

Operator: Ladies and gentlemen, good day and welcome to Yatra Online Ltd Q1 FY27 earnings conference call. As a reminder, all participant lines will be in listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star and then zero on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Ms. Sagarika Chetty from Antique Stock Broking Limited. Thank you, and over to you, ma'am.

Sagarika Chetty – Antique Stock Broking: Thank you. Good morning, everyone. On behalf of Antique Stock Broking, we welcome you all to the Q1 FY27 earnings call for Yatra Online Ltd. Today, we have with us the management of the company, represented by Mr. Dhruv Shringi, Executive Chairperson and Whole-time Director; CEO Mr. Siddharth Gupta; and Chief Financial Officer Anoop Vaish. Thank you all for joining. Over to you, Dhruv, Siddharth, and Anoop.

Dhruv Shringi – Executive Chairperson & Whole-time Director: Thank you, Sagarika, and good morning, everyone. Thank you for joining us on this conference call to discuss our first quarter fiscal year 2027 earnings. As you might have seen on social media and in our marketing campaigns, we recently completed 20 years of taking Yatra, taking Indians to work, and helping Indians get away from work as well. This is an accomplishment we are extremely proud of.

As we look back, I would like to reflect on a few of the key strengths that have shaped Yatra over the past 2 decades. First, the trust in our brand from more than 1,000 corporate customers and millions of retail customers. Second, our technology capabilities; and third, the resilience of our business model. Over this period, our brand has become synonymous with online travel in India. This trust has won us numerous consumer accolades and continues to drive a high degree of repeat usage and direct traffic to our platform. Our corporate customer base also continues to rise consistently, with retention rates in excess of 97%.

For nearly 20 years, technology has been at the core of our business, enabling us to continuously evolve with the changing needs of travelers and enterprises. Over this period, we have built and refined a comprehensive travel technology ecosystem covering booking, travel management, expense management, automation, and analytics, supporting more than 1,300 large and mid-sized enterprise customers across India. Now, with our partnership with Kanoo Travel, we will be extending our reach into the Middle East as well.

We believe the capabilities we have built over the last 2 decades provide a strong foundation for the next phase of Yatra's AI-driven growth, as AI becomes an integral layer across our platform, making travel simpler for users, smarter for enterprises, and more efficient for our own operations. We believe that AI can fundamentally change the economics of managed travel. AI is automating routine workflows, surfacing saving opportunities in real time, improving policy compliance at the point of booking, and accelerating expense reconciliation. As a result, companies are able to handle higher transaction volumes with fewer manual touchpoints, reducing cost leakages for their customers and unlocking better operating leverage as they scale.

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Our own investments are firmly aligned with these trends. We are embedding AI into search, recommendations, and conversational interfaces so that travelers can find the right options faster and with less friction while staying within policy. We are also using AI and machine learning to automate service interactions, flag out-of-policy or anomalous spending earlier, and provide travel and finance leaders with richer, more actionable insights into their programs.

In practical terms, this translates into a better user experience, stronger compliance for our corporate clients, lower cost to serve, and a more scalable operating model for us. We believe AI will increasingly be a structural advantage in travel management for us, not just enhancing the customer journey, but also improving margins and returns for our businesses. As we deepen these capabilities across Yatra's platform, we see a clear opportunity to drive both sustainable top-line growth and continued improvement in our operating efficiency over time.

Let me now turn to the broader travel backdrop. The travel industry has gone through a period of disruption over the last few months. International travel was particularly impacted, with the West Asia conflict disrupting air connectivity and affecting MICE activities.

At the same time, we are operating in a structurally expanding market. India's overall online travel market is expected to grow at a high-single-digit to low-double-digit CAGR over the next several years, outpacing many global peers. This growth is supported by rising disposable income, rapid digital adoption, and improving air and rail connectivity across tier 2 and tier 3 cities.

During this period, while international travel has been impacted to a certain extent, domestic travel has remained resilient despite global challenges. Air passenger traffic in India grew around 2.3% year-over-year during the period, driven by a young, increasingly affluent, and mobile population that is prioritizing travel and experiences over other discretionary goods. We are also seeing sustained growth in non-air categories such as hotels, as travelers look for short-haul getaways and value-for-money options.

Outbound and international travel have seen more mixed trends. The West Asia conflict and the rerouting of flights led to higher airfares, longer routes, and uncertainty around certain long-haul destinations, which weighed on outbound sentiment. Industry-wide inquiries for some international destinations declined by roughly 10-15% during the period.

At the same time, the medium-term outlook for outbound travel from India remains very robust, with multiple industry reports projecting low-teens growth in outbound spending over the next decade, as more Indians travel overseas for leisure, business, and education. As visa regimes ease, connectivity improves, and new destinations ramp up capacity targeted at Indian travelers, we see a long runway for growth in this segment. Our discussions with foreign tourism boards also support this view, with many foreign tourism boards keenly awaiting normalization of the situation to initiate joint marketing campaigns to stimulate demand.

Given our higher business mix of international travel and MICE, these near-term headwinds have had a disproportionate impact on our business. However, based on past cycles and what we are already seeing in the market, we expect this to recover quickly as the macro environment stabilizes. As we have seen in the past, revenge travel following periods of disruption has been very strong and prompt, both in India and globally, and we expect it to be the same this time around as well.

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In fact, we are already seeing early signs of this in our own numbers, given that in the first half of the current quarter, which is Q2, our MICE bookings are already trending approximately 50% higher than Q1.

Importantly, if we step back from these temporary factors, the underlying travel opportunity in India continues to strengthen. Rising disposable income, improving airport and road infrastructure, and a growing preference for experiences are supporting greater demand for domestic tourism, while corporate mobility is being supported by continued economic growth and investments.

Importantly, the shift from offline to online travel still has a long way to go. Online channels currently account for a small proportion of overall travel spending, especially when it comes to business travel, and are expected to grow meaningfully faster than the broader market over the coming years.

Against this backdrop, our Q1 performance reflects the resilience of our franchise and the benefits of our diversified model. Despite the challenging external environment, gross bookings increased 17% year-over-year to INR 21,007 million. Gross margin increased to INR 1,248 million. Total transactions grew 12%, and air passenger volumes increased 5%, roughly double the industry growth, reflecting further market share gains.

Our corporate business also continues to demonstrate strong traction. During the quarter, we added 54 new corporate customers with an expected annual billable volume of INR 2,273 million. This provides a healthy pipeline of incremental business as these accounts progressively ramp up.

We believe this is where Yatra's differentiated positioning becomes particularly relevant. Our diversified business model across corporate and consumer travel, air and hotel, and other travel services, combined with our strong corporate relationships, extensive domestic hotel supply, and technology-led platform, gives us a strong foundation to capture the growing travel opportunity in India.

As the market continues to shift toward organized and online travel, and as outbound demand normalizes from the current geopolitical disruption, we believe we are well positioned to benefit from this structural transition and to deliver sustainable, profitable growth. With this, I now hand it over to our CEO, Siddharth Gupta, for further commentary. Siddharth.

Siddharth Gupta – CEO: Thank you so much, Dhruv. Building on Dhruv's comments, I want to spend a few more moments on something that has been fundamental to Yatra throughout our journey, which is our ability to innovate, adapt, and continually rethink how travel should work.

Over the last 2 decades, the travel industry has been reshaped repeatedly. Through each period of disruption, our response has not simply been to manage the immediate challenge. We have used these periods to question established ways of working, rethink the fundamentals of our business, and build for a more resilient future. That mindset has been part of Yatra from the beginning, and I think our approach to the current environment is another example of it.

Coming to Q1, the larger headline is that Yatra continued to deliver strong underlying growth despite a challenging macroeconomic and geopolitical environment for the travel industry. Gross

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bookings grew 16.5% year-on-year to INR 21,007 million, while total transactions increased by about 12.2% year-on-year, supported by healthy growth across the air and hotel segments. Gross margins increased 6.1% year-on-year to INR 1,227 million. Revenue from operations stood at INR 1,879 million, down approximately 10% year-on-year, primarily reflecting lower MICE top line during the quarter. Adjusted EBITDA was 151 million compared to INR {? 200 ... ?} 47 million last year.

Dhruv: ...47 million last year. There are 2 important factors behind this movement. The first factor was the impact of temporary macro and geopolitical disruption on MICE and corporate travel. MICE top line was approximately INR 300 million lower year-on-year, mainly due to disruption in international group travel. This had an approximately INR 30 million impact on gross margin. In addition, the shift from international to domestic group travel and increased competitive pressures resulted in a further impact of INR 30 million on gross margin.

I want to reiterate that we view this drop of INR 60 million in MICE gross margin as a short-term transitory factor rather than a structural change in the business, and we expect the impact to normalize going forward as travel patterns have already started to stabilize.

Corporate travel demand was also impacted because of elevated fares, while the timing of airline incentive programs created an additional short-term headwind during the quarter.

The second factor, however, is one that I want to spend a little more time on because it reflects a deliberate choice we have made. We have continued to invest and build through this period of turbulence. Rather than allowing short-term disruption to define our priorities, we have used this period to invest in capabilities and capacity that we believe can materially expand Yatra's future growth opportunities. We have been doing this through a three-pronged approach.

First, strengthening and scaling our core B2E business. We have continued to invest in TravelPro, our MSME offering, including building out the people, platform, and go-to-market capabilities required to expand our reach within the corporate market. We are already seeing early validation of that investment. Of the 53 new corporate customers won during Q1, more than 30 customers, representing approximately INR 800 million, came through TravelPro, our offering for that segment. While it is still early, this gives us confidence in the potential of the new go-to-market engine we have built around our core corporate offering.

Second, expanding our addressable market through Recap, our expense management solution. Since its launch, we have already added more than 20 customers. We continue to invest in the product and technology behind Recap and believe it can develop into another meaningful growth engine as we scale the proposition.

Third, taking our corporate platform beyond India. Over the preceding 2 quarters, we have invested in making our technology global-ready, including the product, infrastructure, solutions, and teams required to support international deployment. Our partnership with Kanoo Travel gives us the opportunity to take capabilities built and refined over many years in India into a large adjacent market in the Middle East, alongside a mature and highly respected regional partner with deep customer relationships and market knowledge. While the region itself is currently experiencing some near-term disruption, we believe the long-term opportunity is very significant.

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Importantly, across all 3 initiatives, we have been building capacity ahead of the revenue we expect them to generate as they scale. While this investment is visible in our cost base today, we believe it materially expands the future earning capacity of the business. Periods of turbulence have often been periods in which Yatra has done some of its most important building. We believe this period will be no different.

Let me now turn to the individual businesses. Our air business delivered healthy growth during the quarter, with gross air bookings increasing approximately 18% year-on-year to INR 16,579 million. Growth was supported by higher average ticket prices along with continued expansion across our distribution channels.

Importantly, air passenger volume grew approximately 5% year-on-year, nearly twice the industry growth rate. Despite capacity constraints, elevated fares, and a softer demand environment, we continued to grow passenger volumes materially ahead of the market, resulting in further market share gains. Air margins remained under some pressure during the quarter. Our focus remains on building a healthy and sustainable air business with continued discipline around unit economics and quality of growth.

Moving to hotels and packages, the segment delivered gross booking growth of approximately 13% year-on-year. Within this, our standalone hotel business continued to perform particularly well, with gross bookings growing approximately 34%, revenues increasing by 62%, and room nights growing approximately 30% year-on-year.

This performance reinforces our conviction that our investment in expanding hotel supply is the right strategic priority. We are seeing these investments drive stronger demand across all businesses, while increasing the contribution from hotels, a higher-margin and increasingly important part of Yatra's business mix.

On MICE, as I mentioned earlier, MICE faced a particularly challenging operating environment during Q1, given its greater exposure to international and incentive travel. Geopolitical uncertainty led to delays in corporate decision-making and, in several cases, a shift from international programs toward shorter-haul and domestic destinations.

As discussed earlier, the combination of lower GTV and temporary margin compression resulted in an approximately INR 60 million year-on-year impact on MICE gross margins during the quarter. What is important, however, is what we are seeing as we enter Q2. The Q2 MICE pipeline is significantly stronger than Q1, with a healthier margin profile. Based on the visibility we have today, we believe the Q1 impact was temporary, and we are seeing encouraging signs that the MICE business is returning to a growth phase.

Coming now to our corporate travel business, corporate travel remains one of Yatra's key strategic growth pillars. Despite elevated fares and disruption to international travel, the underlying business remained resilient and customer acquisition momentum continued to be strong.

As I mentioned earlier, during Q1 we added 53 new corporate customers. These additions provide visibility into incremental volumes as customers are onboarded and progressively ramp up. Beyond new customer acquisition, we remain focused on increasing wallet share with our existing

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customers and expanding into the range of services consumed through the Yatra platform.

The structural opportunity remains significant, with online penetration in India's managed corporate travel market still relatively low. We believe our scale, technology platform, extensive hotel supply, and long-standing enterprise relationships position us well as the market continues to digitalize.

As we look ahead, we have several reasons to be constructive. MICE is seeing a stronger pipeline and improving margins, corporate travel is recovering fast, air margins are improving, and hotels continue their growth trajectory as strongly as they did earlier.

At the same time, our investments are expanding our growth opportunities. TravelPro is strengthening our B2E go-to-market, Recap is opening new customer segments, and Kanoo is extending our corporate capabilities beyond India.

As these factors come together, we expect the operating capacity we have built to support a much larger revenue base, driving operating leverage and rebuilding EBITDA margins toward 20%+. As corporate travel normalizes and our growth initiatives scale, we believe EBITDA margins can progress into the 30% range over time.

The macro environment remains uncertain, but the underlying opportunity has not changed. India remains one of the world's most attractive long-term travel markets, and Yatra today has a broader set of growth opportunities than at any point in our recent history.

Our priorities therefore remain clear: strengthen the core, expand our addressable market, take our capabilities into new geographies, and continue using technology, AI, and automation to build a more scalable Yatra. That is how we approached periods of disruption throughout our 20-year history, and it is how we intend to build the next phase of Yatra's growth.

Thank you, everyone. I will now request our CFO, Anuj Sheth, to brief you on the financial performance for the quarter.

Anuj Sheth - CFO: Thank you, Dhruv. Good morning, everyone. For the first quarter of financial year 2027, on a consolidated basis, our revenue from operations decreased 10.4% year-on-year to INR 1,048 million. Our gross margin, defined as revenue less service costs, rose 6.1% year-on-year to INR 1,227 million. Adjusted EBITDA decreased 39.4% year-on-year to INR 151 million, translating to a 12.29% adjusted EBITDA-to-gross-margin ratio. As a result, our profit after tax came in at INR 3.4 million.

In terms of segmental performance, our ticketing passenger volume increased by 4.8% year-on-year to 1,264,000; however, our gross air bookings grew 17.6% year-on-year to INR 16,579 million. Our air gross margin rose 8% year-on-year to INR 699 million, with margins declining from 4.6% to 4.2%.

In the hotels and packages segment, hotel room nights grew by nearly 30% year-on-year to 548,000. Gross bookings increased 13% year-on-year to INR 3,876 million, while gross margin expanded 24% year-on-year to INR 386 million, with margins improving from 9.05% to 9.95%.

On the liquidity front, cash and cash equivalents and term deposits stood at INR 1,976.9 million as of June 30, 2026. With this, I would like to hand it back to the moderator and open up for questions and answers. Thank you.

Operator: Thank you very much. We will now begin the question-and-answer session. Anyone who wishes to ask a question may press star and one on their touchtone telephone. If you wish to remove yourself from the question queue, you may press star and two. Participants are requested to use handsets while asking a question. Ladies and gentlemen, we will wait for a moment while the question queue assembles.

The first question is from the line of Sagarika Chetty from Antique Stock Broking. Please go ahead.

Sagarika Chetty – Antique Stock Broking: Hi. My first question is on the flight segment. We saw 18% growth in GTV this quarter, driven more by value than volumes, but your gross margins increased at a much slower pace. It is currently the middle of the second quarter, but are we seeing a similar trajectory in the second quarter, given the supply cuts and the incentive finalization that you mentioned? Is it fair to assume that margins for the air segment would be relatively subdued through the year compared to FY26?

Dhruv: Sagarika, as we mentioned—and you would see this in our investor presentation as well—what has happened at this point is that a lot of the Middle Eastern carriers, especially, are still trying to figure out what the volume will be and how much capacity they will deploy during the current year. As a result, the PLBs, which are the annual productivity-linked bonuses, including those targets and deals, have still not been closed.

Historically, those get closed in the early part of Q1 itself, but in the current year, given the disruption in Q1, they have remained open. Hence, revenue is recognized at a lower number. As things move forward, we do expect that, at least in the second half of the year, we will see some degree of normalization in capacity. We are already seeing some more capacity being added back.

We do expect margins to improve in the second half of the year. At this point, the movement is driven more by macro factors, because of which you are seeing GTV rise at a faster pace, and there should be a catch-up effect in the second half of the year.

Sagarika Chetty – Antique Stock Broking: That is fairly clear. The second question is regarding the weaker corporate travel during this quarter. What is the proportion of your B2B versus B2C business? Has that changed, or does it remain broadly the same as it was in the previous quarters? That is all.

Dhruv: I think there is obviously a slight decline in that. While the corporate business has come down a little in terms of share, the B2C business has gained a little more, but it is not a very substantial change that would materially differ in the mix. There is obviously a little bit of mix change.

On the B2B side, the one part that has really picked up a little more is the travel agency part of the business, which has received a bit more of a boost in terms of volumes. But on an overall basis, the mix would have moved from the late 60s to the mid-60s right now. It is not very material in terms of

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the change.

Sagarika Chetty – Antique Stock Broking: Very clear. Thank you so much. We will join back for further questions.

Operator: Thank you. The next question is from the line of Nitin from Investec. Please go ahead.

Nitin – Investec: Good morning. Thanks for the opportunity. I have a couple of questions. The first is on the MICE recovery. You indicated that there was a 300 million loss of revenue on a year-on-year basis. Do you think this loss of revenue, at least on a year-on-year basis, gets bridged immediately in the following quarter as you see an improvement, or do you think this may be bridged only sometime next year? That is the first question.

Dhruv: MICE as a segment has gone through some restructuring. The restructuring actually started around the middle of last quarter. Demand had to shift from international group travel and transform into domestic group travel, which was perhaps slightly higher margin but involved smaller order sizes.

That transformation was ongoing as we progressed from Q4 to Q1. What we saw was an industry responding to the changing demand and to what we could execute from a MICE segment standpoint. I think that phase of the transformation is already over.

As Dhruv earlier said in his speech, our Q2 volumes are looking 50% better than what we saw in Q1. The margin profile of the groups that we have received and are executing is also far better. Therefore, we do not expect a very prolonged change in the business now. Things are stabilizing further, and the pipeline is looking better, while the margin profile is also improving.

To give a short answer to your question, I think the massive change that was to happen has already happened. The industry has responded to the market conditions, and I think things are normalizing as we speak.

Nitin – Investec: Perfect. TravelPro seems to have done pretty well in terms of bookings and seems to be seeing good traction. Do you believe that the 200-odd crores of bookings that you have done because of TravelPro, considering that the client sizes are perhaps relatively smaller than those of core corporate customers, is a booking run rate that you can aspire to maintain consistently, or something in that range? This segment seems to perform better.

The second part of the question is whether TravelPro also gives you longer-term contracts, such as 2, 3, 4, or 5 years, or whether it is different from the way it works for the rest of the corporate business.

Management: If you look at our numbers, we have announced 53 new-logo acquisitions with approximately 220 crores of annual billable potential. Out of that, 30 logos are TravelPro, which is just the beginning of the scale-up of TravelPro.

We believe that going forward, TravelPro will bring in a greater number of logos from a wins perspective. Obviously, TravelPro would start reporting a much larger number. {? 80 crores out of 140 crores ?} is again a very good start. This business is already trending nearly 20-30% higher in

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Q2.

We believe there is a huge headroom and white space that is still not digitized from a corporate online travel perspective. Our ability to create a product that has resonated well with very large customers and with small and medium enterprises has started to gain traction in the market.

Usually, our elite customers would come in with at least a 2–3-year contract. However, in TravelPro, we are seeing that most of our projects involve an annual contract that we sign with our customers. These are still very early days to comment on exactly how this customer cohort will behave going forward and on its stickiness.

However, we are glad to report that there has been no deterioration in our net retention percentage, which we have maintained for the last 2–3 years, with corporate net retention as high as 97%.

Nitin – Investec: Perfect, very helpful. I have some questions on costs, but I will come back in the queue. Thank you.

Management: Thank you.

Operator: Thank you. The next question is from the line of Anmol Ganjoo from DAM Capital. Please go ahead.

Anmol Ganjoo – DAM Capital: Thanks for the opportunity. I wanted to ask a couple of things. Firstly, I wanted to clarify how much of our business is international versus domestic as of now.

Management: As of now, Anmol, the international share would have come down to less than 30%. If you recall, given our higher mix of corporate travel and MICE, particularly international MICE, we were trending closer to the late 30s to almost 40% in terms of the mix. It is under 30% at the moment.

Anmol Ganjoo – DAM Capital: Understood. Dhruv, our underlying volume growth in air has been 5%, which is greater than the overall market growth. This is despite the pressure on corporate bookings at this point. I wanted to understand whether we have increased our focus on the B2C side, leading to relatively better growth than the market at this point within air.

Management: We have a diversified business model, and that is one of the advantages of the diversified business model. We have seen that B2C is able to scale up and scale up profitably. That is where we have been able to lean a little on the B2C side to build some volume and make sure that, when it comes to supplier deals and so on, we remain at the right thresholds.

I think it also reflects what we said in our last commentary about putting in a lot of effort to ensure that our technology and platform work for all our customer cohorts. That investment has resulted in the platform becoming more stable, with the {? response ?} times being much better. It has a trickle-down effect on almost all LOBs.

That is what we have seen: this investment has started reflecting in performance across B2C as well. That is the reason why the volumes have increased there. Obviously, it is the business closest

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to India's domestic spending story. I think domestic travel demand has not come down. That is why we see both passenger travel and the standalone hotel business doing really well. I think that is why there has been an overall increase and we have gained market share.

Anmol Ganjoo – DAM Capital: Understood. Just one thing on the margins. We commented that we expect our adjusted margins to be 30%+ going forward. What will lead to such a strong increase in margins? Will it happen over the next 1–2 quarters, or is this more of a longer-term guidance?

Management: I think let me answer the last part of your question first. That is more of a mid-term guidance, which we had given earlier as well. We were at a margin of more than 20%, and we had explained how the addition of every incremental corporate customer adds almost a 50% net contribution margin.

As the corporate business grew, we would have expected to reach that 30% number, given the operating leverage in the business. Unfortunately, we have seen disruptions such as MICE, which have affected us for the last 2 quarters. MICE is a higher-margin business. In addition, we have had to make some incremental investments for the Kanoo project. Therefore, there is also some cost impact from that.

The net effect of these factors is what has brought the margin down. If we normalize for these elements—meaning, if we see MICE return, as we expect in the current quarter; air margins on international routes stabilize; and further growth in the corporate travel business—we will see margins return very quickly to the 20%+ mark first.

As the business continues to scale, we do feel confident that we will get back to that 30% aspiration in the mid-term. Based on the trend we are seeing at this point, my sense is that in the second half of the year, we should start being quite close to the 20% mark before scaling up again from there.

Anmol Ganjoo – DAM Capital: Understood. Dhruv, on that point, should we see an increase in margins in the next quarter as well, or will they remain range-bound, given that there are capacity constraints in the flight business at this point?

Management: I think there will be a little improvement on account of MICE, but the second element, which is capacity, is still returning only gradually. Therefore, we will see marginal improvement. If MICE continues this momentum, hopefully we might see some more tangible improvement, but margins will largely remain range-bound in the current quarter before we start seeing further improvement going forward.

Anmol Ganjoo – DAM Capital: Sure. That is all from my end, Dhruv. Thanks for answering the question.

Operator: Thank you. The next question is from the line of Dhruv from Leo Capital. Please go ahead.

Dhruv – Leo Capital: Am I audible?

Operator: Yes.

Dhruv – Leo Capital: Congratulations to the team on the 7-year partnership that we had this quarter. I have just one question on the corporate structure. Could you give us an update on the restructuring merger of Yatra India with the parent company? Where do things currently stand, and what timeline are you working toward to get this concluded?

Management: Hi, Dhruv. On that front, work has obviously been going on for at least the last 6 quarters. This entails different jurisdictions, including India, Singapore, Cyprus, and Cayman, as well as dealing with the SEC.

We did a block back in February directly from that entity into India to fund that entity's legal expenses for the collapse. I think that is one indication that work is going on there, and hence we had to fund the legal expenses. Beyond that, from a public disclosure point of view, all I can say is that it remains a key priority, and we are all working toward it.

If I were to give you a sense of the timeline, having seen how regulators in different markets behave, it is very hard to give an exact timeline for that.

Dhruv – Leo Capital: Okay. Thank you.

Operator: Thank you. Ladies and gentlemen, to ensure that every participant gets an opportunity, please restrict your questions to one or two per participant. The next question is from the line of Chirag from Motilal Oswal Financial Services. Please go ahead.

Chirag – Motilal Oswal Financial Services: Hello. I hope you can hear me.

Management: Yes, we can.

Chirag – Motilal Oswal Financial Services: I have a couple of questions. If we look at the customer acquisition cost in the hotel and package segment, or customer promotion expense as a percentage of gross bookings, it has increased slightly during this quarter. Did we provide more discounts in the hotel and package segment, considering the slowdown in the environment?

Management: Your voice was slightly unclear.

Chirag – Motilal Oswal Financial Services: Customer promotion as a percentage of gross bookings has increased and is, in fact, at almost a 5-quarter high. Did we provide more discounts in the hotel segment during the current quarter?

Management: It has to do partly with the business mix as well, given that a greater part of the business mix this quarter is coming from B2C. B2C does have a certain level of discounting and marketing. That is part of the reason why you are seeing it at slightly elevated levels.

As things normalize and we have the MICE mix coming in again in the next quarter, this number should normalize. This is more of a temporary phenomenon on account of the change in business mix.

Chirag – Motilal Oswal Financial Services: From a near-term point of view, we are expecting the mix of air and hotel to become 50-50. Is that strategy still intact?

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Management: Absolutely. That strategy continues to be well on track. We are at about a 60-40 mix when it comes to air and hotels at the gross margin level. Given that air is growing more like early double digits and hotels are growing at 30%+, we will continue to see improvement in the business mix toward hotels.

The strategy of reaching a 50-50 mix between air and hotels over the next 2-3 years remains perfectly on track.

Chirag – Motilal Oswal Financial Services: I also have a few bookkeeping questions on the P&L. If we look at employee expenses, they have increased by almost 300 basis points on a quarter-on-quarter basis. Can you walk us through the calculation and explain what led to the increase in employee expenses?

Management: Sorry, I missed your question. Can you clarify it again?

Chirag – Motilal Oswal Financial Services: I am asking about employee expenses. As a percentage of revenue, they have increased significantly. Although business volume activity was slightly lower, considering the environment, what led to the increase in employee expenses as a percentage of revenue?

Management: The incremental employee expenses as a percentage of revenue that you are seeing are due to the investment we have made in people for the Kanoo project. Revenue for the Kanoo project started coming in from July 1, or around the middle of July, but the buildup of the people, some part of the infrastructure, and the technology platform being hosted on the GCP cloud platform all happened in the current quarter.

People had to be hired and trained, so the hiring cost of people, training cost of people, and all those expenses came in during the current quarter. That is why you are seeing people costs being higher as a percentage of revenue. The profit element of that will start taking effect from the second quarter onward.

Chirag – Motilal Oswal Financial Services: Okay.

Chirag – Motilal Oswal Financial Services: In the second quarter, will it remain in this range, or will it normalize as in previous quarters?

Dhruv: No, the number in absolute terms will remain at similar levels. In terms of people costs, now that the people have been hired, the people costs will remain at these levels. However, you will see the revenue impact of that, meaning the positive revenue accruing from the Kanoo business and the Kanoo contract, starting from the second quarter onward.

Operator: Sorry to interrupt, Chirag. Please rejoin the queue for the follow-up questions. The next question is from the line of Ankush Agarwal from Search Capital. Please go ahead.

Ankush Agarwal – Search Capital: Thank you for taking my question. First, I want to understand the MICE business and its impact on profitability. In Q4, because MICE was impacted, profitability took a hit, and the same happened again this quarter.

For the medium to long term, I want to understand whether, if this continues, any quarter or year in which the MICE business is impacted will completely affect profitability. Is the business overly reliant on MICE generating a certain level of profitability for you?

Dhruv: I think in the short term, there is an element of what you are saying that is correct. MICE is a highly profitable business. It is a cross-sell opportunity to our large existing corporate customer base.

MICE has a structure where you have a certain profit margin, between 9% and 10%, and a very limited amount of incremental costs that you carry for your people. Your workforce cost is fixed in nature, so MICE has very good operating leverage. When you execute the MICE business, it has a large bottom-line flow-through.

The second factor that has impacted us in the current quarter is air margins. Given that the margins have not really improved yet, there is a depression in earnings on account of that. I would not say that the entire decline is attributable to MICE.

There are 3 elements impacting the decline at this point: MICE, which is obviously the most material; air margins; and the incremental cost we have incurred in setting up the Kanoo project. The Kanoo project will become contribution-positive immediately, so in the second quarter itself you will see its positive impact.

We expect air margins to recover in the second half of the year based on the discussions we are currently having. That should also fall into place. As the MICE business recovers, its impact will automatically flow through to the bottom line.

Therefore, there are 3 components that have impacted this result, not just the MICE business. However, MICE does have disproportionate operating profitability, given that MICE operates at an operating margin of 40%+, versus other businesses that operate closer to 15-20%.

Ankush Agarwal – Search Capital: Over the medium term, as the business scales up and we work toward achieving the 30% margin we are considering, would it be fair to assume that MICE would still drive, say, half of the profitability of the business, or would it be more than that? I am trying to understand how profitable the core business, excluding MICE, will be in absolute terms.

Dhruv: MICE will account for anywhere between 20%—on an annual basis, 20%. You might have quarters where it tends to be closer to 25%, but that is about it. It is not that more than 50% of the business would come from MICE.

Even if you look at the current quarter, the year-over-year decline in MICE, which you can see in the service cost, shows a service cost drop of about 30 crores. You have an approximately 10-10.5% margin impact on that, and there is also some greater competition this quarter. Therefore, the total MICE impact of the decline is between 4 and 5 crores. It is not that MICE accounts for 50% of profitability.

Management: To add to Dhruv's comments, we have to look at the true nature of how the MICE business operates. MICE does not follow linearity in the way that the pure corporate business does. It is lumpy in nature, and given that its contribution to gross margin is in the range of 9-10% straight

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away, we have to look at it differently and assess the MICE business from a year-on-year standpoint rather than comparing one quarter with another.

Something I said earlier in the call is that MICE went through a slight transformation. For a brief moment, international fares increased. The industry had to rework its approach based on new fundamentals.

We believe that both on the customer side and among companies like us that serve those customers, we have formed new equations and brought the business back. The inherent nature of rewarding your ecosystem or employees with good travel to keep motivation levels up, train them, and reskill them is a reward in a way that does not go away.

The basic nature of the business does not change. It is just that we have to look at MICE differently from the pure air and hotel businesses coming through the consumer and corporate lenses.

Operator: Sorry to interrupt, Ankush. Please rejoin the queue for the follow-up question. The next question is from the line of Sonal Minhas from Prescient Capital. Please go ahead.

Sonal Minhas – Prescient Capital: Hi, this is Sonal Minhas. I hope I am audible, and thank you for taking my question. My first question is regarding the guidance for the year. Are we still holding on to the guidance, or is there a downward revision or any revision to the broad long-term guidance we have given?

Dhruv: We had not given any guidance for the current year, Sonal. At this point, we are also not issuing guidance for the current year. We will evolve, and as the market stabilizes, we should hopefully come out with guidance next quarter. At this point, we are not giving guidance for the year.

Sonal Minhas – Prescient Capital: Understood, Dhruv. Could you share, if possible, what percentage of your business comes from the Middle East at a broader level?

Dhruv: The Middle East itself, in terms of the endpoint, would have been under 20%. But if you add the Middle East as a transit point, you are looking at almost 30%+ of international travel transiting through the Middle East.

There is also a spillover impact. With all this capacity out of the Middle East and travel out of the Middle East not going through, you have European fares, or transit through Europe—which is the key point for business travel into the US—at extremely elevated levels. We are seeing ATPs anywhere between 20% and 30% higher.

If you look at it, we always say this in jest, but what was an economy fare has become a premium economy fare, what was a premium economy fare has become a business-class fare, and a business-class fare today is like a first-class fare.

Therefore, you are seeing an extreme amount of price increases, which is definitely deterring large group movements. Companies establish budgets at the start of the year for how much they are going to spend on incentives and so on, so this is deferring the level of spending.

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Even when it comes to corporate movement, non-essential corporate travel is being limited, at least in certain industries. Industries such as IT continue to be very circumspect. Therefore, there is a spillover effect from all of this. It is not just traffic through the Middle East or the Middle East as an endpoint.

Sonal Minhas – Prescient Capital: Understood. Thank you for explaining that. I have a second question, Dhruv. I was going through the annual report of Yatra, which is the listed entity in the US, and I presume there are some financial investors who are based there.

I wanted to understand the broader contours of the restructuring. Those entities appear to be resident or domiciled investors in the US or internationally. What would be their incentive to merge with the India entity and bring that mirror shareholding back to India?

From a very broad, zoomed-out perspective, it appears that there is no incentive for a US-domiciled investor or investors based outside India to come in and fold into India. There are also some news reports and rumors about shareholding being sold to outside parties. I do not want to go into that, but I want to understand, from a stability perspective, the holding of the entity and whether there are financial investors who intend to sell out once the entire holding is folded into one entity.

Dhruv: Without commenting on the second part of the question, if I were to look at it from a financial incentive point of view, the holding in that entity in the US is fairly concentrated, and there is a very limited amount of liquidity in that entity.

There is a substantial discount at which that entity trades because of the lack of liquidity. The objective of the collapse, or of making the shares fungible, would be to ensure that from a value opportunity and value creation point of view, a value creation opportunity emerges and there is better price realization for the few shareholders who hold the majority of the shares in the US.

There will be some smaller shareholders who might not have the wherewithal to hold India shares or might not be able to complete the KYC necessary to open demat accounts. For those shareholders, there would be some kind of exit mechanism.

However, the 8 or 9 of us who are either large individual shareholders or large institutional shareholders and who are long-term believers in the Yatra story believe that holding a more liquid India stock is the right thing for us to do.

Sonal Minhas – Prescient Capital: From an economic incentive perspective, that is what you are saying.

Dhruv: Yes.

Sonal Minhas – Prescient Capital: Understood. Thank you for explaining that. I will fall back in the queue.

Dhruv: Sure.

Operator: Thank you. The next question is from the line of Moksh Lanka from Aurum Capital. Please go ahead.

Moksh Lanka – Aurum Capital: Hello. I wanted to understand whether there is any update regarding our corporate card platform. You were working on some other solutions to reduce our working capital intensity. Is there any update on that?

Dhruv: On the corporate card platform, we are working with the banks to create a product. That work is still ongoing with the banks. The challenge we are working through is figuring out how to balance the MDR cost.

We obviously do not want to be in a situation where we have to absorb 165 basis points of MDR cost. Therefore, we are working with the banks to see whether a product can be created with a lower MDR, even if it comes with a shorter credit cycle for the corporate customer.

This is being worked on with the banks. The business model and business case are being put together with a banking partner.

In terms of the other working capital initiatives, we are also working with American Express on its BTA platform, and with HDFC and Citibank on the CTA card platform. SBI also has a similar product, and we are trying to put that product in place with corporate customers.

The first step in this process is to make sure that we work with the airline and hotel supply partners so that they bear the cost of the credit card. We do not want to be the party absorbing this cost in the middle, given that we are more of an intermediary.

These initiatives are currently a high priority from a working capital management point of view, but they do have a long lead time. Once they are implemented, however, their impact will also be equally quick. Needless to say, this remains a key priority for us so that we can put these initiatives in place.

Moksh Lanka – Aurum Capital: Understood. That is all from my side. Thank you for taking my question.

Operator: Thank you. Ladies and gentlemen, due to time constraints, that was the last question. I would now like to hand the conference over to the management for closing remarks.

Dhruv: I would like to thank all of you for joining this call and asking very insightful questions. I want to reiterate that we are a company that believes in investing for the future.

We have spent 20 years, and all of us are really happy about how we have played our role in shaping the travel ecosystem in India as well as globally. We strongly believe that we will continue to reshape this industry as we move forward.

Commenting again on Q1, we believe these were tough times for the industry, but the way we have thought about navigating them is by innovating and investing for the future. We are already seeing very healthy signs that the future looks very positive.

Yatra Online

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We look forward to sharing more exciting news about how Yatra is progressing in the future and how we are reshaping the travel world. Thank you so much for your interest in Yatra. Thank you so much for joining the call.

As a parting comment, having seen multiple such cycles, we do have a playbook in place to manage these cycles. As we have said, we have seen revenge travel happening very quickly, so we do not see this time being any different. Our focus is to make sure that at this—

Management: At this point in time, we use this opportunity to sharpen our technology and operations to make sure we come out and deliver even stronger service and customer experience to our large corporate customers. We will continue to make progress on this front and execute the playbook that we have successfully used coming out of earlier disruptions. Thank you so much, and thank you, everyone, for your continued support of Yatra.

Management: Thank you.

Operator: Thank you. On behalf of Antique Stock Broking, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.

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