TBO Tek

Operator: Good day and welcome to the TBO Tek Ltd. Q1 FY27 earnings conference call. Today on the call, we have with us from the management: Mr. Ankush Nijhawan, Co-founder and Joint Managing Director; Mr. Gaurav Bhatnagar, Co-founder and Joint Managing Director; Mr. Vikas Jain, Chief Financial Officer; Mr. Akshat Verma, Whole-time Director and Chief Technology Officer; Mr. Pramendra Tomar, General Counsel; and Mr. Shresh Mahajan, Associate Director, Investor Relations.

We will begin the call with brief opening remarks from the management followed by a Q&A session. Please note that certain statements made during this call may be forward-looking in nature. Such forward-looking statements are subject to risks and uncertainties that could cause the actual results or projections to differ materially from those statements. TBO Tek Ltd. will hold no responsibility for any such actions taken based on such statements and undertakes no obligations to publicly update these forward-looking statements. I will now hand over the call to Mr. Gaurav Bhatnagar for his opening remarks. Thank you and over to you, sir.

Management: Thank you and good evening everyone. Welcome to our Q1 earnings call. We uploaded our shareholder letter on our website yesterday and I hope all of you had a chance to go through it. Before we jump into Q&A, we wanted to highlight a few salient features from this quarter.

First, I think this was by far the toughest quarter for the company in the last 2 years. The increasing disturbances in the Middle East caused severe disruption in travel across the globe. I think the disruption expanded far beyond the Middle East. Markets like India and Europe were also impacted because travel from East to West and West to East was disrupted, as it is heavily reliant on Middle East carriers. Airfares are also very high.

In spite of that, the company has delivered growth both on the frontline and bottom line, and we are very proud of it. This has started to demonstrate that the diversity of source markets we operate in is a big factor in building resilience in our business model. Given that no one country or region heavily dominates our frontline, it helps us cushion effects like the ones that happened in the last quarter.

A couple of other things that helped us include the fact that we were, as you all know, investing heavily in market development in Europe. That helped tremendously even in a very tough quarter. While travel in Europe was generally impacted as well, the space still delivered 24% year-on-year growth in Europe.

The other thing helping the business, especially looking forward depending on how long this crisis lasts, is our increasing saliency in North America. With the acquisition of Classic Vacations, North America is starting to represent almost a quarter of our hotel GTV, which is substantial. We believe we will be able to create growth plans there and that saliency will help us because the North America-Europe corridor is far more resilient compared to other travel corridors at this point in time.

The final highlight, purely on the numbers, was that the Middle East, in spite of the massive crisis within the region, delivered flat numbers. It actually delivered 1% growth in constant currency, which is very commendable, and full marks to our team for delivering that.

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Net-net, our view is that the expanded investments we made, in retrospect, were very timely because they helped us cushion a potential de-growth that could have happened in this quarter given our heavy reliance on the Middle East market. Europe came through and the acquisition of Classic Vacations was also very timely because it has given us an entry into a much more resilient corridor.

The second thing to highlight for this quarter is that operating leverage was quite visible. Our bottom line and EBITDA margins grew significantly faster than our GP or revenue margins. You all know we have been promising operating leverage and it started to feel a bit mythical because we have been promising it for some time. We were expecting to start to see it in Q4, but unfortunately the war broke out in that quarter. However, we are happy with the fact that in Q1, there is a clear demonstration of operating leverage. We expect that as frontline growth normalizes once things come back to normal, the bottom line growth should accelerate further.

The final point we want to highlight is that you would have observed that we have shared numbers in constant currency as well. This was feedback from some of you in the last call. Secondly, this specific quarter was very unusual. You will see numbers both in INR and in constant currency. There was almost an 11% gap in our hotel GTV when we looked at it in constant currency versus INR, which is leading to significantly higher growth numbers if you look at INR standalone.

In the interest of transparency, we have started reporting numbers in constant currency. We should also highlight this was the first quarter when such a significant gap happened. For example, even last quarter when the rupee had started to depreciate, there was only a 3% gap in hotel GTV in constant currency versus INR, so we did not find it significant enough to report separately. However, given the steep depreciation that has happened on a year-on-year basis, we have started reporting numbers in constant currency as well. With that, we will take a pause and open for questions.

Operator: Thank you, sir. We will now begin the Q&A session. I would request all the participants to raise their virtual hand and introduce themselves and the firm they represent before going ahead with your question. The first question is from Mr. Karan Upal. Karan, please unmute yourself and go ahead.

Karan Upal – Analyst: Thank you for the opportunity. I hope I am audible.

Management: Yes, Karan.

Karan Upal – Analyst: Congrats team on very strong execution yet again in a very tough quarter. All-round performance on frontline as well as bottom line, so congrats on that. The first question is on the operating leverage. The EBITDA to GTV number in this quarter was at 1.3%, which was quite strong. The quarter benefited from Classic Vacations seasonality and operating leverage in the organic business also. Going ahead, do you believe that on a consolidated basis, an EBITDA to GTV number of 1.3% is sustainable and hopefully grows from here as revenue growth accelerates?

Management: Karan, I think EBITDA to enterprise GTV is going to be a tricky number to track, especially at this point in time, for a few reasons. First, as you know, there is a fair difference between the take rate of our airline business versus our hotels business. As the airline business

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starts to show its own growth, that saliency can move a little bit, which can have an impact because GTV volumes on airlines are very high.

The second aspect is that given the crisis, you would have seen that the take rate in this quarter was slightly lower because regions were fighting for business in a tough environment. From a dollar value perspective, any growth would be accretive, but there will be selective places in such crisis situations where we do drop margins a little bit to win disproportionately more business. I think the right metric to continue to look at, especially from an operating leverage perspective, is GP to EBITDA conversion, and that number should continue to improve.

Karan Upal – Analyst: So you are indicating that the 26% EBITDA to GP number should continue to improve from here on?

Management: That is correct.

Karan Upal – Analyst: Got it. Secondly, regarding the Middle East, given the situation remains volatile, do you expect that to come back to growth anytime soon? Last time you mentioned that cancellations were lower and search volumes were increasing. How are things on the ground currently?

Management: Karan, the situation is extremely fluid. The fact that the Middle East was flat is quite an achievement, given that it is the eye of the crisis right now. It is also very hard at this point to predict what is going to happen because the situation literally changes every hour. In the last 72 hours, another escalation has happened. That is true on the ground as well; there is a frequent change in behavior and mood regarding travel. I would not hazard a guess on what is going to happen in the Middle East and when it comes back to growth. We are thinking of that as optionality at this point; should that growth come in, it helps us accelerate bottom line growth even faster. But given where the situation is, it is very hard to bank on it.

Karan Upal – Analyst: Understood. Excluding the Middle East, Q2 is generally seasonally strong for TBO. But for Classic Vacations, the positive seasonality will reverse in Q2. How should we think about growth in the rest of the markets like Europe, North America, and APAC from here on?

Management: I think year-on-year growth should be somewhat irrespective of seasonality because we are comparing year-on-year, especially outside of the Middle East. The Middle East has a dependency on when Ramadan and Eid fall. Other than that, the rest of the regions have similar seasonality during the same period every year. Year-on-year growth would look probably similar.

You are right that from a quarter-on-quarter perspective, this is a heavy check-in quarter for Classic Vacations. No doubt about it. So, from a quarter-on-quarter perspective, that can have an impact. Beyond that, outside of the Middle East, we would expect nothing significant to change from a trajectory perspective, assuming nothing adverse happens in the world.

Karan Upal – Analyst: In this quarter, the FIFA World Cup was there. Next quarter, European summer holidays will be there. Are they impacting the overall growth trajectory for you?

Management: On a quarter-on-quarter basis, historically Q2 is bigger than Q1. You would expect it to be the same way, and that is what we are really anchoring around. Just like last quarter, we aim

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for quarter-on-quarter growth and year-on-year growth. Q2 should be somewhat better than Q1 given that July, which is the heaviest travel month in the northern hemisphere, falls in Q2.

Operator: Thank you, Karan. We will now move to Mr. Swapnil. Sir, please unmute yourself and go ahead.

Swapnil - Analyst: Hi everyone. Thanks for the opportunity, and thanks for taking the feedback and sharing the constant currency numbers this time around. My first question is around your growth numbers for the organic business. 15% year-on-year growth in constant currency terms is great at a time when the Middle East is affected. How do you model this from a forward perspective? Assuming everything comes back to normal, how should we model this growth from a medium-term perspective?

Management: Swapnil, if we were to look at our growth profile in Q3 of last year, which was the last full quarter in some sense of normalcy, we would absolutely expect to get back to that when things normalize. The 'when' is a big question and we really do not have an answer for it. But our expectation is that when things get back to normal, the business comes back to a similar growth profile.

Whether this happens in Q3 or Q4 is very hard to say given the situation. Broadly, we do not expect a change in trajectory pre and post-war. If anything—and this is not a commitment—what we have seen is that post-crisis, the bigger players usually become bigger because attrition typically happens among smaller and mid-sized players.

Swapnil - Analyst: Will it be fair to say that most of this growth will be driven by Europe and APAC, which performed fantastically this quarter, given that a lot of your investments last year went into these two markets?

Management: Yes, that is fair to say. Europe and APAC are leading the growth charter right now. We are also expecting to see reasonable growth on a like-for-like basis in North America as well, starting in October, November, or December when it is a like-for-like comparison. Admittedly, that is on a very large base in a very tough market, but we are looking for growth levers there as well.

Swapnil - Analyst: This quarter you delivered a 1.5% EBITDA margin on GTV. Let us assume things normalize and you start reporting 20% plus growth at the GTV level and possibly higher at a GP level. Can these margins expand to around 1.5% eventually, assuming your investment phase is behind you and you do not need to meaningfully increase your SG&A costs?

Management: Internally, we have started looking at our numbers from a GP to EBITDA conversion because we now have three different types of GTVs with very varying GP profiles. We have air GTV, which is like a 1% GP profile. On the other hand, there is Classic Vacations, which is an 11% GP profile, and then our organic business, which is in the middle. It becomes very hard to model by looking at blended GTV. What we do know is that at this point, unless we choose to accelerate market development, our SG&A growth will be significantly slower than GP growth, and hence those margins should expand meaningfully.

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Swapnil – Analyst: How should we look at the Classic Vacations margins? When I use the same method, the 3.4% margin is meaningfully higher than previous numbers. Directionally, how should we look at that business?

Management: We acquired this business only 6 months ago and directionally not a whole lot has changed. You are seeing higher numbers because this is a heavy check-in period. EBITDA is historically highest in this quarter for Classic Vacations, which is why those numbers look higher. Nothing has materially changed either way in that business.

Swapnil – Analyst: On a full-year basis, is building in around a 2.5% margin a fair assessment?

Management: Yes, I think that is a fair assessment.

Swapnil – Analyst: Regarding the working capital side, there was some release this time around. I remember there were some working capital investments last time. Will there be some quarters where you need investments and some where you have releases, or should it ideally be meaningfully negative working capital each quarter?

Management: Working capital does have a seasonality impact. For example, some items were driven by how the business works, such as performance-linked incentives. They get accrued from hotel or airline suppliers over the year. Generally, those accruals would be highest at the time of March 31. Those accruals get released and payments are made during the first half of the next year. Similarly, at times, because of the supplier mix and different payable days for different suppliers, that may also impact the working capital movement.

Swapnil – Analyst: What would be your net cash position right now, net of the borrowing for the Classic Vacations business?

Management: We have reported 1,980+ crores cash in bank. We have a $70 million USD loan and a 6 million Euro working capital loan for Jumbo.

Operator: Thank you, Swapnil. We will now move on to Mr. Kavish. Kavish, please unmute yourself and go ahead.

Kavish – Analyst: Thanks for the opportunity and congratulations on a great set of numbers. My first question pertains to India Airlines. We saw 15% GTV growth this quarter on the back of volumes shifting to East Asian carriers. Does this mean our market share is far higher with East Asian airlines versus other geographies? Overall, airlines grew 20% in Q3 and Q4 FY26. What was driving the momentum in the second half of FY26 if this quarter's strength was attributed to this volume shift?

Management: It is very difficult to say it was just because Far East airlines picked up share. A lot of people were also flying on European airlines. We definitely succeeded in capturing the business. We did some right things in terms of our customer service and the accounts were very aggressive in picking up this business. It was not strictly due to a shift to the Far East. Overall, we picked up well, and the 15% growth we are showing is commendable keeping in mind the situation we were in.

Kavish – Analyst: On Classic Vacations, we mentioned that the bulk of integration will be completed by Q3 FY27. What levers are yet to start contributing and what kind of impact do you envisage from

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these pending items?

Management: It is a three-pronged strategy. One, we are expanding our sales team in North America for both Classic and the TBO North America business because it is a very large and distributed geography with a large travel advisor base. That is mostly completed. Second is the integration and automation of back-office and customer service experiences, such as implementing our enterprise CRM into Classic Vacations. This will allow us to improve service quality and make it more efficient.

Third is the platform integration, which we are likely to finish by the end of this calendar year. This will allow for the seamless integration of the TBO platform into the Classic Vacations ecosystem. While we have already integrated one way where TBO supply is powering a fair bit of Classic Vacations supply, the vice versa cannot happen until the platforms migrate. That is the other upside we will see once this migration is completed.

Kavish – Analyst: Is it fair to assume most of the cost impact is in the numbers already and the revenue bit will see some pickup going ahead?

Management: Yes, I think that is a fair conclusion.

Operator: Thank you, Kavish. We will take the next question from Mr. Manish Agrukia.

Manish Agrukia – Goldman Sachs: Good afternoon. Congratulations on a fantastic set of numbers. Firstly, as we think about the full integration of Classic Vacations starting in the December quarter, they will fully be in your base. There are two opposing forces. One is the assumption that the Middle East and Europe normalize more, which should be a tailwind. On the other hand, you have Classic Vacations forming part of your organic growth. Is it safe to assume overall company level GP could see a bit of deceleration despite the Middle East coming back, or is that a premature assumption?

Management: Manish, you are right. Those are two opposing forces. For Classic Vacations, which is a recently acquired business, it will take time before it starts delivering enterprise-level growth standalone. We are confident we will find those levers, but that is a few quarters away. On the other hand, in Q4, our organic growth in January and February before this war broke out was far higher than 15%.

We have to blend those two forces. I do not have a definitive answer on what that blend will look like. Wishfully thinking, if things were to normalize, I think we did not enjoy the full benefit of the investments we made last year because the market was disrupted. Had it not disrupted, we were expecting absolute bumper growth in Q4 and Q1. If normalization happens soon and we see similar numbers to January and February, then we are not concerned. But the ground realities in the Middle East are unpredictable. We are three to four months away from that quarter, so it is hard to predict, but we remain optimistic.

Manish Agrukia – Goldman Sachs: In APAC and Europe, you alluded to timely investments. Could you provide color on the duration you will be able to reap the benefits of those investments before needing another round?

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Management: A key account manager will show at least 4 to 6 quarters of increasing growth before they start to exhaust what they can gather within their region. This varies depending on the source market; Germany looks different from Italy or the Philippines. One of our premises is that once you bring a customer in, they organically grow and your sales team brings in more business, which is where operating leverage happens. It should not be so time-sensitive that you need new investment every 3 or 6 months. We do not see any early signs of slowing growth because investments have recently matured.

Manish Agrukia – Goldman Sachs: What markers will give you comfort that the Classic Vacations acquisition is moving in the right direction? What might it take to realize the full potential of North America?

Management: One revelation is how large the North American market is, especially for luxury outbound travel. It likely contributes more to luxury travel than the rest of the world combined. We have also started to realize how large the travel advisor base is. Consortiums like Virtuoso and Travel Leaders report more than $25 billion each of GTV flowing through their networks.

For us, the core marker is whether North America on the whole is growing for us. These are very developed, mature markets that take time to break through. We tried for 5 or 6 years in Europe before we reached where we are now. If we are able to find enterprise-level growth in North America, that is a big win because that kind of frontline growth will drive a far larger bottom line in that market.

Operator: Thank you, Manish. We will take the next question from Mr. Prateek Kumar.

Prateek Kumar – Analyst: Congrats on the results. Regarding investments, the company went through a heavy cycle for two years which has concluded. How should we understand future investments? Should that reflect in our peak EBITDA to gross profit at some stage? What is the total EBITDA to gross profit you see for the company?

Management: I will focus on two things. First, the nature of investment in our business is in a sales force, which is hiring people. The quantum of investment as a percentage of your GP will continue to shrink even if you invest at previous levels because of higher GP and cash generation. The quantum of investment does not correlate with the size of the business; it remains the same while GP grows. This means that even when an investment cycle returns, we should still be able to grow our margins.

On where those margins can land, it is hard to comment on and we do not want to give guidance. Several things are in play, including the impact of AI on efficiencies. Also, what happens in the Middle East in the long run matters. If the crisis becomes like Russia-Ukraine, we will need to find other levers. If the Middle East normalizes in the next couple of quarters, we will generate significantly more cash and an investment can be absorbed while growing EBITDA margins. Steady-state scaled-up businesses like Hotelbeds or WebBeds are starting to normalize between 45% to 60% EBITDA margins. We are not anchoring towards that in the short to medium term, but platform-level dynamics should play out.

Prateek Kumar – Analyst: Are you focusing too much on margin versus growth?

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Management: Absolutely not, Prateek. There is no change in that strategy.

Prateek Kumar – Analyst: Regarding the AI question, what is the capex and opex intensity in AI investments like the Boya rollout? Are there measurable improvements in agent productivity?

Management: There are three broad initiatives: CX productivity, sales productivity, and Boya, our AI advisory tool. Boya remains very experimental at this point. We have seen a few bookings, but nothing that will impact your frontline. Capex is minimal; it is done through our in-house tech team.

CX is where we have seen significant improvements in productivity. We are looking at what percentage of your GP we spend on CX and whether that number can come down. We have made significant inroads there. Some of it is actually translating into efficiency gains on the P&L, but it is a journey.

The other place we are investing is creating an AI layer on our in-house CRM, which allows our sales teams to know which travel agencies to go to based on signals we collect—identifying promising leads or at-risk agencies. This project launched a couple of weeks ago, so it is too early to say if it is successful, but significant engineering effort has gone into it.

Prateek Kumar – Analyst: How do you think competition has done in markets like APAC and Europe compared to you?

Management: Hard to say, but we have clearly taken share. It is hard to imagine these markets grew at this level otherwise. We have high double-digit growth. I believe some of our peers have released results recently which may give an indication, but we haven't studied them yet. We are taking share because there isn't much organic growth in the market.

Prateek Kumar – Analyst: Will you continue to give fiscal disclosures, including constant currency, every quarter from now on?

Management: Directionally, yes. As pointed out, we saw a wide fluctuation this quarter and wanted to be transparent. Wherever if it feels like over-disclosure, we can look at it, but we will tend to show those numbers in coming quarters. There was a lot of requests for our regional breakup, and we will continue providing that.

Prateek Kumar – Analyst: Hosting and bandwidth expense fell 14% this quarter. Any specific reason?

Management: We made significant technical investments to optimize our traffic. On infrastructure, we tried to move away from expensive third-party solutions to those we manage ourselves to bring that cost down. That is the new baseline we can assume from now on.

Operator: Thank you, Prateek. We will take the next question from Mr. Chirag.

Chirag – Analyst: If I look at your gross margin, it is down sequentially and year-on-year. Is this due to the increased contribution from Classic Vacations and the pass-through to agencies being relatively higher? Second, should we expect the operating leverage we witnessed to continue?

Management: The first part is a mix change. For Classic Vacations, it is the big season and that is driving it. On operating leverage, in the short to medium term as the frontline grows, we expect Q2

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to be historically bigger than Q1, so we should see some margin expansion in Q2.

Chirag – Analyst: So this run rate of margin will continue throughout the year?

Management: Because our business has seasonality, it will go both ways. Q3 historically is less than Q2, so you will see a dip in margin because revenue would be lower given that seasonality is not there.

Chirag – Analyst: Once the integration of Classic Vacations is complete, should we expect operating leverage to continue to play out every quarter?

Management: Yes, Classic Vacations is a similar platform business with fairly fixed costs. You would expect any frontline growth in Classic Vacations will also lead to operating leverage and margin expansion. In the current quarter, you see margin expansion in Classic Vacations because the seasonality meant the GP was higher while costs remained steady.

Chirag – Analyst: From a seasonality point of view, Q1 and Q2 are better for Classic Vacations. Is that understanding correct?

Management: Q1 is the highest. Q2 would actually be the lowest because Classic Vacations is on a check-in basis.

Operator: Thank you, Chirag. We will take the next question from Mr. Samarth.

Samarth – Analyst: Organic SG&A growth was around 4% year-on-year in constant currency. Is that the run rate we should carry into the rest of FY27?

Management: It will expand a little from here in the short term. One, it is the increment season in Q2. Secondly, as the business revives, there will be opportunities for us to do more market development. I would say it will be range-bound, but the SG&A growth may slightly increase, though not at the pace of the frontline. Some elements of SG&A, like payment gateway costs, are also linked to the frontline.

Samarth – Analyst: Organic hotels and ancillary gross profit as a percentage of GTV came down by around 30 basis points. Can you help me understand the split between the lower saliency from the Middle East versus the decision to protect volumes?

Management: It is very hard to do a breakup. We definitely fought for business in this quarter with the view that we do not want to lose money. Because we are an operating leverage fixed-cost business, it sometimes makes sense in a tough situation to lower your margins and take frontline share. It is impossible to say exactly how much happened because of saliency versus dropping margins because both occurred. The Middle East had 1% growth because we dropped margins there, and it is historically a higher-margin market.

Samarth – Analyst: On the intercompany elimination regarding TBO sales to Classic Vacations, that was around 65 crores. Is that the right proxy for the cross-sell today? Where do you expect that number to stabilize when the entire integration completes?

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Management: Yes, the numbers you saw represent the sales currently being made by TBO to Classic Vacations. As we expand our reach and try to optimize the inventory selling from the TBO platform to Classic Vacations, we look forward to increasing that share. We saw the early shoots in the last quarter and hope that number keeps increasing.

Samarth – Analyst: There would also be some selling from Classic Vacations to TBO, correct?

Management: That has not started yet. As mentioned, that requires us to first migrate and integrate the platforms. That will start showing up once the platform migration has happened, probably early next year.

Operator: Thank you, Samarth. We will take the next question from Mr. Divyansh.

Divyansh – Latent PMS: Are you seeing players shutting shop in the Middle East market because of all the events? If so, how difficult is it for them to go active again?

Management: At this point, inbound into the Middle East is most impacted. As you know, our business is more anchored around outbound. There is not massive attrition among our direct comparators or peers. What is under serious stress is inbound businesses which depend on travelers coming into the Middle East. If the situation doesn't revise soon, we will definitely see attrition there.

Divyansh – Latent PMS: Does that imply those inbound guys will also be enabling people to move from the Middle East to Europe for travel?

Management: No, that is a different ecosystem. Inbound is more like DMCs, hotels, and providers of other services within the Middle East. That is somewhat distinct from the outbound ecosystem, which is players like us who sell the world to people traveling from the Middle East.

Divyansh – Latent PMS: Regarding the 64 crores of business between TBO and Classic Vacations, how does the P&L recognition happen? While there is a consolidated basis, do you report different take rates and GPs?

Management: We follow arms-length pricing for intercompany sales. While the GTV gets eliminated, from a transfer pricing perspective, we keep the required margins for the selling entity. There would be some margins booked in the TBO Dubai entity, and then the revenue generated by the Classic Vacations entity is booked at the legal entity level at the Classic Vacations level.

Divyansh – Latent PMS: In the opening comments, you mentioned that typically currency depreciation impact is less than 3%, but this time it is 11%. Was there a change in policy or was this just driven by currency volatility?

Management: No change in policy. This was primarily what was mentioned in the opening comments. Comparing Q1 FY27 versus Q1 FY26, when we translate the hotel GTV, there was an 11% impact coming just because of the currency translation. The 3% was Q1 FY26 versus Q1 FY25. This quarter was impacted too much by currency fluctuations, which is why we wanted to transparently present the constant currency numbers.

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Operator: Thank you. We will take the next question from Mr. Shaurya.

Shaurya – Growth Square Ventures: Beyond the agent-facing AI tool, how is AI specifically being applied on the supply side, particularly for contract rate negotiation with hotels and airlines? How much structural leverage can TBO capture from usage of AI?

Management: Contracting through AI-led negotiations is not a big focus area for us, because a lot of our contracting is with chains or large luxury hotels. For the long tail, the hotel distribution ecosystem has created an ecosystem of channel managers and aggregators who do this. This isn't an area of focus for us at this point.

Operator: Thank you, Shaurya. We will take a follow-up question from Mr. Karan.

Karan Upal – Analyst: What is the split of the GTV in retail versus the API business this quarter?

Management: We do not specifically disclose the GP percentages between them, but the GTV number would broadly be around 50-50, similar to the last quarter.

Karan Upal – Analyst: If we can share further details on the API business, as 50% of GTV is derived there, that would be very helpful to understand trends.

Management: We will take that feedback and see what best we can do from a disclosure perspective.

Operator: Thank you, Karan. We will take the last question from Mr. Kavish.

Kavish – 361 Capital: How do you assess the likely impact of AI across different participants in the ecosystem? Are there any recent industry developments or trends you believe are relevant here?

Management: There has been a fair bit of speculation on how AI business models will evolve. In the last couple of quarters, both Anthropic and OpenAI haven't really tried to create a transactions or payment framework within their apps, which means there isn't a significantly easier way to make a booking via an agentic interface versus going to an OTA website. OTAs have started to participate through MCPs within these channels, but I don't think anybody has indicated meaningful conversion happening through those channels.

As of now, it feels like a status quo. There was a fair bit of trepidation two quarters ago. At this point, it feels like priorities have shifted for the frontier labs toward other enterprise use cases rather than cannibalizing OTA businesses. We continue to keep track of the ecosystem and experiment with similar MCP infrastructures, but most of our predictable gains in the business are going to be driven by CX in AI and sales effectiveness.

Operator: Thank you, Kavish. I will now hand over the call to Mr. Ankush for the closing remarks.

Management: Thank you everyone for joining the call today; we truly appreciate your time. If there are any further follow-up questions, please feel free to reach out to any of us. We look forward to seeing you in our next earnings call for Q2. Thank you.

Management: Thank you.

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Operator: Thank you everyone. You can now disconnect your lines.

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