November 20, 2024

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| **Listing Manager,**<br>**National Stock Exchange of India Limited**<br>**Exchange Plaza, C-1 Block G**<br>**Bandra Kurla Complex, Bandra (E)**<br>**Mumbai – 400051, India**<br>**Symbol: YATRA**<br>**ISIN No.: INE0JR601024** | **Manager - CRD**<br>**BSE Limited**<br>**Phiroze Jeejeebhoy Towers**<br>**Dalal Street,**<br>**Mumbai – 400001, India**<br>**Scrip Code: 543992**<br>**ISIN No.: INE0JR601024** |

**Sub: Intimation – Transcript of Earnings Conference Call for the quarter ended September 30, 2024.**

Dear Sir/Madam,

Pursuant to Regulation 30 read with Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please find enclosed herewith the transcript of earnings conference call for the quarter ended September 30, 2024.

The above information will also be made available on the website of the Company at www.yatra.com.

This is for your information and records.

Thanking You,

Yours sincerely,
**For Yatra Online Limited**
DARPAN BATRA
Digitally signed by DARPAN BATRA
Date: 2024.11.20 13:08:22 +05'30'
**Darpan Batra**
**Company Secretary and Compliance Officer**
**M. No. A15719**

**Encl.:** as above

# "Yatra Online Limited
# Q2 FY25 Earning Conference Call"
# November 13, 2024

**MANAGEMENT:** **MR. DHRUV SHRINGI – CHIEF EXECUTIVE OFFICER – YATRA ONLINE LIMITED**
**MR. ROHAN MITTAL – CHIEF FINANCIAL OFFICER – YATRA ONLINE LIMITED**

**MODERATOR:** **MR. ANMOL GARG – DAM CAPITAL ADVISORS LTD**

**Moderator:** Ladies and gentlemen, good day and welcome to Q2 FY25, Earnings Conference Call of Yatra Online hosted by DAM Capital Advisors Ltd. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star, then zero on your touch-tone phone.

Please note that this conference has been recorded. I now hand the conference over to Mr. Anmol Garg from DAM Capital Advisors Ltd. Thank you and over to you, sir.

**Anmol Garg:** Thank you, Muskan. Good evening, everyone. On behalf of DAM Capital, we welcome you all to Q2 FY25, conference call of Yatra Online Ltd. We have with us Mr. Dhruv Shringi, CEO of the company, and Mr. Rohan Mittal, CFO of the company. I'll now hand over the call to Mr. Dhruv for his opening remarks. Thank you and over to you, Dhruv.

**Dhruv Shringi:** Thank you, Anmol, and good evening, everyone, and thank you for joining us for our second quarter of fiscal 2025's earnings call. As you would recall, we completed the acquisition of Globe Travels, a leading corporate travel and MICE company headquartered out of Calcutta, on September 11th. Our results will include Globe's performance for the 20-day period.

So let me begin by giving you an overview of the quarter. So for the quarter ended September 30th, 2024, we reported total revenue of INR2.36 billion, marking an impressive year-over-year increase of 151%, primarily fueled by strong organic performance in our hotels and packages segment, particularly in our meetings, incentives, conferences, and exhibitions, which is the MICE business. Our organic growth rate was also an equally impressive 121%.

The robust growth in MICE underscores our ability to capture the rising demand for corporate travel and event services, further solidifying our market presence. Despite headwinds in the B2C air segment, our corporate travel segment continued to demonstrate strength, showing significant growth across all major metrics. In the second quarter of FY25, we onboarded 29 new corporate clients, collectively adding an annual billing potential of INR1.2 billion.

This not only expands our client portfolio, but reinforces our value proposition as a trusted partner in the corporate travel solution space. As I mentioned earlier, on September 11th, 2024, we completed the acquisition of Globe for INR1.28 billion in cash. I'd like to highlight some strategic advantages that we expect from this acquisition.

Through this acquisition, Yatra adds approximately 360 new Globe travel customers to its existing base of over 850 corporate clients. This substantially increases our leadership position in India's corporate travel market and reinforces our competitive advantage. The expanded customer base is expected to strengthen our position with suppliers, enabling us to negotiate more favorable terms, which in turn allows us to deliver even greater value to our customers.

Globe is well known for its expertise in the MICE sector. By integrating Globe's travel capabilities with our recent organic growth in MICE, Yatra is positioned to become one of the largest players in this fast-growing segment in India. The acquisition of Globe Travels brings access to a diverse and largely non-overlapping client base, thereby diversifying our client portfolio across various industries.

This portfolio presents ample opportunity for cross-selling for Yatra's hotel and expense management solutions, allowing us to provide a more comprehensive suite of travel solutions tailored to meet the specific needs of our customers. With Globe Travels last year reporting adjusted revenue of approximately INR470 million and adjusted EBITDA margins exceeding 30%, this acquisition is immediately accreted to our financials. We also foresee additional potential for margin expansions as we realize some of the synergies.

Importantly, Globe Travels operations are primarily offline, presenting an opportunity to introduce our corporate self-booking platform to their customer base, thereby creating significant efficiency and enhancing our value creation potential. Globe Travels corporate clients can expect improved cost savings and streamlined operations by leveraging Yatra's digital platform. As part of the combination of Yatra and Globe, we had identified synergies of approximately INR60 million per year.

And as we move forward, we expect that we should be able to realize synergies slightly ahead of this initial target that we had set for ourselves. These synergies are on account of combining supply, getting on to the same GDS deals, and automating a lot of the business processes at the end of Globe Travels. Additionally, we have achieved notable organic progress in our corporate hotels and MICE business as well this quarter.

This is evidenced by our performance in our hotels and packages segment. The segments of gross bookings increased by 68% year over year, of which organic growth itself was about 44%, with the rest coming on account of the acquisition of Globe. Our adjusted EBITDA for the quarter reached INR136 million, up 29% year over year.

This was up about 9% year over year and 10% quarter on quarter on an organic basis as well. This strong performance underscores the continued momentum of our strategic initiatives. Moving on to some of the more recent initiatives.

Firstly, let me talk about our expense management solution. Our expense management solution, RECAP, is progressing well with several customers currently in the pilot phase. This product has seen encouraging responses, indicating its strong potential as a cross-sell offering within our current client base and also on a standalone basis.

Given the significant demand and profitability potential in the expense management sector, we see substantial opportunity to scale up RECAP both in India and internationally, deepening our customer relationships and reinforcing our value propositions. Moving on to our corporate platform partners program. Last quarter, we announced a strategic partnership with DW Travels out of Dubai.

This is a premier travel management company based in the UAE. As part of this program, this partnership will enable offline and online travel agencies to benefit from new revenue streams, differentiated offerings, and advanced travel-related products and services. And through this program, partners like DW Travel can leverage Yatra's cutting-edge platform to offer a superior travel experience, thus unlocking new growth opportunities and solidifying their market position as well.

For us, this also acts as a highly profitable revenue stream, given that for us the incremental servicing cost of these is fairly marginal. All these partner programs that come on will have a very high degree of operating leverage for us. Some of the other new technology advancements that we've made is that we've become one of the first travel management companies in India to integrate the new distribution capabilities that the airlines are offering.

This is a transformative technology solution developed by the IATA. And through our self-booking tool, NDC offers a richer booking experience, greater transparency, and special fares to our corporate customers. NDC modernizes airline distribution by granting travel agents and intermediaries access to more dynamic and detailed content, such as personalized offers, real-time seat availability, and tailored pricing options.

By integrating NDC, Yatra ensures that corporate travelers have access to the best possible fare options on our platform. This milestone again reinforces Yatra's commitment to innovation and leadership in the corporate travel management space, ensuring that we remain at the forefront of technological advances that benefit our clients. Moving on to our B2C segment, the B2C business continues to face direct competition from some of the domestic air suppliers who differentiate pricing on their own website and apps.

However, despite this competition on the B2C airfront, we've managed to stabilize the volumes and have focused on improving operating performance. We've seen the benefits of this flow through in the months of September and October, and expect the same to continue in Q3 as well. Our brand, Yatra.com, continues to have strong brand recall, which has, in a relatively short period of time, enabled us to offset the impact of these industry headwinds.

In addition, we continue to make strong inroads on selling personal travel to the employees of our corporate customers, and I'm happy to report that the attach rate of personal travel was up almost 20% versus the same quarter last year. This channel continues to remain a very cost-effective channel of customer acquisition for us. Towards the end of September, we also launched a revamped user experience on our website and our mobile apps for B2C on both the Android and iOS platforms, and the initial response to conversion optimization on the new platform is very encouraging.

Looking at the macro environment, in the September 2024 quarter, India's corporate travel sector experienced significant growth, reflecting the country's robust economic performance and evolving business dynamics. The RBI's economic outlook during this period further underscores the nation's economic resilience and growth prospects. India's corporate travel market is undergoing a transformative phase, driven by new work models and technological advances.

A recent Deloitte report highlights that innovation in corporate travel is key to enhancing employee experience and optimizing costs. The MICE segment has been a significant contributor to this growth. Companies are increasingly investing in MICE activities to foster team cohesion, engage clients, and drive business opportunities. This trend has led to a surge in demand for hotels, conference facilities, and related services, benefiting the hospitality and travel industries.

Technology advancements have played a pivotal role in reshaping corporate travel. The adoption of tech-enabled, personalized, and sustainable solutions is driving the corporate travel landscape in India. Companies are leveraging digital platforms like ours for travel bookings, expense management, and real-time itinerary adjustments, enhancing efficiency and traveller satisfaction.

The RBI's outlook for September 2024 reflects a positive trajectory for India's economic development. Domestically, the RBI has maintained a favourable growth forecast of 7.2% for FY '25. Inflation has remained within the RBI's target range, providing a stable environment for economic activities, and the central bank has kept the policy rates unchanged at 6.5%.

The robust performance of corporate travel sector is both a contributor to and a benefactory of India's positive economic outlook as business expands and engages in a more face-to-face interaction, the demand for corporate travel services increases, stimulating growth in these related industries such as hospitality, aviation, and event management.

While challenges remain in the B2C segment, we are highly encouraged by the strong momentum we are experiencing in our corporate travel business, alongside the value creation expected from the acquisition of Globe Travels and the growth in our organic MICE segment.

The addition of new corporate travel accounts and the developments in our MICE business exemplify our commitment to delivering long-term value for our stakeholders. We will continue refining our strategic initiatives to maintain our leadership position in the corporate travel sector, and are simultaneously exploring ways to increase our share in the direct-to-consumer business as well.

With that said, I'll hand the call over to Rohan who will provide a more detailed breakdown of our financial performance. Rohan?

**Rohan Mittal:** Thank you, Dhruv. Thank you all. I will now review our financial performance for the quarter ended September 30, 2024. For this quarter, our overall gross bookings remained largely stable on a year-over-year basis at INR17.6 billion. This was because of a mixed performance across different business segments.

Air gross bookings fell by 10% year-over-year to INR13.3 billion for reasons just mentioned by Dhruv. On the other hand, our hotel and package segment saw a robust growth with gross bookings increasing by 68% year-over-year to INR3.7 billion. This was because of strong performance across corporate hotels as well as our MICE business. Our overall adjusted margin for the quarter was at 1.5 billion. Our adjusted margin percentage for air ticketing business was at 7% and 11% for hotel and packages.

Moving on to expenses. As a percentage of total gross booking value, our marketing, sales promotion expenses, including consumer promotion and loyalty program, decreased by 18% on a Y-o-Y basis to INR679 million. Our personal expenses, excluding share-based payment, increased by 20% Y-o-Y as we continue to invest in talent to build out our mid-market, MICE, Visa, expense management, and other businesses. This also includes a partial impact of our annual appraisal cycle.

Our payment gateway cost as a percentage to gross bookings has reduced by 15 basis points, from 0.7% in year-ago quarter to 0.55% in the current quarter. On an overall basis, our adjusted EBITDA was INR136 million, which was an increase of 29% Y-o-Y. Profit came in at 73 million compared to a loss of 171 million in the same period previous year.

Lastly, as of 30th September 2024, we had a cash and cash equivalent term deposits equivalent of about INR2.1 billion on our balance sheet. And we were carrying gross debt of approximately INR277 million.

With this, we conclude our prepared remarks, and I'd like to hand it over back to the moderator for Q&A. Thank you.

**Moderator:** Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Anmol Garg from DAM Capital Advisors. Please go ahead.

**Anmol Garg:** Hi, Dhruv and Rohan. Couple of questions from my side. Firstly, what would be the organic revenue growth during the quarter, if you can indicate it ex of Globe?

**Dhruv Shringi:** If I look at -- Anmol, let's start with revenue from operations. Revenue from operations, excluding Globe, grew 121% year-over-year on an organic basis. And revenue less service cost grew 15% year-over-year, excluding Globe.

**Anmol Garg:** Sorry, you said 121% Y-on-Y on an organic basis.

**Dhruv Shringi:** That's right. That's the revenue from operations. And if I look at revenue less service cost, that grew at 15% year-over-year on an organic basis.

**Anmol Garg:** Understood. Secondly, Dhruv wanted to understand the more longer-term margin profile of the business. If we have to look at the company from one-year perspective or two-year perspective, how should we look at the margins for the company right now? And just in continuation of that, now despite Globe having relatively a little bit better margin than us, if I look at the absolute EBITDA margin front, then absolute EBITDA margin has gone down versus last quarter. So if you can indicate why that has happened and also what will be the sustainable margin profile for the company over the next few quarters?

**Dhruv Shringi:** So Anmol, I think we have to look at this firstly from a first principle basis as well. Because when you look at from a reported revenue point of view, the revenue reporting that happens for MICE is similar to packages and they get recorded at a gross basis. So to my mind, the right way to look at operating margins is to look at revenue less service cost. And from there, then look at what is the margin.

So if I look at the adjusted EBITDA for this quarter, our adjusted EBITDA for this quarter is about INR136 million or INR13.6 crores. This INR13.6 crores of adjusted EBITDA margin is on INR93 crores of revenue less service cost, which is almost a 15% margin. I think that's the way to start looking at this given the MICE component, because MICE will always get recorded from an accounting perspective, accounting principle perspective on a gross basis. So the key metric to my mind to start tracking would be revenue less service cost, and then operating margin as a percentage of revenue less service cost, which currently is close to about 15%.

**Anmol Garg:** Understood. And if you can give outlook over here, how should we look at the margins going ahead?

**Dhruv Shringi:** Yes, so here the endeavour would be that the revenue less service cost margin, right, or the actual underlying operating margin improves to about 20% over the course of the next three quarters. So by summer of next year, we should be looking at this number getting to about 20%.

**Anmol Garg:** Understood. Thanks, Dhruv. I'll join back in the queue.

**Moderator:** The next question is from the line of Nitin Padmanabhan from Investec. Please go ahead.

**Nitin Padmanabhan:** Congrats on a good quarter. I wanted to sort of understand the improvement in EBITDA for the quarter, primarily because I think the last quarter, we have INR4 crores improvement in absolute EBITDA. The last quarter, there was a provision for impairment which was around INR3.5 crores. So adjusted for that, it looks like it's only a marginal improvement. But if I just look at everything else, like there's a 19% sequential growth in the standalone business, revenue minus service cost. And air take rates have also improved.

So logically, one would expect that there's some benefit of operating leverage and the incremental EBITDA contribution should have been better. So what is it that has sort of impacted the operating leverage negatively this quarter?

**Dhruv Shringi:** Sure. So in terms of just walking through the numbers on a Q-on-Q basis, if I look at revenue less service cost in the second quarter, it was approximately INR80 crores, which went up to INR93 crores in the current quarter. So we added INR13 crores of net revenue Q-on-Q.

And EBITDA improvement happened from INR10.5 crores to INR13.6 crores. So that's an improvement, which is there of about INR3-odd crores. The reason it's at three and not more is, one, there is a little bit of investment, which is still there on the people side.

So if you see the people cost, there is some enhancement or increment, which is there in terms of people cost. This is on account of, one, the annual wage increment that ends up happening. And plus, some teams which are there on the mid-market space.

The other factor which is there is that there is incremental legal and professional expenses, which are there, which are associated with the acquisition of Globe and the ongoing matter with EasyGo. So there is some incremental legal and professional cost also that we've incurred on account of this. The combined effect of these factors would be almost to the tune of about INR3.5 crores. So had these factors not been there, you would be seeing almost 50% flow-through of the incremental revenue to profitability.

**Nitin Padmanabhan:** Got it. And how much of, obviously, the annual increment is understandable, but the legal and professional, is that a meaningful number overall? And do you think that that will sort of sustain into quarters going forward?

**Dhruv Shringi:** No, so that could not carry forward because it's linked to the acquisition of Globe. So you've got legal costs, you've got due diligence costs related to the transaction. And then you've got the EasyGo matter also, which is ongoing, on which we had some incremental legal costs as well. So the combined effect of all of this would be approximately about INR1.4-odd crores. So that would not be there on an ongoing basis.

**Nitin Padmanabhan:** So going forward, I think it's fair to assume that we should start seeing operating leverage, considering the 90 people on the consumer side will be off, and this INR1.4 crores will also be off. So I think almost INR4.5 crores will not be a cost for next quarter, broadly speaking. Or do you think incremental investments will still curtail this and we'll not see the full operating leverage?

**Dhruv Shringi:** There will still be some amount of incremental investment, which will be there. But a large part of this should actually flow through in terms of improvement in performance. The only one thing to take into account, Nitin, is the seasonality of corporate travel in Q3.

But if I look at Q4, the math that we just did, the walkthrough of that, that should flow through in Q4. Q3, while in the month of October and November, we see that benefit on the ground. And I mentioned this in our prepared remarks as well. December will be a significantly slow month for business travel. That's just the nature of the industry. But in Q4, you will see all of this flow through.

**Nitin Padmanabhan:** You will see all of this flow through. So is there a likelihood that underlying earnings can come off in Q3 because of the weakness in corporate in Q3? Or do you think because consumer is sort of stabilized and those 90 people costs will not be there, the underlying earnings should still be in a range, it shouldn't come off? Is that a fair assumption? Or do you think there will be a drop in earnings?

**Dhruv Shringi:** No. As of now, the trending seems to indicate that they shouldn't come off. They should remain range bound to what we had just reported.

**Nitin Padmanabhan:** Got it. Just one last before I skip the flow. Is that the other current assets on the balance sheet has sort of increased by around INR57 crores? And are these basically incremental deposits with airlines? Because they also feel a little bit sort of improvement in take rate for air.

**Dhruv Shringi:** Yes, maybe Rohan can respond to that please.

**Rohan Mittal:** Of incremental deposits with the airlines? Nitin?

**Nitin Padmanabhan:** Yes, there's a INR57 crores sort of increase on other current assets. So a large part I presume is that airline item. But because there's an acquisition, I don't know if there's something else added to that. So just wanted to clarify.

**Rohan Mittal:** No, these are not airline deposits. These are advances given to vendors for our MICE business. So they're recorded as other current assets. They get dissolved as the trip comes to an end and the billing is completed. They typically tend to get dissolved.

**Nitin Padmanabhan:** Got it, got it. Fair enough. I'll come back for a follow-up. Thank you so much and all the best.

**Rohan Mittal:** Thank you.

**Moderator:** Thank you. The next question is from the line of Manik Taneja from Axis Capital. Please go ahead.

**Manik Taneja:** Thanks you for the opportunity. Some of my questions have already been answered but would be great to understand how are you perceiving the air ticketing business going forward given some of the recent challenges? That's question number one. The second question essentially is that if you could give us some perspective of the split of air and hotels business for the acquired entity.

**Dhruv Shringi:** So in terms of the air ticketing business, Manik, on the corporate side, we continue to see strong traction on the air ticketing business. The part which is getting a bit impacted on that, and this is not a negative thing, is just that the international air ticket prices are finally beginning to ease off a little bit and we would expect them to soften a bit more in the fourth quarter of the year. But in terms of volume on the corporate side, we don't see any slowdown.

We continue to see healthy double-digit plus kind of volume growth on the air ticketing side on the corporate front. On the B2C front as well, as I mentioned, we've reached a point where we've been able to stabilize the volumes and the last couple of months we've started seeing a gradual increase. This is happening on account of some improvement and work that we've done on the technology front in terms of optimizing conversion and trying to find other avenues, more creative avenues of customer acquisition.

These would include partnerships that we've had with the likes of Swiggy, where we have a large alliance partnership going on with them, which is helping us acquire some customers at a relatively lower cost of acquisition. So all in all, we are at a stage where now we should start seeing air ticketing gradually beginning to grow. We still on a year-over-year basis might face competitive challenges because of the base being higher in the last year.

But if I look at this on a sequential quarter-on-quarter basis, you'll start seeing air ticketing beginning to grow gradually, but you will see very strong growth happening on the hotels and MICE side. That's the area which is much higher in terms of margins, and we continue to push quite actively on both of those fronts. So we feel that's the key way in which we can enhance our operating margins and our gross profit margins, and those are the areas which will see much faster growth rate.

In terms of the split of the acquisition between hotels and air, so Globe, again, being a large MICE-focused business, their business is split almost 60% of their gross bookings come from air and 40% of their gross bookings come from hotels and packages.

**Manik Taneja:** Okay. That's helpful. The last one, basically, you've been talking about, and with this acquisition also you basically increased your B2B or the corporate side of the business. If you could help us understand what proportion of our GVR as well as revenues are now linked to the B2B business, it would be great to essentially get some perspective on that.

**Dhruv Shringi:** Sure. So in terms of gross bookings, now almost 60% of our gross bookings are coming from the corporate travel business, from the B2B business. That's how we plug it. We talk about B2B and B2C. Our combined B2B business is now accounting for almost 60% of our gross bookings. Okay.

**Manik Taneja:** And this number should be going up as we consolidate Globe and that could be…

**Dhruv Shringi:** That's right. That is right.

**Manik Taneja**: Yes. Thank you and all the best for the future. Sure. Thank you.

**Moderator:** Thank you. The next question is from the line of Jinesh Shah from RSPN Ventures. Please go ahead.

**Jinesh Shah:** So my first question would be regarding the take rate of hotel and package business. So we can see that it has gone down from 13% to 11%. So I would just like to know that the reason for the same and what should we expect in the coming quarters and next year?

**Dhruv Shringi:** Sure. So the change in mix out here between more focus on corporate hotels and mice, where margins at a gross level are lower, but then you don't really have any marketing and sales and distribution costs to that extent, right, is the reason why the weighted average margins on hotels and packages has moved from 12.7 to 10.9, right? It's only a mixed issue and nothing else.

In terms of going forward, I would see these margins rationalizing a little bit more, closer to about 10%. I don't see that as a bad thing because what that means is the more profitable part of our business is scaling up in terms of overall share. And if I look at this from a, let's say a long-term margin perspective, right?

Over the next three years, given that the business would be largely focused on corporate and mice, I would expect this number to be range bound between nine and 10%. That's going to be the long-term kind of margin profile out here.

**Jinesh Shah:** So my other question would be with respect to the gross margins, like if I see Y-o-Y or Q-on-Q basis, so like it was like 80% to 83% last quarter and last year corresponding, corresponding quarter. So like we can see that in this quarter it has been like around 40%, so what would be the reason linked to that?

**Dhruv Shringi:** It is just purely on account of the accounting of packages, especially on the mice side, which get accounted for on a gross basis. That's the only reason. Otherwise there's no change in anything else. As I mentioned, to my mind, the right metrics to start focusing on would be the revenue less service cost. And look at how the revenue less service cost is growing quarter-on-quarter.

**Jinesh Shah:** And one last question from my side, as you mentioned that since Globe and Yatra both are in mice business segment, so like you mentioned that the customers, you have like different customers and you don't overlap. So like I would just like to know the target customers from Globe and Yatra's perspective, whether it's like or based on class or geography?

**Dhruv Shringi:** So in terms of the customer profile, on the corporate travel side, Yatra is much more focused on the large corporate space, what we call elite customers, whereas Globe is much more focused on the mid-market corporate space, which is our travel pro customer base. So that's the segmentation. Globe's customers will typically be between the INR2 crores to the INR5 crores kind of annual corporate travel spend space, whereas Yatra's customers will be much more closer to like on average about INR25-plus crores.

**Moderator:** Thank you. The next question is from the line of Karan Uppal from PhillipCapital India. Please go ahead.

**Karan Uppal:** Two questions from my side. Firstly, just wanted to understand how much of the business is dependent on agents before the acquisition and how the mix changes post the acquisition of Globe? That's the first question.

**Dhruv Shringi:** So in terms of business dependent on travel agents, that is just about maybe 10%-12% of our overall business. In terms of gross bookings, in terms of revenue, that would be more like 5%-7%. So it's a very, very small part of our overall business. It doesn't change materially post the acquisition of Globe either.

**Karan Uppal:** And secondly, I think you mentioned in your opening remarks about the partnership with a DMC, destination marketing company based out of Dubai. So if I understand correctly, these DMCs basically agents partner with these DMCs for offline bookings when they are organizing the group packages.

**Dhruv Shringi:** No, that's not what we're looking at. Just to correct that, this company is a company called DW Travel. They are a very large travel management company, similar to us as a corporate travel company. We are their technology solution provider as part of corporate platform partnerships. So their customers in the Middle East will use now going forward, they will start implementing Yatra's technology platform as a white label for them.

And then we will get a revenue per transaction from them for use of our platforms. So this is focused on the corporate travel space only, not on the DMC market. DMC is basically the guys which are the destination management companies that service travel agents. That's not what we are looking at. DW Travel will have customers like DP World, which is the largest port operator.

They work with some of the large government organizations. So they're servicing the large corporate customers of the Middle East.

**Moderator:** Thank you. The next question is from the line of Khush from InCred Asset Management. Please go ahead.

**Khush:** Just wanted two data points. One is in the air ticketing business, what would be the mix between B2C and B2B?

**Dhruv Shringi:** So in the air ticketing business as well, we are now at a stage where B2C would be a shade under 50% and early 50s would be B2B.

**Khush:** And in the hotels, we would be at 60% B2B, right?

**Dhruv Shringi:** Yes, more than that, right? So it's closer to about 65% being B2B. 65% B2B.

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

**Nitin Padmanabhan:** So on the partnership with DW, so this would be a revenue per customer. So it's not on a…

**Dhruv Shringi:** No, it's a revenue per transaction. So it's more like, you can think of it in a way like a GDS segment fee or a SaaS platform transaction fee.

**Nitin Padmanabhan:** So actually, we're looking at this, the DW seems to be part of this Emirates group, which is a $6 billion group, and it looks big, but how would you treat this? Is this a partner that sort of will drive a lot of incremental revenue and EBITDA in the medium term, or do you think this is one of those partnerships, which is sort of maybe start off with, but it's not going to be meaningful to start with?

**Dhruv Shringi:** Nitin, how these partnerships would play out is that they will initially go through a transition phase, similar to what India went through in terms of adoption of digital technologies, right? So if you recall, our corporate travel adoption also happened at a very gradual pace until COVID happened and then suddenly it went up on a hockey stick.

So when we look at the Middle East market, we look at this more as a long-term thing. Here, my sense is in the first year, we will get maybe revenue and our projections are between the $100,000 to $150,000 a year from customer like this. But as you go forward, firstly, it's going to have a very long lifetime value of customer.

And then the potential is to get to about $300,000 per year by the second, third year, once you see technology being implemented at a larger scale. So on the first year basis, we would expect a customer like this to deliver about $100,000 to $150,000 in terms of revenue to us.

**Nitin Padmanabhan:** So one should expect that you'll have a lot more of these partnerships going on in different places. So your overall time sort of expands. Is it a fair assumption?

**Dhruv Shringi:** That's right. So our objective is to look at this as a regional alliance to start with, where we do this across the Middle East markets in Southeast Asia and build a regional player on the same platform so that we can go and bid for larger contracts as well and offer large multinationals at least a uniform experience on the tool across different markets.

So that's how we would look at this. So there would be more of these opportunities that we will continue to evaluate and explore as we move forward.

**Nitin Padmanabhan:** And where would this reflect from an accounting perspective? Is it in the other services?

**Dhruv Shringi:** Yes, it will reflect in the other income. Yes, in the other services.

**Nitin Padmanabhan:** In the other services. And this would be a very high margin business, right? So even if it's $100,000…

**Dhruv Shringi:** I mean, even more, because when you look at it from an incremental cost point of view, the incremental cost on this is fairly limited. So there's very high operating margin. It's like a SaaS kind of GP business.

**Nitin Padmanabhan:** Lastly, I just wanted to check on the MICE business. Q3 will be soft, right? So when we think about accretion from Globe and just look at their last year's reported revenue, typically, how should we think about it? What proportion of the annual revenue typically comes in the Q3 and Q4? Just some sense on seasonality for us to think about from our modelling perspective would be helpful.

**Dhruv Shringi:** Sure. So then, you know, MICE is general business, right? So this would apply to Yatra's MICE as well, is that you would see approximately about 30% happening in Q2 and Q4, and about 25% happening in Q1 and 15% happening in Q3. Because Q3 has the tightest availability in terms of inventory, and MICE typically needs large inventory, right? So the kind of group movements that we do, we need large inventory of hotels.

So from that perspective, inventory is the tightest in Q3, given the Diwali, Dussehra break and the New Year Christmas break.

**Nitin Padmanabhan:** So when you look at MICE overall, what proportion of the business would be MICE today? And strategically, as a percentage of the overall business, where do you think it should be considering that it has its own ebbs and flows and whatever it is? How would you want it to be longer term? And how is it currently?

**Dhruv Shringi:** So in terms of MICE, what we would look at is out of our total gross bookings of hotels and packages, we would want MICE to be in the range of 25% to 33%. So at max, about one-third of our business should come from there. And we are today, with the combination of Globe and with our own organic efforts, getting to that stage of about 30%, 35%.

What we will see, Nitin, maybe at a slightly faster pace would be the growth on the standalone hotel side as more and more customers, which are currently in the pipeline for deployment on our hotels program, go live over the course of the next quarter or so. So we'll start seeing some step function increases in that starting with January.

**Nitin Padmanabhan:** Right. And by when do you think the mid-market will really start kicking for us in terms of revenue and, the onboarding and earnings?

**Dhruv Shringi:** In the mid-market segment, the onboarding is happening, but over there given that per customer revenue is still relatively small, right, compared to the large corporate, it will be a long-term kind of initiative, right? My sense is that for it to really start being material, we are looking at this to be maybe, in the second half of next year.

**Nitin Padmanabhan:** And I also want to think about how large this is today on the overall portfolio as a percentage of the gross bookings and how could it be maybe longer term? How would you think about it?

**Dhruv Shringi:** So today, it's just about 10% of the portfolio. If I look at from an overall industry dynamic point of view, right? So 70% of the industry on the corporate travel side is unmanaged business travel and 30% is managed business travel, right? So we are just about dipping our toes in the 70% of the industry right now.

So longer term, it will become, it should become, meaningfully larger. The difference between the two is that on the larger corporate side, you do a lot more tech integration. So the stickiness does tend to be much higher, whereas out here, the stickiness is relatively lower because it's a more standardized product.

But I look at this as a big opportunity, given that, the vast majority of the offline players don't really have the technology chops to be able to, scale this segment.

**Nitin Padmanabhan:** Got it. Perfect. Very helpful. Thank you so much.

**Moderator:** Thank you. The next question is from the line of Khush from InCred Asset Management. Please go ahead.

**Khush:** Yes, hi. This is more of a question to Rohan. I was looking at your 6K that you have filed. The adjusted EBITDA, there is a INR66 million compared to what we have reported in the presentation as 136. So what will be the differential?

**Rohan Mittal:** So the differential would be on multiple counts. One, there is a cost item which is sitting in our U.S. Holdco, which primarily concerns the cost of compliance. So for example, our stack auditors in U.S., our fees for SOX compliance, DNO insurance, etc. So there'll be those items which will add up to the differential.

**Khush:** Got it. And what is the position right now on the Holdco structure?

**Rohan Mittal:** In the sense of we were looking to collapse that structure, right? We continue to evaluate options. There was a restructuring committee which was formed in the month of July. And the committee has evaluated certain options. We do, we are working with our consultants, lawyers, etc. To come up with a structure which is the most optimal structure for the organization and the shareholders. We will make some announcements on that in due course of time.

**Khush:** Got it. And lastly, on the ESOP cost, what it was in this quarter?

**Rohan Mittal:** The ESOP cost for this quarter is about INR2.5 crores.

**Khush:** And this has substantially come down from INR9.7 crores. So this will be the current end date or this will increase in the subsequent quarters?

**Rohan Mittal:** See, the ESOP cost is a function of grants. And once new grants are issued, which is subject to board's discretion, once new grants are issued, then there is a waterfall mechanism for recording those ESOP grants. So the initial few quarters are always high. And then that cost tapers off over the period of that ESOP grant, which typically in our case is four years. So it is difficult to comment on the exact numbers in future, but expect a range bound number going forward.

**Moderator:** Thank you. The next question is from the line of Vinay from Hathway Investments. Please go ahead.

**Vinay:** Yes, thanks for the call. Just wanted to check out on two things. One is in your Slide 7, where you mentioned cross-booking and adjusted revenue. Could you just give me what is the difference between the two? Cross-booking, I can understand. Adjusted revenue is left of service cost?

**Dhruv Shringi:** Adjusted revenue is basically the sum total of all the commission income that we earn from all our suppliers, right? Plus any service fee that we charge to the customer. So that's the total pool of margin that we have.

**Vinay:** But that doesn't add up to any numbers in your quarterly consolidated financial performance that you have given in Slide 10?

**Dhruv Shringi:** Yes. So the way this number is worked out is you have your total revenue, less your service cost, plus add back up discounts and coupons which are issued to the customers. So in our 6K, there would be a reconsideration of this as well.

**Vinay:** And just one more point. You have a good platform where you can service MICE and your corporate travel customers. Would you in future look at using the same for individual occasions like weddings and all?

**Dhruv Shringi:** That's an interesting question. We've looked at some of these things. It's just a matter of prioritization. At some point, we will get to that. But as of today, I think we've got a great opportunity in front of us on the cross-sell of MICE to our existing customers itself and some of the large customers that we carry forward from the Globe acquisition where we are servicing MICE.

So I think there's a big farming opportunity there itself for the next few months for us to do before we open newer segments like weddings. But yes, at some point in future, given that it is a very lucrative segment, we will evaluate that. But it's still a bit further out in the roadmap.

**Moderator:** Thank you. Is there no further questions from the participants? I would now like to hand the conference over to Mr. Dhruv from Yatra Online for closing comments. Over to you, sir.

**Dhruv Shringi:** Thank you so much, operator. And I would like to thank all of you for taking out the time to join us this afternoon. As you would have seen, we've made substantial progress in the business and we remain very confident that going forward as well, our performance will continue to improve as we go forward.

We've got a very strong brand. We've got a very large corporate franchise. And now we've got multiple ways through which we can monetize this, whether it's through the MICE channel, whether it's by adding hotels and standalone hotels on the corporate travel platform and things like expense management. So we remain very confident of our plan and our ability to execute on it. And thank you for all the trust that you have put in us. Thank you.

**Moderator:** Thank you. On behalf of DAM Capital Advisors Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines. Thank you.

***Note: This transcript has been edited for readability and does not purport to be a verbatim record of the proceedings.***