

PE-BACKED TRAVEL PORTALS BET BIG ON GLOBAL EXPANSION

Companies like MakemyTrip, Yatra, ClearTrip also look at listing abroad

REGHU BALAKRISHNAN
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After being crisis-ridden for a couple of years, online travel portals have started looking overseas to expand business. Portals like MakemyTrip (MMT), Yatra, iXiGO.com and Cleartrip, which are backed by private equity firms, are planning to make acquisitions as well as list their companies (themselves?) abroad.

This month, MMT acquired a 79 per cent stake in Singapore-based travel agency Luxury Tours & Travels Pte (LTT). Through this deal, it will be able to expand to Hong Kong, Thailand and Malaysia. Private equity firms like SAIF Partners, Helion Venture Partners and Sierra Ventures have invested in the company.

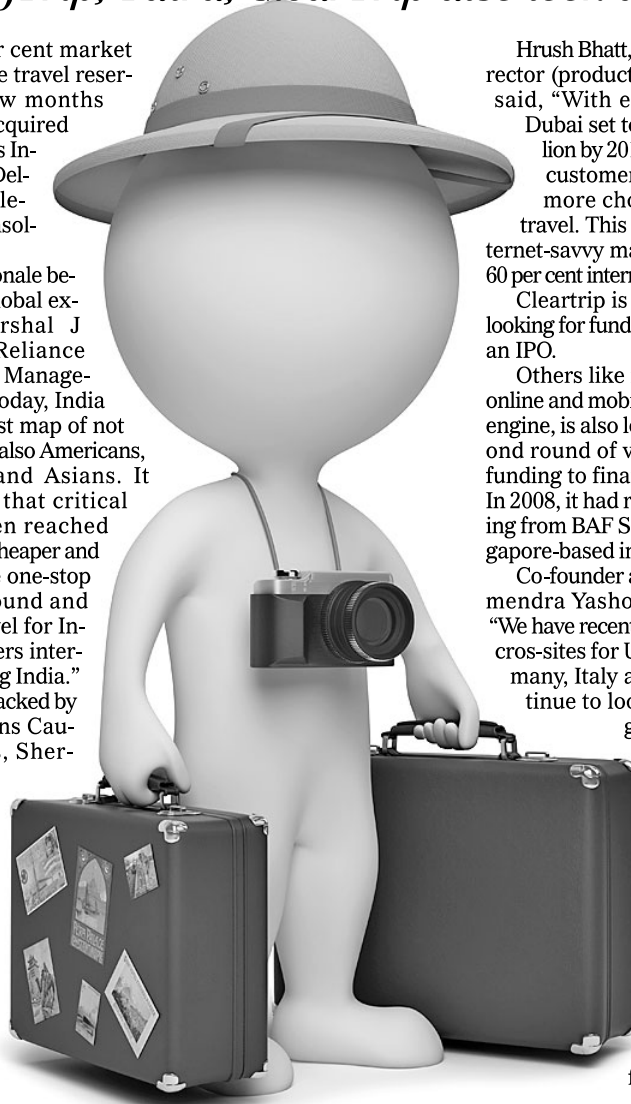
Last February, MMT had acquired bus-ticketing company Ticketvala.com. It also had raised \$70-million through an initial public offering at NASDAQ.

According to reports, Yatra.com, is looking to list on a foreign bourse this year. The size of the IPO is likely to be around \$50-80 million. Backed by Norwest Venture Partners, Reliance Venture Asset Management and Television 18 Group (TV18), Yatra commands

around 30 per cent market share of online travel reservations. A few months back, it had acquired Travel Services International, a Delhi-based wholesale ticket consolidator.

On the rationale behind Yatra's global expansion, Harshal J Shah, CEO, Reliance Venture Asset Management, said, "Today, India is on the tourist map of not only NRIs, but also Americans, Europeans, and Asians. It makes sense that critical mass has been reached to be a better, cheaper and more versatile one-stop shop for inbound and outbound travel for Indians and others interested in visiting India."

Cleartrip, backed by Kleiner Perkins Caufield & Byers, Sheralo Ventures, DAG Ventures and Draper Fisher Jurvetson, eyes expansion to West Asia and has launched a website to serve travellers in the UAE.



Hrush Bhatt, founder and director (product and strategy), said, "With e-commerce in Dubai set to reach \$36 billion by 2010-end, the UAE customer is demanding more choices in online travel. This is a mature, internet-savvy market with over 60 per cent internet penetration."

Cleartrip is also said to be looking for fund raising through an IPO.

Others like iXiGO.com, an online and mobile travel search engine, is also looking at a second round of venture capital funding to finance its growth. In 2008, it had received financing from BAF Spectrum, a Singapore-based investment firm.

Co-founder and COO Dharmendra Yashovardhan said, "We have recently launched micro-sites for UK, Spain, Germany, Italy and would continue to look at both geographic expansion as well as new product launches, both on the web as well as mobile."

This year, iXiGO.com partnered with Delhi's Indira Gandhi International Airport for enabling a

flights & hotels search engine on the latter's website.

Mayank Rastogi, partner (private equity), E&Y, said, "The multiplicity of travel options and transparency provided by these portals make them popular among travellers. Combined with the demand, the otherwise largely unorganised nature of the travel booking industry provides significant potential for good travel portals to grow."

However, some experts believe that while Indian travel portals are looking abroad, consolidation is on the cards as well.

Gopal Agarwal, partner, Singhi Advisors, said, "Travel portals in India are set for consolidation. Those tied up with hotels and offering wider options to the customers can survive. There is room for only two-three large players in India. There is a possibility of more inbound deals as the Indian growth story in travel as well as consumer space attracts foreign investors." There was a compounded annualised growth of 20-25 per cent in the travel portal sector in India, he added.

In 2009, Travelocity Global, a US-based online travel firm, had acquired India's online hotel distribution network Travelguru. Venture capital firms Sequoia Capital India and Battery Ventures had invested about \$25 million in Travelguru.