February 20, 2024

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 – Transcript of Earnings Conference Call for the quarter and nine months ended December 31, 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 and nine months ended December 31, 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

DARPAN BATRA Digitally signed by DARPAN BATRA Date: 2024.02.20 22:18:25 +05'30'

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

Encl.: As above

Yatra Online Limited
Earnings Conference Call
February 14, 2024

Moderator: Ladies and gentlemen, Good day, and welcome to the Yatra Online Limited Q3 and 9 Months FY24 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 the conference call, please signal an operator by pressing "*" then "0" on your touchtone phone. I now hand the conference over to Mr. Anuj Sonpal from Valorem Advisors. Thank you and over to you.

Anuj Sonpal: Thank you. 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 third quarter of the financial year 2024.

Before we begin, let me mention a short 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 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. Now let me introduce you to the management participating with us in today's earnings call and hand it over to them for opening remarks.

We firstly 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.

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 earnings call for the third quarter of fiscal year 2023-24. We are proud to report strong December quarter results. Yatra, in the air passenger segment, recorded a robust 26% year-over-year growth, nearly tripling the industry benchmark of 9%. This makes it the fourth quarter in a row of market share gains for Yatra in the air travel segment reflecting our strong brand recognition and our successful strategies in capturing market share. This high growth was witnessed in both domestic and international travel in the December quarter.

As we move forward, we remain optimistic and committed to leveraging these positive trends to drive further growth and success. We also fortified our market leadership in the corporate travel sector by signing 26 new corporate customers in the December quarter and these customers have an annual billing potential of about INR 223 crores. This underlines the capability and leadership of our corporate travel/platform.

I would like to highlight here one specific deal that we signed in the December quarter which was with just Aramco Asia a wholly-owned subsidiary of the global Energy Leader at Aramco. Yatra's user-friendly platform will facilitate effortless booking for flights, hotels, trains, and other ancillary services for Aramco's Asia Personnel. This integral and integrated travel solution extends to Aramco's Asia subsidiaries in key Asian markets including India, Japan, Korea, Singapore, and Australia.

This multi-product and multi-region deal highlights the capabilities and strength of our platform with the ability to handle any level of complexity with cutting-edge technology. Now let me provide you with some color on the macro picture as well. India's economic landscape remains particularly robust buoyed by a significant public capital expenditure initiative and a strong domestic economy.

The Indian economy is poised for consistent growth with projections now revised upwards estimating 7% GDP growth in FY24. You will all recall that travel tends to follow a close linkage to GDP growth and historically has grown in the range of 1.5x to 2x GDP growth. Domestic air passenger traffic continued on its scorching growth phase as India continues to remain the fastest-growing air market globally.

December '23 saw a total of 13.8 million passengers traveled domestically in India, the highest number ever in terms of monthly passengers traveled and this clearly demonstrates the robustness of the Indian aviation market. Religious travel and religious tourism are one of the biggest segments of tourism in India. Several popular religious centers attract annual tourist traffic in the range of 10 to 30 million and this is despite the existing infrastructure bottlenecks.

As we've seen, over the course of the last few years the government has taken meaningful initiatives across the board to try and improve on this infrastructure. A recent Jefferies report highlighted that the Holy City of Ayodhya could see an influx of up to 50 million visitors each year as a result of the newly built Ram Temple.

As per the report, tourism in India contributed approximately $194 billion to FY19 GDP and is expected to grow at an 8% CAGR to USD 443 billion by FY33. The tourism to GDP ratio in India sits at about 6.8% this is well below what most of the large emerging or developed economies see. For example, China is at 11.6% of GDP. This points to significant headroom for growth in the travel and tourism sector in India in the years to come.

Now let me provide you with some more color on our third quarter results. For the quarter ended December 31, 2023, we reported revenue from operations of INR 1.1 billion marking a substantial increase of 23.1% over the last year. Our adjusted margin from air ticketing grows to INR 1.14 billion as well which is a 10% year-over-year growth.

Furthermore, our adjusted EBITDA stands at INR 100 million versus INR 112 million in Q3 of FY23. Moving on to further details of the quarter. The corporate segment continues to be somewhat impacted by softness and travel spending in the IT and ITES sectors. However, we are confident of the recovery in the near term from this sector which has been historically one of the largest contributing sectors to us especially as AI-related software development takes route globally and begins to see another growth opportunity in this sector for the years to come.

On the hotel front revenue from our hotels and packages business was INR 445.8 million in the 3 months ended December 31st, 2023, as compared to INR 377.5 million in the 3 months ended December 31st, 2022. This reflects an increase of 18% year over year. The increase in revenue is attributable to a recovery in domestic travel with a higher number of holiday packages sold as a result.

From a competitive standpoint, the intensity has remained stable from the last quarter and remains manageable at overall levels. As some of you may recall, we launched our Yatra Prime membership program in the middle of 2023. We are taking that a step further to express our gratitude to our India shareholders and in a bid to fortify our market position, we are offering a complementary prime membership of Yatra to our shareholders.

This program which commenced last week is our way of enhancing value and convenience and travel experience for our shareholders. With the positive macro backdrop and given the ongoing recovery in corporate and leisure travel the rise in discretionary spending and now a significantly bolstered balance sheet we believe we are poised for a strong FY24 and FY25.

Aside from seasonality and some softness in the IT services sector spend for business travel that I touched on earlier, we expect our results to benefit from accelerating growth in both our corporate business and consumer business as we continue to add to our blue-chip customer base and leverage the strength of our brand.

Given our stronger balance sheet following the IPO, we have already begun to see signs of improving supplier margins in the current quarter and expect this to gain further momentum in the quarters ahead and have a meaningful positive impact on our operating performance going forward.

In addition, we have also seen the positive impact of the IPO and a stronger balance sheet on the corporate customer front. With this positive payment, we expect our operating performance to continue to improve quarter-on-quarter in the near term. And 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. Good evening to all the participants. I will now review our quarter 3 numbers for December 31, 2023. Our gross booking for quarter 3 was INR 18.6 billion, which was up by 18% on a YoY basis. With air being up by 22% and the hotel and packages segment being up by 3% on a YoY basis.

For the December quarter, our revenue from operations grew by 23% to INR 1.1 billion on account of sustained travel demand. Adjusted margins were up across segments with the air ticketing business up by 10% on a YoY basis due to an increase in the total segments sold. The adjusted margin in the hotel and package business was up by 4% to INR 264 million while the adjusted margin from other services increased by 40% on a YoY basis.

Moving to expenses, our quarter 3 marketing and sales promotion expenses including consumer promotions and loyalty program costs increased by 8% on a YoY basis to INR 887 million. This lagged the overall gross booking growth of 18%. Our personal expenses excluding share-based payment expenses increased by 8.4% YoY to INR 269 million. This is basically the annual full impact of the annual increments that were done in the July cycle.

Payment gateway costs as a percentage of the total TTV gross bookings remain range-bound, while other expenses increased by 16% on a YoY basis. Adjusted EBITDA stands at INR 100 million as compared to INR 112 million in the quarter ended December 22.

Lastly, as of December 31st, we were carrying a balance of cash and cash equivalents and term deposits grossing up to INR 4.46 billion while the gross debt was at INR 852 million on December 31st. There was a sharp reduction of almost 51% in gross debt on a quarter-on-quarter basis. This concludes our prepared remarks. Let me hand it over back to the Moderator for questions and answers. Thank you.

Moderator: Thank you very much. We will now begin the question-and-answer session. We have our first question from the line of Nitin Padmanabhan from Investec. Please go ahead.

Nitin Padmanabhan: I had two questions. So, one is this time the other expense item seems to be a little elevated. So, last time we had included the listing expenses we had an INR 254 million cost. This time it's at INR 243. So, considering listing costs aren't there this quarter, I was just wondering what's driving the elevated number here?

Dhruv Shringi: Nitin in terms of other expenses there is a slightly elevated level of legal and professional fees that we've incurred in the current quarter and that is what is driving the increase out here. We do expect this to normalize in the quarters to come. So, this should be more of a short-term increase in a single quarter as opposed to an ongoing level.

Nitin Padmanabhan: And the corporate booking seems extremely strong this quarter, in that context just wanted your thoughts on what you had mentioned in the prior quarter about achieving INR 20 crore PAT by Q1.

Does this sort of make things easier considering you have completed 3 months; how does that target aspiration look like at this point in time? Does it look more achievable is the second one?

Dhruv Shringi: And that's an interesting question, Nitin. Obviously, we guys are working tirelessly towards achieving that number. The fact that there is strong corporate momentum will definitely help in working towards achieving that number.

We've also on the other hand seen that on the aviation side, there is a certain amount of capacity constraint that is coming through the unknown around how many aircraft Indigo takes out of commission with regards to servicing.

I'm sure a lot of the participants will be aware that there is an engine aircraft maintenance issue going on at Indigo on account of which they would be taking out some aircraft that might impact capacity to a certain extent, but keeping that in mind and excluding that the fact that there is strong tailwind on the corporate side should help us achieve the kind of numbers that we are aiming for in the coming quarters.

Nitin Padmanabhan: How should we think about the revenue accretion from these deals? So, when we say INR 223 crores of our potential revenue over a 12-month cycle how should we assume it broadly? So, does this 'x' amount come in the first year and 'x' amount for a normal run rate?

Dhruv Shringi: So, Nitin if you were to average that out whatever we sign, we should typically see about 60% of that coming through in the subsequent 12 months and 100% in the year after.

Moderator: Thank you. We have our next question from the line of Anmol Garg from DAM Capital. Please go ahead.

Anmol Garg: Sir I had a couple of questions. Firstly, if I look at our service cost during the quarter, it has increased substantially. Does that mean that more packages were booked during the quarter and is there any change in strategy where we are promoting more packages in our bookings?

Dhruv Shringi: So, you're absolutely spot on Anmol the service cost increases on account of the increase in packages and that's more got to do with seasonality. So, October, November, and December are peak seasons for the domestic holidays business and that's the reason why along with the April, May, and June quarter in these two quarters you will see service cost at a more elevated level as compared to other quarters.

The year-over-year difference is on account of just the general recovery which is happening in that business. Last year as we were coming out of COVID this was still fairly muted, but this year we are seeing most stronger and robust growth on the packages side as well.

Anmol Garg: Can we assume that it would remain in the similar range, or would it come down going ahead from next quarter?

Dhruv Shringi: So, typically what you would see is in the January, Feb, and March quarters you will see this number come down and then go above this level in the April, May, and June quarters.

Anmol Garg: Just on our outlook front we had indicated that we'll be doing 20 crores plus run rate in the profits from FY25 onwards. So, just wanted to understand if that still remains on cards?

Dhruv Shringi: So, Anmol as I just mentioned to Nitin we are working tirelessly towards achieving that number and we remain from our side committed to trying to deliver that number. There are both positives and challenges which are there.

The positive of that is that we are seeing strong traction on the corporate customer wins. The challenge in the macro environment is that we've seen some kind of scarcity coming up on the aviation side with one of the largest airlines in India having to take out some aircraft from servicing.

So, that might lead to a bit of constraint in the summer months which could impact deposit incentives and then earnings on account of DI. So, that's something to just keep a close eye on what we are doing from our side.

Anmol Garg: And just one thing is on the debt part. So, we indicated that we have reduced our debt by almost 50%. Now I'm assuming that it would be in the middle of the quarter since our finance costs have not gone down by that much. Just if you can indicate how much would our finance cost go down going ahead in the next few quarters?

Dhruv Shringi: So, we continue to generate our internal accruals to pay down the debt. There is some further paydown of debt also which has been done in the current quarter. So, we will continue to see reduction happening in the interest cost and maybe Rohan can give you an indication of what we see interest costs to be at a normalized level in subsequent quarters onwards Rohan.

Rohan Mittal: So, our expectation is that our debt should remain range bound in the INR 50 to 60 crore number at a gross level. Since we've repaid almost the entire relatively high-cost debt that was there whatever is left is now at a blended 9.5%-10% at an average cost.

So, we are looking at close to about INR 6 crores annually in terms of finance cost. If you'll recall the past quarterly numbers we were actually incurring close to about INR 5.5 crores on a quarterly basis. So, we are looking at a sharp reduction in the overall numbers.

Anmol Garg: And if I can pitch in one last question as well. So, just wanted to understand the increase in the take rate because of the supplier relationships that we were mentioning with the airlines and if any further increase because of this particular thing can be possible going ahead in the next quarters?

Dhruv Shringi: So, Anmol on that I think I would look at this a bit more cautiously that as capacity goes out there might be some challenges in terms of maintaining this same level of margin. So, I would be a bit more cautious in terms of margin expansion from here on. I think these are healthy levels that we are looking at and I would look at this to be a kind of a baseline on the air side.

On the hotel side, however, we do expect margins to continue to improve as we work closely with our suppliers on enhancing the hotel margins. So, we should see some hotel margin expansion happening over the next 2 quarters. But on the air side, I'd expect air margins to be broadly in similar ranges.

Moderator: Thank you. The next question is from the line of Swapnil Potdukhe from JM Financial. Please go ahead.

Swapnil Potdukhe: So, a few questions from my side starting with the fact that your hotel business, if I were to look at it from an adjusted revenue perspective has not improved sequentially. I don’t understand why in a seasonally strong quarter, we are not seeing any sequential improvement in the hotels and packages?

Dhruv Shringi: On the hotels and packages side especially on the standalone hotel side for us there is a contra effect that plays out that on the one hand, we see strong improvement happening in leisure travel. On the other hand for corporate travel this is the lowest quarter because of the holidays around Diwali, Dussehra, and then Christmas and New Year.

So, that is the reason why the overall level you see this number being flattish. So, we have high growth happening in one, but that growth which is getting then offset by a gain in business travel. What we see a lot more during this period is short-haul domestic trips which will happen even for business travel and the extended long trips get curtailed because of this holiday season. So, your hotel numbers will typically come down on the corporate side quite meaningfully in this period.

Swapnil Potdukhe: The second question is with respect to the previous question, you mentioned that the legal and professional fees have gone up. Any particular reason why we are seeing those fees given that we have already incurred all the listing related expenses and we very clearly mentioned in the last quarter that there was nothing pending on that side?

Dhruv Shringi: So, these are not IPO related legal and professional fees. These are legal and professional fees incurred for different transactions not related to the IPO.

Swapnil Potdukhe: And would it be possible to share what would be the share-based expenses for this particular quarter I think this presentation is not yet available?

Dhruv Shringi: I think that number should be Rohan around INR 5.2 crores.

Rohan Mittal: INR 5.2 crores for the quarter.

Dhruv Shringi: On a share-based compensation can I just maybe add one more clarification hopefully that helps everyone. In fact, the share-based compensation, which is there, are shares which are granted at the US level and they do not result in any increase in the capital base of the India entity.

So, while from a tax perspective, this cost is booked in India. It does not result in any dilution to the Indian shareholders on account of the share-based compensation. There is obviously a P&L impact of it, but there is no cash outflow nor is there any impact of incremental share enhancement on account of these share-based compensation. That's where this is quite different from what you would typically be used to in other companies.

Swapnil Potdukhe: Just one last one so you mentioned that the domestic air passenger growth has been very strong at 26%. One of our competitors also mentioned more than 20% YoY growth whereas the industry seems to have grown only 9%.

Now my question here is while 2 out of the 3 listed players are claiming very strong growth on a YoY basis who is exactly losing share? I know one of the competitors may have lost share, but still, everyone claiming strong growth appears a bit?

Dhruv Shringi: I mean the simple answer to that is this is channel shift. See what's happening is that as you look at travel permeating deeper and deeper into Tier 2, and Tier 3 markets we are seeing a very strong rise in demand coming in from these markets and these markets were historically offline markets.

So, people in these markets would have booked it from their local travel agents and what we've seen is that given how data has percolated, how the cost of data has come down and usage of data has gone up across the country. We see deeper and deeper markets coming online at a much faster pace.

So, that's where it's coming from. It's not just a zero-sum game between the OTAs, it's more of a channel shift between the online and offline which is driving this incremental growth.

Moderator: Thank you. The next question is from the line of Harshil Shethia from Ladderup Wealth. Please go ahead.

Harshil Shethia: Can you help us with the quantum of legal and professional expenses?

Dhruv Shringi: So, the total number for legal and professional which is there it's about 24 which is the total line item of other expenses INR 24.2 crores, legal and professional would be a sub-component within this.

Harshil Shethia: So, the whole other expenses of INR 24 crores is legal expenses?

Dhruv Shringi: No, I'm saying legal and professional is a sub-component of this amount of INR 24.2 crores.

Harshil Shethia: So, how much would that be is what I'm trying to ask?

Rohan Mittal: Sorry I am not able to the exact number right now maybe you can connect offline and look at that.

Harshil Shethia: Secondly, what I want to understand is in terms of say the industry growth just being 9%. So, is it something that the OTA has still gained market share in the industry or the offline guys are more or less at the same pace or reduced, or if you can just don't throw a picture?

Dhruv Shringi: So, in this obviously, you know the OTAs are gaining more market share in the industry as a percentage of the overall transactions booked for air travel. That's definitely something which is playing out. The offline market is not really growing at this kind of pace. So, this is channel share gain which is happening in favor of the OTAs.

Harshil Shethia: Thirdly, it would be great if you could just throw some numbers in the full year say 9 months FY24, how many new corporate clients have we gained, and what would be the revenue potential of these clients in total?

Dhruv Shringi: So, the total now which we would have gained till now would be approximately in the range of about 65 to 70 accounts and the billing potential of this would be close to about INR 600 crores.

Harshil Shethia: And INR 600 crores what do you say is that the gross booking level or at our revenue level?

Dhruv Shringi: No, this is at the gross booking level.

Moderator: Thank you. The next question is from the line of Meet Shah from Finnovate. Please go ahead.

Meet Shah: I have recently started covering this space and I want to understand a few things. First of all, what is the GDS contract that you referred to in your previous concall?

Dhruv Shringi: So, GDS contracts are typically GDS firstly stands for global distribution systems. There are 3 key GDSs in the world Amadeus, Sabre, and Travelport and we have long-term contracts with two of these and that's the contract that we were referring to.

Meet Shah: So, like when a customer books a ticket for an airline, so you receive a commission from the airline or from GDS?

Dhruv Shringi: So, we receive a commission from both the airline and from the GDS. So, typically what will happen is that if I look at the Indian domestic market you've got low-cost carriers like Indigo on the one hand and then you've got scheduled carriers like Air India and Vistara. The Indigo content will come from a direct connection that we will have Indigo whereas Air India and Vistara's content will come from the GDS.

Similarly, you will have International airlines which come through the global distribution systems and for booking them on the GDS platform we get some commission from the GDS as well. So, the commission earning is twofold one from the airline and second from the GDS.

Meet Shah: One follow-up question on this in 2018 Air India took off their inventory from Amadeus. So, if in future the airlines do the same, how will this affect our business?

Dhruv Shringi: So, if you have been following this closely, you'll see that Air India has now come back on Amadeus and Sabre as well. So, there was an intervening period in which Air India consolidated onto one GDS platform.

In that scenario, we obviously get our earnings from that one particular GDS, but at a more macro level the greater the competition amongst the GDS the better it is from our perspective from a commission and earnings point of view.

Meet Shah: And my next question is where we will be focusing more or 2 years, 3 years down the line B2B or B2C, and which of these is a high margin segment?

Dhruv Shringi: See, we continue to push hard on our corporate travel sector that is the key growth engine that we have identified. We are the market leaders in that sector. We've got the leading technology solution in that space. So, we will continue to focus on that and that is obviously a much higher margin business as well than the B2C.

At the moment we are investing a bit in terms of ramping up our sales team, and our technology, all of that is happening as we continue to prepare for growing at a faster pace over the years to come, but the growth will be driven by corporate that's our key engine for the future.

Meet Shah: Can you provide the margin numbers?

Dhruv Shringi: So, indicated margins for corporate business would be closer to about 20%, and indicative margins for the retail business would be in the mid-to-high single digits. Retail does tend to have more fluctuation on account of the competitive landscape.

Meet Shah: And what type of complementary service do we provide to B2B clients so that they stick with us?

Dhruv Shringi: So, the way we look at this from a B2B customer base perspective is we try and provide an integrated solution which can address the needs of corporate customers for their flight bookings, for their hotel bookings, for their car hire, visa, foreign exchange and any other product, rail, bus, etc that they might need.

We provide them with a technology solution that enables self-booking, that enables automated process flows for approval, and which also helps the companies in terms of doing better spend analysis and spend management. So, it's a completely integrated solution that we offer to our corporate customers that connects to the ERP systems and into the HRMS systems to provide the employees with a seamless travel booking experience.

Meet Shah: And the last question is whether the holiday packages that we are selling are those packages designed by us or we sell them on a commission basis?

Dhruv Shringi: No, these are packages designed by us.

Moderator: Thank you. The next question is from the line of Himanshu Dugar from Safe Gains. Please go ahead.

Himanshu Dugar: My first question was about the take rates between the B2C versus the B2B segment. Traditionally, there has been kind of a trend of parties in the B2C side kind of it continues to stabilize as in the B2B side there has been some kind of dip when I see on a year-on-year number, so could you just talk about like how are you expecting it to trend in the coming quarter?

Dhruv Shringi: See in the coming quarters and historically we've not really seen a dip in terms of take rates for B2B. Having said that, we do expect service fees to continue to improve in the B2B domain especially as customers begin to pay closer to fair market value for using the technology.

So, typically what happens is you start off with technology being priced at maybe a lower cost, and then over the period of time as customers get more accustomed to it and more familiar with it, they are more open to paying fair market value. So, I would expect take rates to continue to improve on the enterprise side going forward.

In addition, what we've also realized is that on the enterprise side, the average ticket size of an airline or the average price of a hotel is significantly higher than on the B2C side. A corporate customer will make much more flexible bookings, they will book tickets which have no cancellation fee, and on account of that these tickets tend to be at a higher value plus they will book much more at the last minute.

So, the average realization for an airline or a hotel from a corporate customer is much higher. Thereby, corporate is the preferred channel for distribution for pretty much all the airlines and the hotels. So, we would expect margins to continue to improve on the corporate travel side. On the consumer side, I think as the industry consolidates on the aviation front, there might be more margin pressure going forward.

Himanshu Dugar: Could you also touch upon how the marketing spend is kind of bifurcated between B2B and B2C and if everything is B2C then do you see some amount of marketing ramp-up required given there is this heightening competition and there is some dip in the or probably there's a saving because there's a dip in the demand-supply itself from the airline side now?

Dhruv Shringi: See in terms of marketing spending the way I would look at this is that the marketing spends today are there to continue to keep the brand at the top of mind recall from our customer segmentation point of view.

We think there might be a little bit of incremental spending that happens on the marketing side over the quarters to come, but nothing significantly more than the kind of levels that you're seeing right now. There will be a little bit of spending that we will also do on the enterprise side in terms of positioning the Yatra brand and some new products that we plan to launch in the months to come.

But again, that will not be a very material number compared to the spending that we are currently undertaking. So, the marketing spend should remain broadly range bound from where we are at the moment between the 10 crores to 12 crores a quarter kind of range is where we would expect marketing spend to be.

Himanshu Dugar: And this is dedicated entirely to B2C, I mean, is there promotional spending tied up with the B2B side?

Dhruv Shringi: No, at this point in time it's almost entirely linked to B2C because we have a very minuscule component of this linked to B2B.

Himanshu Dugar: Just the last question from my end. So, on the other expenses and on the ESOP side, is there any outlook or like expectation of what kind of numbers that you could expect going ahead?

Dhruv Shringi: See on the other expenses we should see some rationalization happening in the other expenses over the quarters to come. So, we would see some improvement happening in other expenses and that should be closer to the 2022 mark in terms of other expenses. So, you had other expenses and ESOP.

On the ESOP also I think we should expect ESOP to be again similar to current levels only unless there's a significant change in the US stock price or the volatility of the Yatra shares in the US.

Moderator: Thank you. We have a next question from the line of Meet Shah from Finnovate. Please go ahead.

Meet Shah: So, my question is many of our competitors who are more focused on B2C are operating at a higher margin. So, is there any measure our company is taking to improve margins?

Dhruv Shringi: Sure. So, when you're looking at margins are you referring to operating margin or are you referring to gross margin take rate?

Meet Shah: Not the take rate, the operating margin?

Dhruv Shringi: See on the operating margin today we have a situation where we are investing a little bit in terms of growing faster than our peers and you can see that happening in our numbers. If my memory serves me right one of our peers grew at about 10% in terms of air tickets the other one day grew by 30%, whereas we've grown by 26%, significantly faster growth in terms of market share.

So, today there's a little bit of investment that is happening. We think the market is expanding quite rapidly and there's an opportunity for us to gain incremental market share. In the long run, we see margins obviously improving meaningfully from where we are, but in the last quarter and in the near term we expect to continue to invest a little bit to get a bit more share in the market.

Moderator: Thank you. We'll take our next question from the line of Himanshu Dugar from Safe Gains. Please go ahead.

Himanshu Dugar: I wanted to circle back on the DI side of the business which you plan to expand on post-IPO. Any updates on how are the bookings kind of tracking up the licensing?

Dhruv Shringi: I missed that part which part of the business are you referring to?

Himanshu Dugar: The direct business with the airline where you are planning to make some agreements?

Dhruv Shringi: So, on that front, we've made good progress with the hotels. On the airline front as well, there is some initial amount of traction, but on the airline side that traction is lesser than what we had anticipated and that's largely to do with capacity constraints on the domestic aviation side.

We do expect that as more aircrafts come into the market and come into operations by the summer quarter of July, August, and September we should be back at the levels that we had anticipated at the time of the IPO, but for the next 2 quarters I think this would remain at a slightly constrained level because of supply constraints.

Himanshu Dugar: Could you like share what's the TDR what have you gained in this quarter or what you're expecting in Q4?

Dhruv Shringi: See, I think even that would be that's a competitive advantage that we would not be comfortable in sharing publicly.

Himanshu Dugar: So, in terms of margins like do you see that as being margin accretive, or right now it's going to take some more scale before that comes up?

Dhruv Shringi: See, I think that would be purely marginal accretive because the investment that we need to make in terms of customer acquisition will continue to happen at current levels only. So, the expansion and margin will be accretive to the bottom line.

Moderator: Thank you. The next question is from the line of Sudeep Dugar an Individual Investor. Please go ahead.

Sudeep Dugar: I just wanted to check in on the hotel business what is our model, are we taking on the inventory or it is still on the aggregator side?

Dhruv Shringi: No, we are completely on an aggregator platform. So, we don't really take any inventory risk from the hotel side, may have let me just rephrase that to say we would take very, very small amounts of risk on the inventory side. These might be limited to specific days of the year in certain locations.

So, for example, it might be in Goa over Christmas or New Year and it might happen in places like Leh in one of the stations during the summer months, but it's more to address limited supply availability in the market.

Sudeep Dugar: And another question was on the hotel side is that if I'm right the margins in the hotel business are better than the airline business?

Dhruv Shringi: So, yes, overall gross margins would be better in the hotel business versus the airline business.

Moderator: Thank you. We have a question from the line of Nitin Padmanabhan from Investec. Please go ahead.

Nitin Padmanabhan: In the corporate bookings that we have done in the current quarter, has the hotel attach rate sort of increased versus what you would have seen in the past?

Dhruv Shringi: No Nitin. In the current quarter, the hotel attach rate would have been at similar levels only. As I mentioned earlier this anyway seasonally is a weak quarter for hotels.

Nitin Padmanabhan: I am referring to the bookings Dhruv the new bookings, the wins that we have had?

Dhruv Shringi: The new business wins?

Nitin Padmanabhan: Yeah.

Dhruv Shringi: In the new business wins there is a higher attach rate of hotels for sure.

Nitin Padmanabhan: So, it should be a reasonably better number versus what you would have seen same time last year?

Dhruv Shringi: We do have a couple of deals in which the share of hotels is meaningfully higher than what we would have seen in other contracts.

Nitin Padmanabhan: And on the on the ESOP I know it doesn't make a difference for Indian shareholders and is inconsequential, but just from an accounting standpoint this quarter it was INR 5.2 crores when I look at the closing quarter of the prior quarter closure the US stock price is lower than the closing of the last quarter. So, why has this sort of increased? We were assuming a INR 3.5 crore kind of a quarterly run rate. So, just wanted your thoughts on that as well?

Dhruv Shringi: So, Nitin there are few inputs into this that go into that model and there is an actually that does this evaluation agency that does this. One of the inputs also is volatility and the other one is interest rates. So, with the change in any of these parameters as well, the option price continues to change.

So, that's the reason why these input parameters. You've got multiple input parameters which have different varies and different degrees of impact on the price. So, I do understand that this is something which is hard to model, but unfortunately, there's just all these macro factors that come into the picture in terms of arriving at that stock price.

Nitin Padmanabhan: So, the reason I asked specifically on this is you had mentioned that we should assume a similar ESOP cost. So, logically speaking if the US stock price doesn't move for let's say by the closure of next quarter theoretically then shouldn't it come off to the normalized run rate?

Dhruv Shringi: The volatility and all other factors remain the same in that scenario we should expect it to come back close to the INR 4 crores, INR 4.5 crores marks, but it would mean not just the stock price, but the other associated factors also to remain unchanged in terms of interest rate in terms of volatility, those would be the other parameters also which will all have to remain constant for this to come back to that level.

Moderator: Thank you. The next question is from the line of Sudeep Dugar an Individual Investor. Please go ahead.

Sudeep Dugar: Actually I couldn't get that part when you mentioned the new corporate clients that have been added, how will the revenue accrue over and over what time period if you could explain that once again?

Dhruv Shringi: So, any customer, let's say if we sign hypothetically Rs. 100 worth of business today, out of that Rs.100 worth of business, Rs. 60 will come in the next 12 months and the entire Rs. 100 will come in the subsequent period. The reason being that there will be an average timeframe which will be there for implementing these customers.

So, some depending on the size and scale of the customer it could have anywhere from a 30-day to 160-day implementation cycle if it's a very, very large customer. So, that's the reason why on a rule of thumb basis you would see this happen that you would have about 60% of the business coming in the subsequent 12 months and then reaching 100% in the year after.

Moderator: Thank you. We have a question from the line of Kewal from Kewal. Please go ahead.

Kewal: Just a follow-up on the previous person's question what would be the unbilled revenue which we would be sitting on at the moment?

Dhruv Shringi: See the unbilled revenue in our case there is no real unbilled revenue. This is basically a customer pipeline that we have. If I look at the pipeline so out of looks at the INR 600 crores of business that we would have acquired in the last 9 months you will see about 30% of that which would have got implemented till now somewhere in the 25% to 30% has got implemented by now and the balance will be carried forward.

Kewal: And is this linked to any number of bookings which they do or this is something which is evenly spread out irrespective of how the booking pattern is?

Dhruv Shringi: So, typically this will be linked to the seasonality of the client. So, while there is a macro seasonality of the October period, October to December quarter being low otherwise it's a function of the seasonality of the customer.

So, let's say e-commerce guys for example will have a high degree of spend happening around the Diwali, and Dussehra period, the consulting guys will have a slightly different period, and the IT services guys will have a different period. It's all linked to the seasonality of the individual customer.

Kewal: So, to simplify does it mean it is linked to the quantum of usage of the services on our platform?

Dhruv Shringi: Yes, this is what the customers would transact on our platform.

Kewal: So, therefore to some extent if the customer does not transact, this is contingent?

Dhruv Shringi: Yes absolutely. So, what ends up happening is that you have two kinds of customer contracts which will be there. One will be exclusive customer contracts which will be there and then some will be shared customer contracts which will be there.

And as the customer gets implemented then the business because especially in an exclusive environment the business comes entirely onto our platform because the organization then mandates that business travel has to be done using this platform.

Moderator: Thank you. I now hand the conference over to the management team from Yatra Online Limited for closing comments. Over to you.

Dhruv Shringi: Thank you, operator, and thank you everyone for joining us on this call today and for your continued support. We look forward to working with you in the near term and if you have any follow-up questions, please feel free to reach out to the Yatra team at ir@yatra.com. Thank you.

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