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

Sub: Intimation – Transcript of Earnings Conference Call for the quarter ended June 30, 2026.

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 June 30, 2026.

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

JYOTI CHAWLA

Digitally signed by JYOTI CHAWLA
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Jyoti Chawla
Company Secretary and Compliance Officer
M. No.: A20392

Encl.: As above

"Yatra Online Limited

Q1 FY27 Earning Conference Call"

August 13, 2026

MANAGEMENT: **MR. DHRUV SHRINGI – EXECUTIVE CHAIRPERSON AND WHOLE-TIME DIRECTOR – YATRA ONLINE LIMITED**
MR. SIDDHARTHA GUPTA – CHIEF EXECUTIVE OFFICER – YATRA ONLINE LIMITED
MR. ANUJ SETHI – CHIEF FINANCIAL OFFICER – YATRA ONLINE LIMITED

MODERATOR: **MS. SAGARIKA CHETTY – ANTIQUE STOCK BROKING LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to Yatra Online Q1 FY27 Earnings Conference Call. 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 this conference call, please signal an operator by pressing star 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: Hi. Thank you. Good morning, everyone. On behalf of Antique Stock Broking, we welcome you all to the Q1 FY27 Earnings Call for Yatra Online Limited. Today, we have with us the management of the company represented by Mr. Dhruv Shringi, Executive Chairperson and Whole-Time Director; CEO, Mr. Siddhartha Gupta and Chief Financial Officer, Anuj Sethi. Thank you all for joining.

Over to you, Dhruv, Siddhartha and Anuj sir.

Dhruv Shringi: Thank you, Sagarika, and good morning, everyone. Thank you for joining us on this conference call to discuss our first quarter fiscal year ended 2027 earnings.

As you might have seen in social media and our marketing campaigns, we recently completed 20 years of taking Yatra -- taking Indians to work and -- helping Indians get off from work as well. 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 over 1,000-plus 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 onto 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, which support more than 1,300 large and midsized enterprise customers across India. And 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 two 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 touch points, reducing cost leakages for their customers and unlocking better operating leverage as they scale. 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 spend 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 overtime.

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 to low-double-digit CAGR over the next several years, outpacing many global peers, supported by rising disposable income, rapid digital adoption and improving air and rail connectivity across Tier II, Tier III cities.

During this period, while international travel has got 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 in 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 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% to 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 spend 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 the foreign tourism boards also supports these views with many foreign tourism boards keenly awaiting the 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.

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 quarter two, our MICE bookings are already trending at 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, 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 spends, 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 INR21,007 million. Gross margin increased to INR1,227 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 53 new corporate customers with an expected annual billable potential of INR2,223 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 give us a strong foundation to capture the growing travel opportunity in India.

As the market continues to shift towards 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, Siddhartha Gupta, for further commentary. Sid?

Siddhartha Gupta: Thank you so much, Dhruv. Building on Dhruv's comments, I want to spend a few 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 two 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 way of working, rethinking 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 bookings grew 16.5% year-on-year to INR21,007 million, while total transactions increased by about 12.2% year-on-year, supported by a healthy growth across air and hotel segments.

Gross margins increased 6.1% year-on-year to INR1,227 million. Revenue from operations stood at INR1,879 million, down approximately 10% year-on-year, primarily reflecting lower MICE top lines during the quarter.

Adjusted EBITDA was INR151 million compared to INR249 million last year. There are two 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 INR300 million lower year-on-year, mainly due to disruption in international group travel. This had an approximately INR30 million impact on gross margin. In addition, the shift from international to domestic group travel increased competitive pressures resulting in further impact of INR30 million on gross margin.

I want to reiterate that we view this drop of INR60 million in H&P gross margin as a short-term transitory factor rather than structural change in the business, and we expect the impact to normalize going forward as travel patterns have started to stabilize already.

Corporate travel demand was also impacted because of elevated air fares, while the timing of airline incentive programs created an additional near-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've made. We've 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've been doing this through a three-pronged approach. First, strengthening and scaling our core B2B business. We have continued to invest behind Travel Pro, our MSME offering, including building out the people, platform and the 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, 30-plus customers representing approximately INR800 million came through Travel Pro, our offering for that segment. While still early, this gives us confidence in the potential of the new go-to-market engine we have built around our core corporate offerings.

Second, expanding our addressable market through RECAP, our expense management solution. Since its launch, we've already added more than 20 customers. We continue to invest in 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 two quarters, we have invested in making our technology global-ready, including 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, 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. Importantly, across all three initiatives, we've 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 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 INR16,579 million.

Growth was supported by higher average ticket sizes, 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 softer demand environment, we continue 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 stand-alone 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 investments 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 discretionary travel. Geopolitical uncertainty led to delays in corporate decision-making and in several cases, a shift of international programs towards shorter haul and domestic destinations happened.

As discussed earlier, the combination of lower TTV and temporary margin compression resulted in approximately INR60 million impact year-on-year on MICE gross margins during the quarter. What is important, however, is that is what we are seeing as we enter Q2. The Q2 MICE pipeline is significantly stronger than Q1 and a healthier margin profile. Based on visibility we have today, we believe the Q1 impact was temporary, and we are seeing encouraging signs that the MICE business is returning to its growth rate.

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

The structural opportunity remains significant with online penetration in India, 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 digitize.

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 hotel continues its growth trajectory as strong as it was earlier. At the same time, our investments are expanding our growth opportunities. Travel Pro is strengthening our B2B 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 towards 20% plus. And as corporate travel normalizes and our growth initiatives scale, we believe the 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 approach 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. And I'll now request our CFO, Anuj Sethi, to brief you on the financial performance for the quarter.

Anuj Sethi: Thank you, Siddhartha. 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 1,879 million. Our gross margin, defined as revenue less service cost rose 6.1% year-on-year to INR1,227 million. Adjusted EBITDA decreased 39.4% year-on-year to INR151 million, translating to a 12.29% adjusted EBITDA to gross margin ratio. As a result, our profit after tax came in at INR3.4 million.

In terms of segmental performance, air 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 INR16,579 million. And our air gross margin rose 8% year-on-year to INR699 million with margin declining from 4.6% to 4.2%.

On the Hotels and Packages segment, total room nights grew by nearly 30% year-on-year to 548,000. Gross bookings increased 13% year-on-year to INR3,876 million, while gross margins expanded 24% year-on-year to INR386 million, while margins improving from 9.05% to 9.95%. On the liquidity front, cash and cash equivalents and term deposits stood at INR1,976.9 million as of 30th June 2026.

With this, I would like to hand it back to the moderator and open up for question-and-answer session. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question is from the line of Sagarika Chetty from Antique Stockbroking. Please go ahead.

Sagarika Chetty: Yes. Hi. So my first question is on the Flight segment. So you saw an 18% growth in GTV this quarter driven mostly by value than volumes. But your gross margins increased at a much slower pace. Now of course, it is 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? And so is it fair to assume that margins further and would be relatively subdued for the year compared to FY '26?

Dhruv Shringi: Sagarika, as we mentioned –and you would see this in our investor presentation as well. What's happened at this point of time is that a lot of the Middle Eastern carriers, especially are still trying to figure out what would be the volume and how much capacity will they deploy during this current year on account of which the kind of PLBs, which are the annual productivity-linked bonuses, those targets and those 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 are already seeing some degree of normalization in the capacity. We are seeing some more capacity being added back. We do expect margins to improve in the second half of the year. So at this point of time, it's driven more by the macros because of which you're seeing GTV rise at a faster pace, and there should be a catch-up effect of this in the second half of the year.

Sagarika Chetty: Okay. Fairly clear. And the second question was given the fact that this quarter, there was weaker corporate travel. So what is the proportion of your B2B versus B2C? Has that changed? Or does that remain broadly the same as it was in the previous quarters?

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

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

Sagarika Chetty: Very clear. Thank you so much. I will join back for the questions.

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

Nitin: Hi, good morning. Thanks for the opportunity. A couple of questions. So the first is on the MICE recovery. So you indicated that there's a INR300 million sort of loss of revenue on a year-on-year basis. Do you think this loss of revenue in terms of 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 maybe sort of gets bridged only sometime next year? So that's the first question.

Siddhartha Gupta: So, MICE as a segment has gone through a bit of a restructure. And the restructure actually started somewhere around mid of last quarter. And the demand had to shift from international group travel had to kind of transform itself into domestic group travel, which was maybe slightly higher margin, but smaller order sizes.

So that transformation was going on as we progress from Q4 to Q1. And what we saw was an industry that was responding to the changing demand and what we could execute from a MICE segment standpoint. And I think that phase of MICE transformation is already over.

As Dhruv earlier said in his speech, our Q2 volumes are looking 50% better than what we have seen in Q1 and the margin profile of the groups that we have received and are executing are far better as well. So, we do not expect a very prolonged change in the business now. Now things are stabilizing more and the pipes are looking better and the margin profile is looking better as well.

So to answer -- the short answer to your question is that I think the massive change that was to happen has already happened. The industry has responded to the market condition, and I think things are normalizing as we speak now.

Nitin: Perfect. And on the Travel Pro, it seems to have done pretty well in terms of bookings and seems to be seeing good traction. Do you believe that the INR200-odd crores of bookings that you have sort of done because of Travel Pro, considering the client sizes are maybe relatively smaller than the core corporate. Do you think that this sort of INR200 crores kind of booking run rate should -- is something that you can sort of aspire for on a consistent basis or thereabouts because this sort of does better?

And the second part of the question is, do you think that Travel Pro also gives you longer-term contracts like two, three, four, five years? Or is it anyway different from the way it is for the rest of the corporate business?

Siddhartha Gupta: If you look at our numbers, we've announced 53 new logo acquisitions of about INR220-odd crores annual billable potential. Out of that, 30 logos are Travel Pro, which is just the beginning of the scale of Travel Pro. So we believe going forward, Travel Pro would bring in more number of logos. So from a number of wins perspective, obviously, Travel Pro would start reporting a much larger number. INR80 crores out of INR140 crores, again, is a very, very good start. And this business is trending nearly 20% to 30% higher in Q2 already. So we believe there's a huge headroom whitespace, which is still not digitized from a corporate online travel perspective. And our ability to create a product which has really resonated well with very large customers for small and medium enterprises is starting to get traction in the market.

What we -- usually our Elite customers would come in with at least a two to three-year kind of a contract. But in Travel Pro, we are seeing that most of our projects are about an annual contract that we sign with our customers. These are still too early days to comment on exactly how this part of customer cohort would behave going forward and the stickiness. But glad to report that there is no deterioration in our net retention percentage that we have been holding on for the last two to three years, where our corporate net retention is as high as 97%.

Nitin: Okay. Very helpful. I have some questions on cost, but I'll come back in the queue. Thank you.

Siddhartha Gupta: Thank you.

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

Anmol Garg: Yes, hi. Thanks for the opportunity. A couple of things I wanted to ask. Firstly, I wanted to clarify how much is our international business versus domestic as of now?

Dhruv Shringi: So 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 -- international MICE, we were trending closer to late 30s to almost 40% in terms of the mix. So it's under 30% at the moment.

Anmol Garg: Understood. Understood. And Dhruv, our underlying volume growth in the air has been 5%, which is greater than the overall market growth. Now this is despite pressure in the corporate bookings at this point in time. So just wanted to understand, have we increased our focus on the B2C side of things, which is leading to relatively a little bit better growth than the market at this point in time within air?

Dhruv Shringi: So, we have a diversified business model, and that is one of the advantages of the diversified business model. We've seen, obviously, that B2C is able to scale up and scale up profitably. And that's why we've been able to lean on a little bit on the B2C side to build a little bit of the volume to make sure that when it comes to supplier deals, etc, we remain at the right thresholds. So I think it also reflects -- I think we -- in the last commentary, we had spoken about the fact that we are putting in a lot of efforts to ensure that our tech and platform holds for all our customer cohorts.

And that investment, which has gone in has resulted in the platform being more stable, the response times being much better. And it has a trickling down effect on almost all LOBs. And that's what we've seen that this investment has started reflecting in performance across B2C as well. So -- and that's the reason why the volumes have gone up there. Obviously, it's a business that's closest to the domestic spend story of India. I think travel demand hasn't come down, domestic travel demand. That's why we see people travel as well as hotel business doing really well stand-alone. And I think that's why overall, there is a bump up and we've gained market share.

Anmol Garg: Understood. Just one thing on the margin. So we made a comment that we expect our adjusted margins to be 30% plus going ahead. So what will lead to such a strong margin inch up and current -- yeah, so what will lead to this? And will it happen over the next 1 to 2 quarters? Or this is more of a longer-term guidance that you're giving?

Dhruv Shringi: I think let me answer that from the last part of your question first. That is more like a midterm guidance, which we had given earlier as well. We were at 20-plus percent kind of margin, and we have done the walk in terms of how the addition of every incremental corporate customer has almost 50% net contribution margin. So as the corporate business would have grown, we would have expected to get to that 30% number given the operating leverage in the business.

Unfortunately, we've seen things like MICE, which get disrupted, which have gotten disrupted for the last 2 quarters. those are higher-margin businesses. Plus we've had to make some incremental investments for the Kanoo opportunity. So there is some amount of cost impact of that as well, which is there. So the net effect of those is what has brought the margin down.

If you were to normalize for these elements, meaning if you were to look at MICE come back, which is what we are expecting in the current quarter, air margins on the international route getting stabilized and some further growth in the corporate travel business, we will see margins come back very quickly to the 20-plus percent mark first. And as the business continues to scale, we do feel confident that we'll get back to that 30% aspiration in the midterm. So my sense at this point based on what trending we are seeing is that in the second half of the year, we should start being pretty close to the 20% mark before scaling up again from there.

Anmol Garg: Understood. Understood. Just Dhruv on that, so in the next quarter as well, should we see an increase in margins? Or will it remain range bound given that capacity constraint is there on the flight business at this point in time?

Dhruv Shringi: I think there is a little bit of improvement on account of MICE, but for the second element, which is the capacity still continues to be coming back only gradually. So I think we'll see a marginal improvement to -- if MICE continues this momentum, hopefully, we might see some more tangible improvement, but largely remaining range bound in the current quarter before we start seeing further improvement going forward.

Anmol Garg: Sure. That's it from my end Dhruv. Thanks for answering the questions.

Moderator: Thank you. The next question is from the line of Dhruv from Leo Capital.

Dhruv: Am I audible?

Moderator: Yes.

Dhruv: Yeah. So firstly, 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 towards to get this concluded?

Dhruv Shringi: Hi, Dhruv, so on that front, there is obviously work which has been going on now for the last, I would say, at least 6 quarters on that. That entails different jurisdictions, including India, Singapore, Cyprus and Cayman plus dealing with the SEC. We did do a block back in February, right, from that entity into India to fund that entity's legal expenses for the collapse. So I think that's one indication that there is work going on over there, hence, we had to fund the legal expenses. But beyond that, from a public disclosure point of view, all I can say is it remains a key priority, and we guys are all working towards that. If I was to give you a sense of a timeline, having seen how regulators in different markets behave, it's very hard to give an exact timeline on that.

Dhruv: Okay. Thank you.

Moderator: Thank you. The next question is from the line of Chirag from Motilal Oswal Financial Services. Please go ahead.

Chirag: Hello, sir. Can you hear me?

Siddhartha Gupta: Yeah, we can.

Chirag: Yeah. Yeah. So, a couple of questions. If you look at the uh customer inducement cost in the hotel and packages segment or customer promotion expense as a percentage of gross bookings, it has slightly elevated in this quarter. Is it like we provided more discounts in the hotel and packages segment considering the slowdown environment?

Management: Your voice is slightly unclear.

Chirag: Yeah, I mean the customer promotion as a percentage of gross booking has increased, and it's at almost a five-quarter high level. So, is it like we provided more discounts in current quarter in the hotel segment?

Dhruv Shringi : Yeah. So, it's got to do a little bit with the business mix as well, given that this quarter, a greater part of the business mix is coming from B2C, and B2C does have a certain level of discounting which is and marketing which is there. That's part of the reason why you are seeing it at slightly elevated levels. As things normalize back, and we have the MICE mix also coming in again in the next quarter, this number should normalize. So, this is more of a temporary phenomenon on account of the change in business mix.

Chirag: Okay. And can you also please provide a guidance like, from a near-term point of view, we are expecting, mix shift to happen like air and hotel will be 50/50 in near term? So, is that strategy still intact?

Siddhartha Gupta: So I think we spoke about these margins. We've already spoke about the fact that in quarter 2 we are seeing the GTV trend better than what -- where we were in Q1. So we expect that the margins would be a bit suppressed because the airline capacities are still continuing to be constrained. But other than that, we expect the MICE margins to improve in quarter 2 going forward. So hopefully, we'll be reporting better numbers.

Dhruv Shringi : Was your question on the business mix between air and hotel?

Chirag: Yes. So, I'm asking we used to provide guidance like we are looking to have a 50/50 mix over next 2 to 3 years' time frame in hotel versus air. So, is that strategy still intact, or is there any change there considering the current environment?

Dhruv Shringi: No, no, absolutely. I mean that strategy continues to be well on track. We are at about a 60-40 mix when it comes to air and hotels, right, on the gross margin level. And given that air is growing more like early double digits and hotels are growing at 30-plus percent, we would continue to see improvement in the business mix towards hotels. And that strategy of getting to a 50-50 mix between air and hotels over the next 2 to 3 years remains perfectly on track.

Chirag: Okay. And a few bookkeeping questions I have on the P&L part. If I look at your employee expenses, that's increased by almost 300 basis points on quarter-on quarter. Can you go through -- walk through the math, I mean, what has led to the increase in the employee expenses?

Dhrv Shringi : Sorry, I missed your question. Can you just come back -- just clarify your question again?

Chirag: I'm asking on employee expenses part? I mean as a percentage of revenue has increased significantly. Also the business volume activity was slightly on the lower end considering the environment, what has led to the increase in the employee expenses as a percentage of revenue?

Dhruv Shringi : Right. The incremental employee expenses as a percentage of revenue that you're seeing, that's happening on account of the investment we've made in people for the Kanoo project. The revenue for the Kanoo project has started coming in from 1st of July or middle of July. But the buildup of the people, some part of the infrastructure, the technology platform being hosted on GCP cloud platform, all of those has happened in the current quarter because people had to be hired, people had to be trained.

So there is a hiring cost of people, training cost of people, all of that which has come in the current quarter. That's why you're seeing people costs being higher as a percentage of revenue. The profit element of that will start kicking in from the second quarter onwards.

Chirag: In second quarter, will it remain in this range or it will normalize like previous quarter?

Dhruv Shringi: No. The number in absolute terms will remain at similar levels, right? So in terms of people costs now that the people have been hired, the people costs will remain at these levels, but you will see the revenue impact of that, meaning the positive revenue accruing from the Kanoo business and the Kanoo contract that will start coming in from the second quarter onwards.

Chirag: Okay.

Moderator: Sorry to interrupt, Chirag. Please re-join the queue for the follow-up questions. The next question is from the line of Ankush Agrawal from Surge Capital. Please go ahead.

Ankush Agrawal: Yeah. Hi. Thank you for taking my question. So first thing I want to understand is about this MICE as a business and its impact on profitability. I think in Q4 also because MICE was impacted the profitability took a hit and this quarter again. So in the medium to long run, what I wanted to understand is if this is going to be the case that if any quarter or any year we have MICE as the business get impacted, then that takes away the profitability for a toss. So isn't the business sort of overly reliant on MICE generating a certain level of profitability for you?

Dhruv Shringi: I think in the short term, there is an element which is correct from what you're saying. MICE is a highly profitable business. It is a cross-sold opportunity to our large existing corporate customer base. So given that MICE has a structure where you have a certain amount of profit margin, right, between 9% to 10%, and you've got very limited amount of incremental cost that you carry on your people, right? Your workforce cost is fixed in nature.

So it has very good operating leverage. So when you execute the MICE business, it has a large bottom line flow-through, which ends up happening. The second part which has impacted us in the current quarter, obviously, is the air margins, given that the margins have not really been firmed up right now, there is a depression in the earnings on account of that. So I wouldn't say the entire drop is attributed to that. There are 3 elements which are impacting this drop at this point of time.

MICE obviously being the most material along with air margins and then the incremental cost that we've incurred in the setup of the Kanoo project. The Kanoo project will become contribution positive immediately. So in the second quarter itself, you'll see the positive impact of that. Air margins, we do expect air margins to recover in the second half of the year based on the discussions that we are currently having. So that also will fall in place.

MICE, the impact of MICE as the MICE business recovers will automatically flow through to the bottom line. So there are 3 components which have impacted this result, not just the MICE business. But yes, MICE does have a disproportionate operating profitability given that MICE operates at like a 40-plus percent kind of operating margin versus other businesses which are operating closer to 15% to 20%.

Ankush Agrawal: Okay. Okay. So like over time over medium term as the business scales up and the aspiration to achieve that 30% margin that we are sort of thinking? At that scale, would it be fair to assume that MICE would still drive say half of the profitability of the business or it will be more than that? I'm just trying to understand is Yatra's business except MICE, how profitable it is going to be in absolute basis?

Dhruv Shringi: Yeah. So MICE will account for anywhere between 20% to maybe -- on an annual basis, 20%, you might have quarters where it tends to be closer to 25%, but that's about it. It's not that more than 50% of the business would come from MICE. I mean even if you were to look at the current quarter, the drop year-over-year in MICE, and you can see this in the service cost, right? You have a service drop of about INR30 crores.

You've got a 10.5% kind of margin impact on that. Plus this quarter, there is some greater competition. So the total MICE impact of the drop is between somewhere INR4 crores and INR5 crores. So it's not that MICE is accounting for 50% of the profitability.

Siddhartha Gupta: I think to add to Dhruv's comments, we have to look at the true nature of how the MICE business operates. MICE doesn't follow a linearity like the way corporate -- pure corporate business follows. It is lumpy in nature. And given that its contribution is to gross margin is in the range of 9% to 10% straight away. We have to look at the way and look at MICE business from a year-on-year standpoint rather than trying and comparing one quarter to another.

Something that I said earlier in the call, MICE went through a slight transformation moment, the international fares went up. The industry had to rework with new fundamentals. And we believe that both on the customer side as well as on people like us who serve those customers, we have formed new equations and hence, brought the business back, because the inherent nature of rewarding your ecosystem or employees with good travel to keep the motivations up to train them to reskill them, that is a reward in a way which doesn't go away. So the basic nature of the business doesn't change. It's just that we have to look at MICE with different view than just pure air and hotel business coming through consumer and the corporate lines.

Ankush Agrawal: Great. Lastly, just this comment...

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

Sonal: Hi. This is Sonal Minhas. I hope I'm audible, and thanks for taking my question. My first question is regarding the guidance for the year. Are we still holding on to the guidance or there is a downward revision or a revision to the guidance that we've broadly given for longer term?

Dhruv Shringi: See, we haven't given any guidance for the current year, Sonal. And at this point as well, we are not really issuing a guidance for the current year. We will evolve and as the market stabilizes, we should hopefully be coming out with the guidance next quarter. But at this point, we're not giving out a guidance for the year.

Sonal: Got it, Dhruv. Got it. Could you share, if it's okay, to share what percentage of your business comes from the Middle East at the broader level?

Dhruv Shringi: See, the Middle East itself -- in terms of the endpoint, would have been under 20%. But Middle East as a transit point, if you were to add all of that, right? That's when you're looking at almost 30% plus of international travel transiting through Middle East.

There is a spillover impact as well, which happens that 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 U.S., those fares are at extremely elevated levels, right?

We are seeing ATPs being anywhere between 20% to 30% higher. And if you were to look at -- we say, this in jest, but what was an economy fare has become a premium economy fare, what was the premium economy fare has become a business class fare and the business class fare today is like a first class fare.

So you are seeing extreme amount of price increase happening, which is deterring definitely large group movements because company's establish budgets at the start of the year of how much they are going to spend for incentives, etc. So it is deferring the spend level.

And even when it comes to corporate movement, nonessential corporate travel is being limited at least in certain industries, right? So industries like IT, etc, continue to be very circumspect. So there is a spillover effect as well of all of this that's happening. It's not just traffic through the Middle East or Middle East as an endpoint.

Sonal: Got it. Thanks for explaining that. I have second question, Dhruv. I was going through the annual report of Yatra, which is the listed entity in the U.S. and I presume there are some financial investors who are sitting there. So, just wanted to understand with regard to broader contours of restructuring, those entities look more like they are resident or domiciled investors in the U.S. or internationally.

What would be an incentive of them merging with the India entity and bringing that mirror shareholding back to India? From a very broader like zoomed-out perspective, it looks like there is no incentive for, let's say, a U.S. domiciled investors with investors sitting outside India coming and then holding up into India. That's one.

And there are obviously some, I think, news rumors about shareholding being sold to outside. I don't want to track towards that, but I just want to understand from a stability perspective of the entity holding and is there financial investors who intend to sell out once this -- the holding gets folded into one entity?

Dhruv Shringi: So, without commenting on the second part of the question, if I would just look at from a financial incentive point of view, the holding in that entity in the U.S. is fairly concentrated, right? And that has very limited amount of liquidity in that entity.

So there is a big discount that, that entity trades that because of lack of liquidity right, and the objective of the collapse from making the shares fungible would be to ensure that from a value creation point of view, there is a value creation opportunity that happens and the price is more

-- price realization is happening for those few shareholders who are holding the majority of the shares in the U.S.

Now there will be some smaller shareholders who might not have the wherewithal to hold India shares, who might not be able to do the KYC necessary to open demat accounts, etc. So for those guys, there would be some kind of an exit mechanism. But the large eight, nine of us who are either large individual shareholders or large institutional shareholders who are long-term believers of the Yatra story, holding a more liquid India stock is the right thing for us to do.

Sonal: From an economic incentive perspective is what basically you're saying.

Dhruv Shringi: Yes.

Sonal: Got it, Dhruv. Thanks for explaining that. I'll follow-back in the queue.

Dhruv Shringi: Sure

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

Moksh Ranka: Hello. I wanted to understand any update regarding our corporate card platform. And we were working on some other permissions to reduce our working capital intensity. So any update on that?

Dhruv Shringi: So on the corporate card platform, we are working with the banks to create a product, right? So that part is still going on with the banks in terms of creating a product. The challenge in that and that we are working through is figuring out how do we balance the MDR cost on that, right?

We obviously don't want to be in a situation where we have to pick up 165 basis points of MDR cost. So we are working with banks to see if there is a product which can get created with a lower MDR even if it comes with a shorter credit cycle for the corporate customer. So that's something which is being worked on with the banks, that business model and that business case is being put together with the banking partner.

In terms of the other working capital initiatives, we are also working with the likes of American Express for their BTA platform and between HDFC and Citibank for the CTA card platform along with SBI also has a similar product. And we are trying to put that product into place with the corporate customers. In this -- the first step out of this is to make sure that we work with the airline and the hotel supply partners for them to pick up the cost of the credit card, right? So we don't want to be the one picking up this cost in the middle, given that we are more of an intermediary.

So these are things which are currently high priority from a working capital management point of view, but they do have a long lead time. But once they get implemented, the impact of these also will then be equally quick. But this remains, needless to say, a key priority for us to be able to get these things in place.

Moksh Ranka: Okay. Got it. That's it from my side. Thank you for answering the question.

Moderator: 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 comments.

Siddhartha Gupta: So I would like to thank all of you for coming on this call and asking very insightful questions. I want to reiterate, we are a company which believes in investing for 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. And we have a strong belief that we'll continue to reshape this industry as we go forward. Again, commenting on Q1, we believe that these were tough times for the industry, but the way we have thought of navigating that is to innovate, is to invest for future, and we are already seeing very healthy signs that the future looks very, very positive.

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

Dhruv Shringi: And just one parting comment, right, in terms of having seen multiple such cycles, we do have a playbook in place to manage these cycles. And as we have said, we've seen revenge travel happening pretty quickly. So we don't see this time being any different. Our focus is to make sure at this point of time that we use this opportunity to sharpen our technology and our operations to make sure we come out and deliver even stronger service and customer experience to our large corporate customers. So we will continue to make sure that we have progress on this front, and we can execute the playbook that we have done successfully coming out of earlier such disruptions.

Thank you so much, and thank you, everyone, for your continued support of Yatra.

Anuj Sethi: Thank you.

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