 days
Ethiopia	Upto one month	Saint Lucia	Upto 6 weeks	Vietnam	Upto 30 days
Georgia	Upto 30 days duration	Saint Vincent & the Grenadines	Upto 1 Month	Zambia	Upto 3 months
Kazakhstan	Single entry with 30 days limit	South Korea	Upto 5 years		

Source: Ministry of Tourism

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**Exhibit 50: E-Visa, visa on arrival & visa free international destinations for Indians**

List of countries allowing Visa on arrival and E-Visa facility for Indian nationals

E-Visa	Visa on Arrival Facility (VoA)	Visa Free Facility	VoA + E-Visa
Armenia	Angola	Barbados	Kenya
Azerbaijan	Bolivia	Bhutan	Myanmar
Bahrain	Cabo Verde	Dominica	Saint Lucia
Barbados	Cameroon Union Republic	Grenada	Sri Lanka
Benin	Cook Islands	Haiti	Suriname
Cambodia	Fiji	Hong Kong	Tajikistan
Colombia	Guinea Bissau*	Maldives	Tanzania
Cote D' Ivoire	Indonesia	Mauritius	Thailand
Djibouti	Iran	Montserrat	Vietnam
Ethiopia	Jamaica	Nepal	Ethiopia
Georgia	Jordan	Niue Islands	Cambodia
Kazakhstan	Kiribati	Saint Vincent & the Grenadines	
Kenya	Laos	Samoa	
Kyrgyzstan	Madagascar	Senegal	
Lesotho	Mauritania	Serbia	
Malaysia	Nigeria	Trinidad & Tobago	
Moldova	Qatar		
Myanmar	Republic of Marshall Islands		
New Zealand	Reunion Island		
Papua New Guinea	Rwanda		
Russia	Seychelles		
Saint Lucia	Somalia		
South Korea	Tunisia		
Singapore	Tuvalu		
Sri Lanka	Vanuatu		
Suriname	Zimbabwe		
Taiwan			
Tajikistan			
Tanzania			
Thailand			
Uganda			
Uzbekistan			
Vietnam			
Zambia			

Source: Ministry of Tourism

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## Appendix 2: Comparing MMYT with peers

In this section, we compare MMYT with listed peers and also flag recent commentary from the listed companies con-calls.

**EaseMyTrip: 1)** EMT acquired 13% stake in Eco hotels & resorts, an ecofriendly hotel chain & also announced plans to set-up a 5-star hotel in Ayodhya worth Rs1bn+; **2)** On airline biz, EMT is expanding air ticketing business globally & indicated its focus on profitability - it has reduced discounting to 2% vs 4% in the segment; **3)** To diversify their revenue pool, the company has launched their subsidiary in insurance-tech space.

**Yatra: 1)** Mgmt indicated they continue to gain mkt share in air-ticketing business, driven by channel shift/deeper penetration in Tier 2/3 cities. Mgmt. remains committed to deliver Rs 200mn+ profits from FY25 onwards; **2)** The co. sees corporate business as key growth driver. It has signed 26 new corporates in Q3FY24 and 70+ in FY24. Yatra's corporate margins are c. 20% vs mid-to-high single-digit margins for retail segment; **3)** Yatra expects margin improvements in the hotel segment over next 2 quarters driven by ongoing negotiations with suppliers.

### Exhibit 51: Key listed OTA players KPIs

MMYT dominates across Air and hotel segments

	MMYT*			EaseMyTrip			Yatra		
	FY22	FY23	Q3FY24	FY22	FY23	Q3FY24	FY22	FY23	Q3FY24
<b>Gross Booking (Rs Mn)</b>									
Air	147,548	339,831	104,523	NA	NA	18,275	27,649	56,408	16,096
% of total GBV	61%	63%	60%	NA	NA	90%	81%	84%	87%
Hotel	61,155	127,619	46,414	NA	NA	1,601	3,479	8,153	1,966
% of total GBV	25%	24%	27%	NA	NA	8%	10%	12%	11%
<b>Total</b>	<b>242,353</b>	<b>538,427</b>	<b>173,327</b>	<b>37,156</b>	<b>80,506</b>	<b>20,261</b>	<b>34,290</b>	<b>67,373</b>	<b>18,605</b>
<b>Revenue (Rs mn)</b>									
Air	11,817	22,964	6,572	2,349	4,092	1,257	1,150	1,780	NA
Hotel	10,948	21,302	8,199	(16)	185	29	521	1,471	446
Others	4,323	9,133	3,314	(5)	22	4	318	576	NA
<b>Revenue as a % of total</b>									
Air	44%	43%	36%	NM	95%	78%	58%	47%	NA
Hotels	40%	40%	45%	NM	4%	2%	26%	38%	40%
Others	16%	17%	18%	0%	1%	0%	16%	15%	NA
<b>Total</b>	<b>27,088</b>	<b>53,400</b>	<b>18,085</b>	<b>2,329</b>	<b>4,298</b>	<b>1,608</b>	<b>1,989</b>	<b>3,827</b>	<b>1,103</b>
<b>Revenue CAGR (FY23-26E)</b>		<b>26.3%</b>			<b>19.6%</b>			<b>20.5%</b>	
<b>EBITDA Margin</b>	<b>-1.2%</b>	<b>7.4%</b>	<b>13.5%</b>	<b>56.3%</b>	<b>39.2%</b>	<b>42.1%</b>	<b>-14.2%</b>	<b>3.1%</b>	<b>6.0%</b>
<b>KPIs</b>									
<b>Air</b>									
No. of air booking transactions ('000s)	24,704	43,882	12,469	7,085	11,496	2,262	3,706	5,601	1,659
<b>Air take rate (%)</b>	<b>8.0%</b>	<b>6.8%</b>	<b>6.3%</b>	<b>6.3%**</b>	<b>5.1%**</b>	<b>6.9%</b>	<b>8.0%</b>	<b>8.0%</b>	<b>7.0%</b>
Revenue per booking (Rs)	478.4	523.3	527.0	331.5	355.9	555.7	310.3	317.8	NA
<b>Hotel</b>									
No. of hotel room nights booked ('000)	15,595	26,101	8,240	131	347	92	1,018	1,753	362
Revenue per booking (Rs)	702	816	995	(122)	533	315	512	839	1,232
<b>Hotel take rate (%)</b>	<b>17.9%</b>	<b>16.7%</b>	<b>17.7%</b>	<b>NA</b>	<b>NA</b>	<b>1.8%</b>	<b>17.0%</b>	<b>13.0%</b>	<b>13.0%</b>
<b>Other</b>									
Trains, Bus & Other transactions ('000's)	39,491	73,048	22,470	565	623	271	NA	NA	NA
Revenue per transaction (Rs)	109	125	147	(9)	35	15	NA	NA	NA

**Source:** Company reports, BofA Global Research estimates, \*MMYT estimates are BofAe, \*\*Total GBV used for take-rate calculation

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**Glossary:**

PRASHAD: Pilgrimage Rejuvenation and Spiritual Heritage Augmentation Drive

UDAN: Ude Desh ka Aam Naagrik (Hindi for "Let the common citizens of the country fly")

HH: Households

QSR: Quick service restaurants

F&B: Food & beverages

FMCG: Fast moving consumer goods

ARPOB: Average revenue per occupied bed

S&M: Sales & marketing

GTF: Pratt & Whitney PW1000G, also called the GTF (geared turbofan)

UNESCO: United Nations Educational, Scientific and Cultural Organization

UNWTO: United Nations World Tourism Organization

FTA: Foreign Tourist Arrivals

NRI: Non-resident Indians

ITA: International Tourist Arrivals

B2B: Business to Business

B2B2C: Business-to-business-to-consumer

GBV: Gross booking value

OTA: Online travel agent

IRCTC: Indian Railway Catering and Tourism Corporation

MMYT: MakeMyTrip

## Price objective basis & risk

### **Makemytrip Limited (MMYT)**

Our price objective is US\$71. We value MMYT using a 10-year discounted cash flow (DCF) model. We use a weighted-average cost of capital (WACC) of 10.4% and a TGR of 5%.

Downside risks: 1) Higher competition, 2) slower/delayed growth recovery in any segment

Upside risks: 1) Stronger-than-expected growth 2) a material reduction in competition, 3) faster margin uptake.

## Analyst Certification

I, Sachin Salgaonkar, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

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## APR - Internet, Media and Software Coverage Cluster

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Agora	API	API US	Daley Li, CFA
	AiHuiShou	RERE	RERE US	Joyce Ju
	Alibaba Group	BABA	BABA US	Joyce Ju
	Alibaba Group	BABAF	9988 HK	Joyce Ju
	Alibaba Health	ALBHF	241 HK	Miranda Zhuang, CFA
	Baidu.com	BIDU	BIDU US	Miranda Zhuang, CFA
	Baidu.com	BAIDF	9888 HK	Miranda Zhuang, CFA
	Bilibili	BILI	BILI US	Lei Zhang
	Bilibili	BLBLF	9626 HK	Lei Zhang
	CAR Group	CRSLF	CAR AU	Sriharsh Singh
	Chinasoft International	CFTLF	354 HK	Daley Li, CFA
	Cloud Music	XVWJF	9899 HK	Lei Zhang
	Com2uS Corp	XOYAF	078340 KS	Jeehoon Jeong, CFA
	DBAPPSecurity	XDBAF	688023 CH	Daley Li, CFA
	Delhivery	XDVLf	DELHIVER IN	Sachin Salgaonkar
	Dingdong	DDL	DDL US	Joyce Ju
	East Money	XEQTF	300059 CH	Michael Li
	Grab Holdings	GRAB	GRAB US	Sachin Salgaonkar
	Hello Group	MOMO	MOMO US	Lei Zhang
	Hundsun Technologies	XYTGF	600570 CH	Daley Li, CFA
	iQIYI	IQ	IQ US	Lei Zhang
	JD Health	JDHIF	6618 HK	Miranda Zhuang, CFA
	JD.com	JD	JD US	Joyce Ju
	JD.com	JDCMF	9618 HK	Joyce Ju
	Kingdee International Software	KGDEF	268 HK	Daley Li, CFA
	Kingsoft Corporation	KSFTF	3888 HK	Daley Li, CFA
	Kuaishou	KUASF	1024 HK	Lei Zhang
	Makemytrip Limited	MMYT	MMYT US	Sachin Salgaonkar
	Meituan	MPNGF	3690 HK	Lei Zhang
	NetEase	NETTF	9999 HK	Lei Zhang
	NetEase, Inc	NTES	NTES US	Lei Zhang
	Nine Entertainment Company	NNMTF	NEC AU	Ware Kuo
	Pinduoduo Inc.	PDD	PDD US	Joyce Ju
	Plan B Media PCL	XMKTF	PLANB TB	Thititthep Nophaket
	PT Bukalapak.com	BKLPF	BUKA IJ	Sachin Salgaonkar
	PVR-Inox Ltd	PVRLF	PVRINOX IN	Sachin Salgaonkar
	REA Group	RPGRF	REA AU	Sriharsh Singh
	Tencent Holdings	TCTZF	700 HK	Miranda Zhuang, CFA
	Tencent Music	TME	TME US	Lei Zhang
	Tencent Music	XWFWF	1698 HK	Lei Zhang
	Tongcheng Travel	TNGCF	780 HK	Janet Yang
	Trip.com Group	TCOM	TCOM US	Joyce Ju
	Trip.com Group	TRPCF	9961 HK	Joyce Ju
	TUHU Car	XTCRF	9690 HK	Miranda Zhuang, CFA
	Venustech	XVCGF	002439 CH	Daley Li, CFA
	Vipshop Holdings	VIPS	VIPS US	Joyce Ju
	Xero Limited	XROLF	XRO AU	Sriharsh Singh
	YY	YY	YY US	Lei Zhang
	Zomato Limited	XMWRF	ZOMATO IN	Sachin Salgaonkar
<b>NEUTRAL</b>				
	Autohome	ATHM	ATHM US	Miranda Zhuang, CFA
	Autohome	XXYZF	2518 HK	Miranda Zhuang, CFA
	Baozun	BZUN	BZUN US	Joyce Ju
	Glodon Company	XGCOF	002410 CH	Daley Li, CFA
	GoTo Group	GTOFF	GOTO IJ	Sachin Salgaonkar
	Huya	HUYA	HUYA US	Lei Zhang
	KE Holdings	BEKE	BEKE US	Miranda Zhuang, CFA
	KE Holdings	XSQRF	2423 HK	Miranda Zhuang, CFA
	Kingsoft Cloud	KC	KC US	Daley Li, CFA
	Kingsoft Cloud	KCLHF	3896 HK	Daley Li, CFA
	Nykaa	XQQGF	NYKAA IN	Sachin Salgaonkar
	PB Fintech	XPFXF	POLICYBZ IN	Sachin Salgaonkar
	Sea Limited	SE	SE US	Sachin Salgaonkar

**APR - Internet, Media and Software Coverage Cluster**

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
	Seek Limited	SKLTF	SEK AU	Sriharsh Singh
	Seven West Media	WANHF	SWM AU	Ware Kuo
	The ONE Enterprise	XUFCF	ONEE TB	Thititthep Nophaket
	VGI Public Company Limited	XZQHF	VGI TB	Thititthep Nophaket
	Weimob	WEMXF	2013 HK	Daley Li, CFA
	WiseTech Global Limited	WTCHF	WTC AU	Ware Kuo
	XD Inc.	XDNCF	2400 HK	Lei Zhang
	Yonyou Network	XYNIF	600588 CH	Daley Li, CFA

**UNDERPERFORM**

	Appen Ltd	APPEF	APX AU	Ware Kuo
	BEC World	XBJHF	BEC TB	Thititthep Nophaket
	Douyu	DOYU	DOYU US	Lei Zhang
	Indiamart InterMesh Limited	XEITF	INMART IN	Sachin Salgaonkar
	Info Edge	IFOEF	INFOE IN	Sachin Salgaonkar
	Kingsoft Office	XBKOF	688111 CH	Daley Li, CFA
	Ming Yuan Cloud	XWTAF	909 HK	Daley Li, CFA
	NavInfo	XWLHF	002405 CH	Daley Li, CFA
	Ping An Healthcare and Technology	PANHF	1833 HK	Miranda Zhuang, CFA
	Qi An Xin	XQTFD	688561 CH	Daley Li, CFA
	Technology One Limited	THNOF	TNE AU	Ware Kuo
	ThunderSoft	XSTSF	300496 CH	Daley Li, CFA
	Weibo Corporation	WB	WB US	Miranda Zhuang, CFA
	Weibo Corporation	WEIBF	9898 HK	Miranda Zhuang, CFA
	Zee Entertainment Enterprises	XZETF	Z IN	Sachin Salgaonkar
	Zip Co Limited	ZIZTF	ZIP AU	Ware Kuo

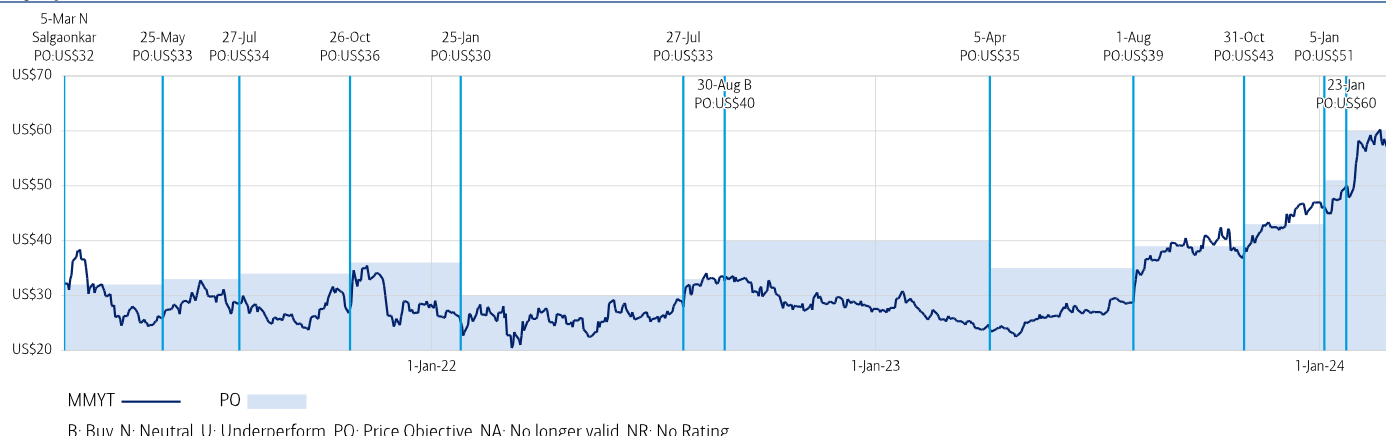
**RVW**

	AfreecaTV	WNTHF	067160 KS	Susie Lee
	CJ ENM	CJHOF	035760 KS	Susie Lee
	Coupang	CPNG	CPNG US	Susie Lee
	Dada Nexus	DADA	DADA US	Lei Zhang
	HYBE	XBGOF	352820 KS	Susie Lee
	JYP Entertainment	ALNNF	035900 KS	Susie Lee
	Kakao Corp.	DAUCF	035720 KS	Susie Lee
	Kakao Games	XKKGF	293490 KS	Susie Lee
	Krafton	XKINF	259960 KS	Susie Lee
	Naver Corporation	NHNCF	035420 KS	Susie Lee
	NCSoft	NCSCF	036570 KS	Susie Lee
	Netmarble	XLGHF	251270 KS	Susie Lee
	Paytm	XUXBF	PAYTM IN	Sachin Salgaonkar
	Pearl Abyss Corp	XEPAF	263750 KS	Susie Lee
	YG Entertainment	XYEIF	122870 KS	Susie Lee

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### Equity Investment Rating Distribution: Technology Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	215	53.09%	Buy	111	51.63%
Hold	97	23.95%	Hold	45	46.39%
Sell	93	22.96%	Sell	24	25.81%

### Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

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