October 19, 2023

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**

Dear Sir/Madam,

Sub: Intimation to Stock Exchange – Transcript of Earnings Conference Call for the quarter ended June 30, 2023.

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 copy of transcript of earnings conference call for the quarter ended June 30, 2023.

The above information is also being 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
(Formerly Known as Yatra Online Private Limited)

DARPAN BATRA
Digitally signed by DARPAN BATRA
Date: 2023.10.19 20:31:48 +05'30'

Darpan Batra
Company Secretary and Compliance Officer
M. No. A15719

Encl.: As above

Yatra Online Limited
Q1 FY24 Earnings Conference Call
October 16, 2023

Moderator: Ladies and gentlemen, good day and welcome to the Yatra Online Limited Q1 FY24 Earnings Conference Call.

As a reminder, all participant lines will be in the listen-only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference, please signal an operator by pressing "*" and then "0" on your touch tone phone. Please note that this conference is being recorded.

I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you, Mr. Sonpal.

Anuj Sonpal: Thank you, Dorwin. Good evening, everyone and a very warm welcome to you all. My name is Anuj Sonpal from Valorem Advisors. We represent the investor relations of Yatra Online Limited.

On behalf of the Company, I'd like to thank you all for participating in the Company's earnings call for the 1st Quarter of the Financial Year 2024.

Before we begin a cautionary statement:

Some of the statements made in today's earnings call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties, which could cause actual results to differ from those anticipated. Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. Audiences are cautioned not to place any undue reliance on these forward-looking statements in making any investment decisions. The purpose of today's earnings call is purely to educate and bring awareness about the Company's fundamental business and financial quarter under review.

Let me now introduce you to the management participating with us in today's Earnings Call and hand it over to them for opening remarks:

First, we have with us Mr. Dhruv Shringi – Whole-time Director and Chief Executive Officer; Mr. Rohan Mittal -- Group Chief Financial Officer; and Mr. Manish Hemrajani -- Vice President of Corporate Development and Investor Relations of Yatra Online, Inc.

Without any further delay, I request Mr. Dhruv Shringi to start with his opening remarks. Thank you and over to you sir.

Dhruv Shringi: Thank you, Anuj. Good evening, everyone, and thank you for joining us for our first ever Earnings Call posts our IPO. As you will recall, we had a successful listing on the Indian stock exchanges and raised about Rs.602 crores. The funds generated from the IPO are earmarked for strategic investments, acquisitions, inorganic growth, technology advancement, bolstering customer acquisition and retention and other initiatives pivotal to our organic growth and corporate endeavors.

Before I get into the "Q1 Financials and the Operational Performance", for the sake of some of you out here who might be joining us for the first time today and might be relatively new to the Company, let me start off by giving you a brief overview of the Company. Yatra Online Limited is India's largest corporate travel service provider and one of India's leading consumer travel companies. Our go-to-market strategy spans the entire value chain of travel and hospitality, covering both B2C and B2B segments. Through the website yatra.com or mobile apps or corporate SaaS platforms and other associated platforms, leisure and business travelers can explore, research, compare prices, and book a wide range of services, which include domestic and international air tickets, hotels, home stays, holiday packages, bus tickets, rail tickets, activities and ancillary services catering to the travel needs.

We have a highly experienced management team comprising industry executives with deep roots in the travel industry and the senior management team and the founding team has almost 90-plus years of accumulated experience in the domain. This is governed by a strong and independent board of directors as well.

In our corporate business, we have a well-diversified corporate customer base of approximately 800-plus large corporates with addressable employee base of about 7 million plus employees.

In the consumer business, Yatra is one of the most recognizable travel brands in India today with over 90% of our traffic coming from direct and organic sources.

With that, let's now move to the performance for Q1 FY24. I'm pleased to report that we had our strongest quarter on the air front since the advent of COVID with the highest number of air passengers booked since pre-COVID in December 2019. Our air passenger numbers were up 41% year-over-year, far outpacing domestic air passenger industry growth of about 14.8% year-over-year.

Moreover, our sequential growth has been twice the pace of the industry and faster than most peers, demonstrating our ability to gain share and the inherent strength of the Yatra brand.

International travel has also shown a steady improvement during the quarter-ended 30th of June 2023, reaching approximately 90% of pre-COVID levels.

As we move forward, we remain optimistic and committed to leveraging these positive trends to drive further growth and success.

We further fortified our leadership in the corporate travel sector by signing 19 new corporate customers in the June quarter. These have an annual potential billing of Rs.151 crores, underlining the capabilities and leadership of our corporate travel platform.

As per the IMF, India's economic growth remains robust, driven by a large public capital expenditure push and resilient domestic demand. The economy is expected to grow by 6.3% in both 2023 and '24.

As it relates to Yatra, looking at how the travel industry has unfolded over the last several years, we see that the travel trends to grow at a multiple of 1-1.5x to 2x of GDP. We believe we should be able to achieve growth rates above market rates as we continue to take share in the corporate travel market and as the consumer market continues to remain robust.

Both the expansion of the travel industry and the macro conditions continue to remain favorable. India's aircraft fleet size is expected to almost double over the next five years, with the aviation ministry forecasting more than doubling in the air passengers to 400 million in the next decade.

Now, let me provide you with some more details on our 1st Quarter Results:

Our revenue for the quarter ended 30th of June 2023 was reported at Rs.110 crores, up 24% year-over-year. EBITDA for the quarter reached Rs.17 crores, up 28% over the June 2022 quarter. Net profit was flattish against the same quarter in the previous year at approximately Rs.16 crores. This was largely on account of higher interest costs during the quarter to fund the year-over-year growth. We expect interest cost to come down over the course of the next few quarters given the recent IPO.

India's domestic passenger traffic saw sequential growth of 3% in the quarter-ended 30th of June 2023. Compared to this, our domestic passenger traffic grew 6% sequentially, reflecting strong market share gains for both our consumer and corporate businesses. This positive momentum for the industry has carried over into subsequent months as well. With the recently concluded September month, up 18.3% year-over-year and up 7% versus pre-COVID marking seven consecutive months of above pre-COVID levels on the domestic air passenger traffic front. Year-to-date from January to September 2023, Indian domestic market has registered a growth of 29.1% with about 112.8 million passengers having flown.

International travel has also continued to show resiliency and steady improvement during the quarter ended 30th of June 2023 and is now surpassing 90% of pre-COVID levels. As we move forward, we remain optimistic and committed to leveraging these positive trends to drive further growth and success.

Moving on to further details of the quarter:

Our consumer business gained further momentum on the back of the strong yatra.com brand continues to enjoy in the market.

We launched our “Yatra Prime” offering during the quarter as well and the initial sign ups have been encouraging with positive responses to this offering continuing in the subsequent months.

During the quarter, we closed 19 new corporate customers as well. While the number is lower on QoQ due to seasonality part, but what is really encouraging was that the average billing potential of the customers that we closed during the quarter trended higher than in the past.

International travel also continues to improve gradually, exiting the quarter at over 90% of pre-COVID levels. And we are optimistic in the outlook for a sustained recovery in nearshore international travel.

On the hotels front, revenue from our hotels and packages business was Rs.45 crores in the three months ended June 30th, 2023, as compared to Rs.39 crores in the three months ended June 30th, 2022, reflecting an increase of 15.8%. The increase in revenue is on account of a recovery in domestic travel along with the addition of new distribution partners.

From a competitive standpoint, the intensity has remained stable from the last quarter and remains manageable overall.

From a macro standpoint, the Indian government remains strongly committed to the growth of the airport infrastructure in India and investment of INR980 billion which is approximately USD12 billion, has been earmarked for the enhancement of 41 existing airports in India. Additionally, under the Greenfield airport policy, out of the 21 new airports that were sanctioned, 12 have already come online.

With the positive macro backdrop and given the ongoing recovery in corporate and leisure travel and our significant success in signing new large and medium-priced enterprise customers and now a significantly stronger balance sheet as well, we believe, we are poised for very strong FY24. Aside from seasonality, we expect our results to benefit from accelerating growth in both our corporate business and consumer business as we continue to add to our formidable blue-chip customer base and leverage the strength of our brand.

Just to reiterate, today, Yatra India serves one of four of the top 100-listed companies in India; the four big four accounting firms and three of the top five technology companies in India.

So, with that, let me hand it over to Rohan to walk you through the details of the financial performance. Rohan?

Rohan Mittal: Thank you, Dhruv. I will now review our Q1 numbers for the June 30th, 2023, Quarter.

As explained by Dhruv, on the back of market share gain as well as strong market tailwinds, we were able to grow our gross bookings to INR19.8 billion in Q1. We registered a YoY growth of 11%. The revenue from air ticketing business increased by 30% on a YoY basis to INR490 million and the adjusted margin from the air ticketing business increased by 46% YoY to INR1.1 billion. The strong growth was driven by elevated travel demand in the country as well as accrual of threshold bonus of our GDS contracts.

Revenue from the hotel and package business increased by 18% on a YoY basis to INR448 million and the adjusted margin increased by 1.5% YoY to INR306 million. The increase is on account of recovery in domestic travel along with the addition of new distribution partners. The reduction in the adjusted margin percentage is on account of change in mix in favor of packages.

Revenue from other services decreased by 44%, YoY to INR27 million. The decrease is primarily due to the decrease in our freight business. The total adjusted margin from all these segments combined increased by 30% YoY to INR1.5 billion, and the total income increased by 23% on a YoY basis to INR1.1 billion.

Moving on to the expenses, marketing, sales promotion, customer inducement put together increased by 72% on a YoY basis to INR880 million. Our personnel expenses increased by 2% YoY to INR262 million in the June quarter. After excluding the share-based payments, the personnel cost increase was at about 11%, primarily on account of the headcount increase.

Our payment gateway charges as a percentage of the gross booking value remains range-bound. Our other expenses in the Q1 decreased by 16% YoY to INR200 million. All in all, put together, we saw a jump of about 28% in EBITDA on a YoY basis.

Gross debt increased by INR176 million from March quarter to June quarter, leading to a closing gross debt of about INR1.7 billion.

Lastly, as of June 30th, 2023, we were carrying cash and cash equivalents and term deposits of close to about 1.06 billion. This reflects a slight improvement over the March closing numbers.

With this, we conclude our opening remarks and turning it over back to Anuj for the Q&A. Thank you.

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

Anmol Garg: I have a couple of questions. Firstly, just wanted to understand how the B2B business has panned out for this particular quarter and what percentage of our total bookings are coming from B2B this time around?

Dhruv Shringi: In terms of the overall B2B business, B2B would be about 45% of our growth bookings versus 55% for the B2C part of the business in the quarter. And in terms of where we are trending from a B2B perspective, it's pretty much in line with where we were expecting things to be. If you recall in the earlier conversations as well, we've indicated that for this year we expect the mix to be in the range of 55:45… 55 being B2C and 45 being B2B.

Anmol Garg: Secondly, on the overall demand side of things, now that our first half of the year is almost is over, so how do you see particularly the bookings in this particular year and any kind of guidance that you are giving on the revenue side as well?

Dhruv Shringi: No, at this point, we're not giving out guidance from a revenue perspective, but if I look at just the demand trends, you can see this that even the September month domestic aviation industry growth continue to remain very robust. So, we are seeing strong underlying growth and double-digit growth which is there in the industry and for the first nine months of the year, the domestic industry has grown at about 29%, right. So, we expect the momentum to continue to remain strong in the second-half of the year as well. There's only been a slight slowdown in the month of July and that slowdown was largely on account of the seasonal factors and the heavy rains and landslides across different parts of the country, restricted flight operations, but beyond that, we continue to see travel being fairly robust and don't really see anything in the near term which would act as an impediment to growth.

Anmol Garg: Last from my end is on the GDS part of the revenue, if you can indicate what percentage of that in this particular quarter?

Dhruv Shringi: GDS revenue continues to remain in the range of about 1% of our overall margins, so roughly between 12.5% to 15% of air revenue is where the GDS revenue would turn out to be. The rangetends to vary based on the airline mix given that some airlines are sourced directly from the airlines and some come through the GDS.

Moderator: We have the next question from the line of Dhvani Shah from Investec Capital Services India. Please go ahead.

Dhvani Shah: Just a couple of questions. First are the marketing costs have increased from around Rs.3 crores last year to rs.13 crores. So, just wanted to understand, how should we look at it going forward and what would the run rate be like and the reason for this increase?

Dhruv Shringi: In terms of the marketing cost, obviously the number that you're using as a base, which is the June 2022 number is not really an accurate representation, right, that quarter was the 1st Quarter after the Omicron effect and that's the 1st Quarter when life was beginning to normalize. So, marketing was at relatively lower levels as we were just looking at the opening of the industry. Going forward, we expect marketing and sales promotion expenses to be in the range of about 10% to 12% of revenue, and this would be near term before coming down further in the subsequent years.

Dhvani Shah: Also, another database question was, if you could let us know how much would the listing fees this quarter?

Rohan Mittal: As of now, the total expenses that we have booked is close to about Rs.10.5 crores. That's the amount that we're carrying in our books right now. The balance numbers will get accrued and accounted during and after the Q2 numbers.

Dhvani Shah: This is for the going forward now. Just for this Q1 if you can indicate the number?

Rohan Mittal: So, the total expenses up till Q1 is about Rs.10.5 crores, out of that in Q1 itself, the number will be negligible.

Dhvani Shah: Also, another question on the bookkeeping part is the tax rate. It's at 18%. Would this be the run rate going forward? It's a little higher than the past few quarters.

Rohan Mittal: If you look at the numbers on the standalone side, we have not shown any tax expenses. Our intent is to look at some internal restructuring which would allow for us to gainfully use the carry forward losses that we have in our books. So, our intent is to try and see how we can reduce our tax expenses going forward, yes.

Dhvani Shah: Also, just I wanted to understand how do you look at the hotel business going forward like the customer promotion charges in the hotel business are close to 3% of the gross booking versus the airlines where you see 4%. So, do you intend to increase the share of the hotels gross booking value over the entire gross booking value, just as a strategy?

Rohan Mittal: What we are looking at is driving cross-sell of hotels into a large corporate customer base at fairly low hanging fruits for us at the moment and that's what we are more focused on. The consumer promotion expenses on that side do tend to be much lower than on the B2C side. Hence, we think that offers a much better growth opportunity for us given the large corporate customer base.

Moderator: We have the next question from the line of Sangam from Consilium. Please go ahead.

Sangam: I'm new to the Company, so forgive me if I'm asking a few questions here. First of all, what would be your current market share in the domestic and international industry?

Dhruv Shringi: If you look at our market share on the domestic front, from an overall perspective, our market share will translate into in the range of about 5% to 6%. And on the hotels side, this would be in the early single digit in terms of overall industry size. And this is we're looking at the entire travel industry. If I were to look at specifically on the corporate side, in the large corporate segment where we are the market leader, we will have approximately about a 6% share of customers and close to about an 8% share of this value.

Sangam: In your initial remarks, you mentioned that we are looking to grow faster than the industry thereby gaining market share. Where and whom from are we gaining the market share, could you elaborate a bit more in terms of how the competitive dynamics are currently doing given the fact that we have seen very strong growth in the industry overall, be it on the domestic airline side or even in the hotel industry and how is the competition doing?

Dhruv Shringi: So, the gain in market share I'll talk about both the segments. First, looking at the corporate travel market. In the corporate travel market, the gain is happening largely at the expense of the mid-tier players and the fragmented market. A vast majority of the corporate travel industry is still managed by mid-tier agents and the financial standing, the ability of these agents to invest in technology is relatively limited. And over the course of the last few years we've seen that there is a strong desire on the part of organization to look at automating their own business processes and streamlining their procurement processes. On the back of that, we are seeing very strong demand playing out for our corporate travel product, which is the leader in the space. On the consumer side, we are seeing a significant amount of channel shift, which has happened where people are moving from offline to online to source services and this is happening across tier-2, tier-3 markets. So, we are seeing growth happening in both our categories on the corporate side and on the consumer side at the expense of the offline players.

Sangam: Finally, just to understand the business model, when we talk about B2B versus B2C, how does your EBITDA margin profile differ between the two given that in your B2B you might not need to do that much of ads and promos, etc., right, other than special prices… that would be negotiated prices there would be to the B2B customers?

Dhruv Shringi: So, on the EBITDA side, the margins on the B2B side would be closer to the 20% mark, whereas on the B2C side would be around mid to high single digit.

Sangam: When we are looking at over the next two years in terms of strategy, in terms of drivers for growth, what is it that the Company is looking to put in so as to sustain the high base of growth that we have seen so far this year… I mean, is there something that you have in mind, that's part of the problem that we have to plug that when plug will actually sustain and continue the high growth rate for the coming years as well?

Dhruv Shringi: One of the things that the IPO allow us to have obviously the balance sheet strengthen significantly and the stronger balance sheet then allows us to be able to negotiate better with our suppliers both on the airline side and on the hotel side. And that allows us to compete more effectively in the market and retain higher margins. So, that's what the endeavor is, and that was the missing piece of the puzzle so to speak of. From a product market side point of view, especially on the corporate side, we have a great product market side going, and now with the stronger balance sheet, it allows us to get access to better pricing as well in addition to the product market fit.

Sangam: Does the working capital cycle differ a lot in terms of receivables for B2B versus B2C?

Dhruv Shringi: It does defer. The B2C business is largely pay as you go kind of model where customers pay using credit cards and we get collections depending on the arrangement of the payment gateway is anything between a T+1 to a T+3, 4 kind of scenario. On the corporate side, our average DSO is about 20 a day. So, there we do extend credit to our corporate customers. About 70% of our customers are on credit and about 30% are on the corporate part payment platform.

Moderator: We have the next question from the line of Biplab Debbarma from Antique Stock Broking. Please go ahead.

Biplab Debbarma: My first question is on the seasonality of the travel business. Is there any seasonality in the travel business like second half better than first half or is 2nd Quarter better than 1st Quarter?

Dhruv Shringi: Sure, there is definitely seasonality in our business. Typically, you will have the 1st Quarter and the 4th Quarter being the strongest of the two; the July, August, September quarter would traditionally be the weakest of the lot. The monsoon months or the months with the least amount of travel, and then obviously the summer holiday peak is there. Given that we have a higher focus towards corporate, for us Q3 is overall not the second highest quarter because while consumer demand is high in Q3, corporate demand is low given the holiday season. So, in the 3rd Quarter, typically what will happen is given that you have diwali, dussehra holidays and then you've got Christmas, new year break, corporate travel will be on a relatively lower side. So, on an overall basis for us as a Company just to reiterate, Q1 and Q4 will be the two strongest quarters followed by Q3 and followed by Q2.

Biplab Debbarma: My second question is, if my understanding is correct, correct me if I'm wrong, your Q4 is better than Q1, whereas we saw quarter-on-quarter growth in revenue and profitability. I hope that's correct. Could you give the reason because I'm assuming that if TTV goes up, your revenue will also go, your profitability also goes up?

Dhruv Shringi: In the 4th Quarter typically what will happen is you will get some catch up benefit of your full year deals, either with the airlines, hotels or GDS, right, that's your typically be the catch up period because your deals will be for the financial year, so they will run from April to March and you will see some amount of catch up as you saw trending closer and closer to the annual volume targets, and that's the catch up revenue and profitability, which results in a slightly higher number in the 4th Quarter. So, that's the reason why you are seeing elevated profitability in the 4th Quarter. Last year was also a bit of an aberration, right? We were all coming out of COVID. There wasn't complete clarity on where the volumes would trend, what kind of recovery would be industry seeing. Going forward, you'll start seeing this being more in line with the overall gross bookings and seasonality rather than seeing a large catch-up effect coming only in the 4th Quarter.

Biplab Debbarma: And my next question is, if I have to see, you have two buckets, B2C and B2B, and within that also you have airlines, ticketing and hotel room booking. So, if I put the B2B airlines, B2B hospitality and B2C airlines and B2B hospitality. Of this where do you foresee maximum growth, while B2C hotel for Yatra, B2C airlines or B2B airlines?

Dhruv Shringi: That's a very good question. But let me just answer that in terms of directionally where we see that headed. I'm referring to growth percentages rather than absolute numbers, right? So, in terms of percentage growth, we expect the highest percentage growth to be contributed or coming from hotels on the corporate side followed by B2C air, followed by corporate air, followed by B2C hotels. That's how we look at it because that's also linked at a very high level, the kind of profitability of each of these items. Our endeavor is to continue to focus on driving the most profitable segment and increase the share of wallet of the most profitable segment in our overall business.

Biplab Debbarma: Sir, my final question is on this B2C hotel, being the least in terms of percentage growth. I thought the hotel is seeing elevated level of booking and high ARR. Just trying to understand why you see B2C hotel to be the least growth segment?

Dhruv Shringi: As I mentioned, we look at this from a profitability length as well and given the competitive landscape on the B2C hotels we do view that as from a competitive intensive perspective, the most competitive and that's why while you can drive higher growth in terms of volume has striven higher volume from there, but the profitability contribution to that is still limited.

So, we are trying to focus on driving the share of businesses where we see maximum profitability and whatever will help us drive up the operating margins of the business. So, that's our key focus area and from that perspective, hotels on the corporate side have higher operating margin.

And our endeavor is to push hotels on the corporate side as a cross sell to our large existing corporate customer base, that's a very efficient way for us to grow the business and grow profitability.

Moderator: Thank you. We have the next question from the line of Pranshu Mittal from Patni Financial. Please go ahead.

Pranshu Mittal: So, few questions. One is the IPO around 600 crores you have raised fresh money. So, other than the acquisition target as and when it materializes, the balance will go as a deposit to airline, that's what has been the trend with other industry players as well.

So, I would like to understand how does the math works in terms of let's say 100 crore deposit you put to the airline, how much yield you additionally get out of it, that's the first question?

Dhruv Shringi: So, with the airlines and to a certain extent this applies to hotels as well, the kind of investment that you would make your basic expectation would be that investment would generate an annualized return of at least 25% that is the kind of expectation that you're working of.

We will have some instances where it might be lower, some where it might be higher, it will be a function of seasonality, it will be a function of root utilization, light utilization et cetera, but on a blended basis you are looking at close to the 25% mark.

Pranshu Mittal: Now on this question only, why would airline give a 25% additional yield, is it because the airline balance sheet barring the Indigo is so bad that they are relying on is at the off balance sheet kind of strength for their working capital needs?

Dhruv Shringi: So, that's partly correct, and partly also what it helps do for the airline is to -- if you structure these deals properly from an airline perspective it helps drive share shift on their weaker flights, from their weaker routes.

So, while yes it looks from a cost perspective a higher cost, but given that the airline business is a high fixed cost model, drive more as utilization and football on to weaker flights and weaker routes that gives us a positive return for the airline as well. So, it turns out to be a win-win for both the airline and the partner.

Pranshu Mittal: And sir in the OTA model, so is it like when you give some these deposits you underwrite a certain percentage of business for that month and if assume you are not able to sell you have to absorb the losses?

Dhruv Shringi: No. So, at least, at Yatra we don't really follow that model. Our model is more in terms of this getting access to inventory and rates, but not taking on the commitment of the volume. We would do this in very limited quantities as periods of time like over Christmas and New Year in places like Goa and maybe seasonally in one or two other places where inventory is in short supply.

But on the domestic aviation front, given that there is incremental supply that's coming through we don't think we need to take on that inventory risk to a great extent.

Pranshu Mittal: And out of the 600 crores money which is coming in fresh what's the break up, rough break up you intend to utilize it between the debt reduction, this deposit incentive and the target acquisitions?

Dhruv Shringi: The debt reduction will happen largely from the internal accruals as money gets freed up from the investments that we are making in marketing and customer acquisition those would be funded from the use of proceeds of the IPO. So, that would be a more gradual pay down over the course of the next couple of quarters.

But in terms of a broad investment split we will see in the range of about 150 crores being earmarked for LME and looking at about 60 crores for general corporate purposes and then the balance being set aside for growth initiatives including margin expansion with the airlines and the hotels.

Pranshu Mittal: Which is around 400 crores?

Dhruv Shringi: So, which would be yes around between 375 crores to 400 crores yeah.

Pranshu Mittal: And on which you're saying you can make 25% additional IRR?

Dhruv Shringi: So, not all of that will go on the airline deposits, some of that will go on the customer acquisition side as well and then as we scale up our business, this will get deployed to a great extent in terms of generating that incremental return.

Pranshu Mittal: Sir my next question is on your cost structure. So, in this OTA business, what percentage of your cost would be variable after the yield and what percentage of the roughly would be variable cost?

Dhruv Shringi: See in terms of variable costs post your revenue less your consumer promotion, you've got your payment gateway which is largely variable in nature and the gateway expense will be approximately in the range of about 12% to 13%. So, as you scale up maybe UPI scales up a bit more you get some advantage of that.

But between 10% and 12% of your revenue would be your payment gateway cost that would be largely variable in nature. Beyond that, the rest of them should be largely fixed or maybe if any variable where they grow in a set function.

Pranshu Mittal: And sir last question is this your corporate structure which is your U.S company listed, so other than the existing promoters of Indian entity who are the other shareholders there and how much they own?

Dhruv Shringi: So, that's largely held by institutional investors only in the US. These would be mid size hedge funds typically who would be the shareholders there.

Pranshu Mittal: You intend to deal with that?

Dhruv Shringi: It’s a process that we'll evaluate as we go forward.

Pranshu Mittal: So, the process would be they will get sweat shares of Indian entity or how will it work?

Dhruv Shringi: I think it's too early to really comment on that, but this is something that we'll keep close eye on and work towards going forward, but it's very early to comment on that.

Moderator: Thank you. The next question is from the line of Rishi Jhunjhunwala from IIFL Institutional Equities. Please go ahead.

Rishi Jhunjhunwala: Dhruv just one question on the hotel side, it looks like year-on-year there seems to be a decline on the room night side and even gross bookings are not showing as much of an uptake as say how the travel industry or even the airlines space is showing, so any particular reason because of which on the hotel side we haven't seen a similar kind of growth and is it also a function of your ability to spend more on ad spend give or promotions given a little bit more focus on profitability?

Dhruv Shringi: Rishi to address that question firstly the drop on the hotel side that we've seen. So, while overall volumes have grown only marginally, the drop is on account of one of our affiliate partners who was there in last year's numbers, their performance having come down quite significantly.

So, this partner had entailed aggressive consumer marketing and promotion last summer but was not able to sustain the same. So, that led to a decline in their volumes that they were sourcing from us. Our organic business has continued to grow healthily, and we are growing close to the 20% market and organic level as well.

So, I don't really see this to be an issue. There might be some short term comparable issues on account of that, but otherwise fundamentally the business continues to grow strongly on the hotel front as well.

Rishi Jhunjhunwala: Understood. And what about the other revenues which typically include your freight bus, rail and all that there also there's a sharp decline year-on-year?

Dhruv Shringi: No, on the other revenue side, that's more to do with freight where we were looking at rebalancing our freight business and tweaking a few things around over there strategically. We decided to focus on the large corporate customers where there was great cross sell opportunity for us and give up some of the mid and smaller to your corporate customers that we were doing on freight side.

So, that led to a bit of a drop as we were readjusting the customer profile on that side. But I'm very happy to say that subsequent to that that strategy has turned out to be really good for us and we are making strong progress on the freight front in the subsequent months.

Rishi Jhunjhunwala: And just one last clarification, when you mentioned that you're going to use some of the proceeds of the IPO for basically getting better yields from airlines and if it is not coming on the back of an inventory based model, I'm just trying to understand how does that work?

Is it just that you're providing balance sheet support and as a result they give higher yields and in which case why do they need to rely on us to do that?

Dhruv Shringi: So, it's linked partly to balance sheet support, but also more importantly it also focuses on certain there's a commitment to drive volume to certain flights to certain sectors and that's what this is focused on.

So, it's focused on driving utilization on weaker routes and weaker flights in addition to being balance sheets. So, the real kicker comes in from being able to sell more of the weaker flights and the weaker routes as opposed to just the pure balance sheet support.

But the two inherently tend to go hand-in-hand from an airline perspective because it allows them to get upfront access to the capital as well. We get the benefit that we've got special rates and special pricing on weaker flights and weaker routes and the airline gets the benefit that they've got access to capital upfront.

Rishi Jhunjhunwala: But it doesn't come with any kind of assurance on volumes?

Dhruv Shringi: See that is not the model that we at Yatra adopt to a great extent, that model also does exist in the industry. But my take at least is given that there is incremental supply which continues to come into the market, there isn't really a need to engage in large scale inventory buying at this point.

Rishi Jhunjhunwala: The only thing I was trying to understand is say, for example, a SpiceJet or given any other airline wants to sell inventory in lower utilization areas, can't they just drop prices for everyone and get that up why do they need to do say exclusively with us?

Dhruv Shringi: See the thing is if they drop it for everyone or if they drop it on their website, it does tend to trigger than a response from competition leads to a fair war and from a Gain Theory point of view it brings everything back to an equilibrium, but at lower revenue.

So, that's the reason why they will typically partner with someone who's got access to a different set of customer base or there is a closed user group that they're able to promote. So, in the case of Yatra, for example, we'll be able to push it to our corporate customers. We will be able to push it to the employees of the corporates.

We'll be able to push it to our signed-up customers. There might be special mobile login rates, which might be applicable. So, all of these closed user groups are there, and that's where the promotions will typically happen.

Rishi Jhunjhunwala: Just lastly so I'm assuming you're not -- the inventory that you are getting from them on a lower rates, you're not going to sell it at a lower base rate, but basically offer promotions to the customers to take it up?

Dhruv Shringi: That's right.

Moderator: Thank you. The next question is from the line of Sumangal Pugalia from Snap Securities LLP. Please go ahead.

Sumangal Pugalia: My question is on the B2B business. Could you help us just walk it through a particular commercial contract with these corporate like what are the services and economics of these B2B contracts?

Dhruv Shringi: Sure. So, typically the contracts which will be there will be they'll start off by sourcing air and air will then be a combination of domestic and international. There will be cross sell opportunities which will come up for other services like hotel, rail, car, bus and visa services.

The contracts range from a year to three years in terms of tenure and more importantly they also look at the kind of integration that we will need to do with the customer connecting into the ERP systems, into the HRMS system and those integrations from a technology standpoint of which then build the kind of longevity of the contract and introduce switching cost on the customer's end as well, but typically these contract will be year to three years.

Sumangal Pugalia: So, in terms of revenue streams from these integrations, are these like SaaS kind of revenues also other than the take rate on the booking?

Dhruv Shringi: So, in terms of SaaS revenues there are certain other products and services that we are cross selling. These could be the likes of budgeting tools or other services that we offer for GST compliance etcetera. Those would be offered more as SaaS services than on a fixed monthly price, but the vast majority of the revenues today still comes from a transaction revenue perspective.

Sumangal Pugalia: And as we saw somewhere in your presentation you mentioned the incremental ROC on the corporate business of some greater number and 40% also, could you help us understand how you arrive at incremental ROC on this corporate business the economic behind that?

Dhruv Shringi: So, that's taking into account the direct cost which will be there for every new customer that we deploy. The vast majority of the heavy lifting on building out the technology platform, the overall infrastructure, the overheads management team, all of that is already in place.

So, it's only the marginal cost that we are then incurring for every new corporate customer that we are deploying. So, that 40 plus and plus number that you're talking about is the contribution margin on every incremental customer that we deployed.

Sumangal Pugalia: And final one was basically right now we have some 900 corporates, large corporate if I'm not wrong…

Moderator: We have the next question from the line of Megh Shah from Prosperity Finance Limited. Please go ahead.

Megh Shah: So, Go First airlines declared bankruptcy in the first quarter. So, what is the amount that is outstanding from Go First and what is the company doing to recover that amount?

Dhruv Shringi: Could you just repeat the question on Go Air, please?

Megh Shah: Yeah. So, it declared bankruptcy in the first quarter. So, what is the amount that is outstanding from them to the company and what steps is the company taking to just recover those amounts?

Dhruv Shringi: Sure. The total amount outstanding is a shade below 4 crores. They had filed for voluntary bankruptcy in the first week of May. We, as the other creditors would have also done, have filed our claims as part of the IBC process with the resolution professional.

As the process moves forward, we are also looking for more clarity as to how the amounts etcetera would get paid out.

Megh Shah: Okay I got it and what is the share, the composition of GBR as in from the airline booking and hotel booking?

Dhruv Shringi: So, in terms of gross approximately about close to if I look at for the current quarter about 80% of our gross bookings come from air and about 20% come from other services 15% to 20%. That's the typical range that you will see for hotels and other services. So, between 80% to 85% will be air and between 15% to 20% will be other services.

Megh Shah: And what is the margin for both of those segments?

Dhruv Shringi: So, in terms of take rate margins, the take rate margin for air will be close to about 7% and again I am giving you a take rate on an annualized basis because there will be some seasonal effects of it and on the hotels and passenger side, it will be close to -- it will be between the 12.5% to 13% range.

Moderator: Thank you. We have the next question from the line of Dhvani Shah from Investec Capital Services India. Please go ahead.

Nitin: Just a quick one, so post the IPO, I think Q1 and Q2 are sort of will be pre IPO kind of numbers broadly you did mention that Q2 is seasonally soft which is understandable, but if we think about the second half I think incrementally you will deploy capital and is it a fair understanding that second half EBITDA should be reasonably higher than the first half was the question?

Dhruv Shringi: Yes Nitin to answer that question obviously the expectation and what we are working towards is for the second half to be significantly better than the first half.

Moderator: Thank you. We have no further questions. I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Dhruv Shringi: Thank you so much Anuj and team and thank you to all of you who have taken out the time today to join us. We are very happy and fortunate to have a lot of you as our shareholders and we look forward to those of you who are not today to be potential shareholders in future.

We've got a very exciting business. Our industry is witnessing very significant tailwinds and we are seeing strong demand and strong growth and we feel we've got the right business model in place to be able to continue to scale up and grow this business for many years to come.

So, we look forward to your continued support in future as well. Thank you everyone for being here today.

Moderator: Thank you. On behalf of Yatra Online Limited, that concludes this conference. Thank you all for joining us. You may now disconnect your lines.