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TBO Tek Limited
Q4 & FY25 Earnings Conference Call

May 22nd, 2025

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Aashvi Shah: Good evening, everyone. I am Aashvi Shah from Adfactors IR, Investor Relations. On behalf of TBO Tek Limited, I would like to welcome you all to the Earnings Conference Call for Q4 & FY25.

Today on this 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. Akshat Verma, Whole-time Director and Chief Technology Officer; Mr. Vikas Jain, Chief Financial Officer; Mr. Anil Berera, President-Strategy; and Mr. Rajiv Kumar, Head-Investor Relations.

We will begin the call with the 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 certain risks and uncertainties that could cause the actual results or projections to differ materially from those statements. TBO Tek Limited will not be in any way responsible for any actions taken based on such statements and undertakes no obligation to publicly update these forward-looking statements.

I would like to now hand over the call to Mr. Gaurav Bhatnagar for his opening remarks. Thank you and over to you sir.

Gaurav Bhatnagar: Thank you, Aashvi. Good evening, everyone, and thanks for joining our earnings call. We have taken feedback from a lot of you over the last few months and structured today's presentation slightly differently. We will run through our results for Q4 & FY25 and then spend a little bit time giving more color on what the growth levers are in the business, and given the very international nature of the business, how various markets across the globe are performing for us.

I will start with a quick reminder of what we do. We are a B2B travel distribution platform connecting global travel buyers. Travel buyers being travel agencies, independent travel advisors, tour operators, corporate travel agencies, loyalty companies, basically anybody who sells travel, we connect them to global travel supply. Supply being airlines, hotels, car rentals, transfers, cruise, etc.; basically, anything related to travel that can be sold online. The business is very global, operating in more than 150 countries. We transact in more than 55 currencies. The business operates in more than 16 languages across the globe. We are generally counted amongst the top four B2B travel distribution platforms, and as I will show you in subsequent slides, we are one of the fastest growing B2B travel distribution platforms at this point in time.

Starting with the update for the quarter and for the full year, it's been a very good year for us from a growth perspective. Our GTV has grown by 16% and we hit a milestone this year and we crossed Rs. 30,000 Cr of gross transaction value. Revenue has grown by 25% to Rs. 1,737 Cr. GP has grown faster than revenue, and both revenue and GP are growing faster than GTV because the saliency of hotels business, which is a higher margin business, has increased quite dramatically this year. So, our hotel business is growing much faster than the airline business. We ended the year with a 22% growth in adjusted EBITDA at Rs. 329 Cr. Along with this growth, we have been significantly investing in market development, and we will give you some color on that. As a company, we are very happy to report that we have been able to drive profitable growth while investing into the future.

Q4 FY25 numbers are somewhat similar. Revenue has grown by 21%, gross profit has grown by 24% and EBITDA has grown by 15%. So, we did our own scorecard looking at what went well and what we could have done better. If we look at our financial performance, we are quite happy with it. Revenue has grown on a YoY basis by 25% and EBITDA has grown at a similar level. We have a very strong balance sheet. We have ended the year with roughly Rs. 1,450 Cr of cash, which sets us up well for any future acquisitions. The Q4 FY25 numbers, especially for the international business, were quite strong in spite of the seasonal impact of Ramadan. Some of you may remember that in the last call, we talked about that how Ramadan has moved from April to March, and hence Q4 FY25 might get impacted. We are very happy to report that all regions, including the Middle East, showed growth in Q4 FY25 compared to the same period last year.

We significantly expanded our footprint adding 15 new markets this year, notable markets being Australia, France and Germany. Important to note, these are high value, high transaction, and luxury outbound markets. We accelerated our sales hiring, especially in Q4 FY25 and again, we talked about it in our last call, that this is a key lever for growth for us. We added nearly 60 more people on the ground globally, in our sales. The hotels plus, meaning everything non-air i.e. hotels and ancillaries' contribution grew from 50% last year to 59% in GTV terms. From the gross profit perspective, it is almost 84%. So, quite a very significant portion of our gross profit is now generated from the hotels business. Last quarter, we talked about some of the new AI led initiatives that we were incubating, and I am happy to report they are going full steam now.

The Jumbonline integration was successfully completed this year, one year ahead of plan. The integration was supposed to be completed in October of 2025 which was completed in October of 2024. On the flip side, to be fully transparent, we also analyze what we could have done better. On the performance of the airline segment, there has been a struggle this year and we have to look at ways in which we can monetize this business better in the coming year. We could have managed Forex better, in the P&L as we have taken a hit on Forex, especially in Q3 FY25. In retrospect, with the volatility that came after the US elections, we could have foreseen it better and we have learned some lessons over there. The third bit is, we could have done even faster expansion in the international markets. We waited till Q4 FY25; partly because we wanted to have solid EBITDA growth in the first three quarters. Our conviction on the strategy was much earlier, but we waited a little bit later to act. We are making up for it in Q1 FY26.

Looking at our KPIs, we look at active agents and active bookers. To remind everyone, if there are multiple travel bookers in a travel agency, we count those as multiple bookers. Our active agents and active bookers are North Star Metrics, and the definition of activity is that it must have issued at least one transaction or one invoice in the year. At an enterprise level, it grew by 7% but in international business, where most of the hotel business resides, it grew by 18%. Active bookers grew faster than active agents, at a pace of 10% in the quarter. GTV looks a bit flattish, but at the international markets' perspective, the GTV actually grew 19% and which also mirrors the growth in the hotels business; because most of the international business is anchored around hotels. The revenue grew 21% and the growth in the hotel segment in international business, revenue grew by a very healthy 32% compared to the same quarter last year.

The full year numbers are similar. The active agent base has grown by 9% and we are almost touching 49,000 active agencies across the globe. The active booker number has grown faster by 12% hitting almost close to 70,000 active bookers worldwide. GTV grew by 16% and within that the growth on international business for GTV grew by 43% and enterprise revenue grew by 25%. The revenue grew faster than GTV, largely because the hotels business has a disproportionate share of the overall volume now.

Looking at the saliency and the pattern, this is the strategy we have been talking about for the last one year. The strategy is to anchor heavily around growing our hotel's business, hotels and ancillary products like sightseeing, car renters, transfers, which sees far more value in a global distribution platform like us. The fragmentation on hotels, both from a perspective of that there are millions of hotels, vis-à-vis a few 100 airlines worldwide, and there are thousands of different source markets, like cities from which people travel to a hotel. So, the fragmentation or demand and supply is so much; that hotels and all the ancillary products find platforms like us far more valuable, and that is what we are anchoring around. From a gross profit perspective, 84% of our gross profit is now generated by the hotel's business and only 13% is anchored around the airline business.

I will just take a pause here to reflect on growth and what our hotels business does. The numbers here are of hotels' GMV and hotels' growth only because the other two large competitors, listed competitors, HBX Group and Webbeds are largely sellers of hotels. We have been the fastest growing platform by a fair distance in this difficult year. This is a year which has been marked by turbulence, there have been two global wars, elections in many countries and Forex fluctuations happened wildly. So, just to set the stage on what does 35% growth means in this business, if you anchor around how some of our peers are growing, we have been growing significantly faster although on a smaller base, but not as orders of magnitude smaller base.

Our footprint is also very global and secular and this is important, because there is no heavy concentration of business. 36% of our hotels plus GMV is now originating out of Europe. Just to remind everyone, when we report GMV numbers by geographies, these are source markets where demand is coming from, not destinations. So, when we show 36% of the GMV is coming from Europe as a source market, and that's the largest market for us now. Very interestingly, while it is the largest market, it is also the fastest growing market for us. Europe and US are just incredibly large as demand market for travel, many orders of magnitude bigger than say smaller markets like India and the Middle East. We have a long runway of growth, in spite of the fact that Europe is already our largest market. The Middle East and Africa is the second largest market for hotels, with 25% of the contribution coming from there. This is a relatively small market, but we are very dominant in this market and are very happy to report that in spite of that, we have a 25% growth this year in the Middle East and Africa markets. India is a third market in terms of hotels and has grown 8% last year. APAC, Latin America and North America sit at a similar volume between 8% and 10% of share. APAC has been growing fast on a small base with 66% growth. Latin America saw 21% growth, keeping in mind that the currencies in Latin America saw a lot of fluctuation this year, considering the various macroeconomic factors. US grew 29% but our expectations from US are much more this year.

We will spend a few minutes giving a little bit more color on each of these markets, because this is something that our investors want to understand about the business, given how globally diverse it is. Starting with the India business, focusing on the hotel's business because that is the business, enterprise is focused on. India business has seen a 16% growth over the last two years between FY23 and FY25. We have nearly 23,000 transacting agents. We are quite deeply penetrated in terms of coverage in the market having 69 cities with feet on street within India. The non-air saliency in India is quite contrary to the overall business and this is the number that gradually changes. So, India is one market where only 16% of our business is non-air right now and this number has been improving every year, and this is the journey for us in the India business. We have also revamped our go to market for India. We have two big things that we have done is cross sell, because we have a massive base of travel agents buying flights from us, and they are also graduating as the overall market matures to outbound travel. A lot of travel agents also need to graduate from selling flights to selling hotels. So, that is one key focus area for us to create cross-selling and upsell opportunities for our existing transacting agent.

The other thing that we are doing is, we have set up what we call a platinum desk to make sure that our high touch, high quality agents are getting very high quality service from us. These agents are serving luxury HNI market, and they need a different kind of hand holding, and that's what we have set up for India. For the longest period of time, Middle East and Africa has been our largest market by GTV. This year, Europe surpassed Middle East but irrespective, the growth in the Middle East and Africa market, it's grown quite well at 23% CAGR over the last two years with more than 5,000 transacting agents in this market. Keep in mind, it's a fairly small market from an outbound travel perspective, because of a small population, and except for the GCC, the rest of the market doesn't have a very large discretionary spend as of now. Within the GCC and within the Middle East market, there are 12 countries where we have our own feet on street sales teams. 25% of our overall business at an enterprise level for hotels comes from the Middle East market. Within the market, we have a lot of spread of travel agents that work with us. We have presence in 40 different countries within Middle East and Africa, in terms of travel agencies buying from us.

Key growth markets this year would be Saudi, South Africa and North Africa i.e. largely Egypt, Morocco, etc. Saudi is a special focus because it's a both an important inbound market, as we have a DMC business in Saudi and we contract a fair bit of Mecca and Medina. We also work very closely with Saudi tourism to promote overall Saudi as a destination. Saudi will be a key inbound and outbound market for us, followed by South Africa and Northern Africa. UAE remains a very large market for us, by far we are the largest players in that market. In spite of fair bit of saturation, we continue to see growth in this market and largely for us the indication is that we are getting share of wallet from a competition in these markets. The key focus from a growth lever perspective is going to be setting up more regional payment methods especially when you go outside of the GCC, you need to enable local payments options as well, creating translations for some new languages and pushing ancillary sales. So, this is one of those markets where even the airline business for us is growing at a fast clip. As travel agents have very deep engagement with us, we are always looking at increasing our spectrum of services that we offer to these travel agencies.

Europe is the largest market for us, the GTV growth has been very impressive, of course with one acquisition that we did last year. We have nearly 4,000 transacting agents in Europe, and we have 25 countries within Europe, where we have actual feet on street on the ground. So, you will see that we are starting to really penetrate the market as well. We have 49 different countries within Europe where we have travel agencies doing business with us. Europe contributes 36% of our overall hotels business. This year focus markets are high quality, high spending, high GDP, high per capita income markets like Spain, France, Italy, UK and Germany as outbound demand markets. We have set up a strong in market, feet on street over there. The other focus in Europe considering it being extremely very multilingual, we have been setting up localized support across major European languages, and we support out of Ireland, Spain, Greece, Israel and Poland, to make sure that we provide truly local support in the language and culture of the of the traveler.

Coming to America, we have combined North America and South America together over here. America has seen good growth of 32% over the last two years, but our belief is North America should grow faster, given it's on a very small base. Combined, they contribute 18% of our hotels business. We have over 5,000 transacting agents in America, so it's a substantial presence. A lot of that presence is concentrated in Brazil, which is a key market for us. Within the region, we have 8 countries where we have our own sales teams, and 23 countries within the region actually where we have customer presence. We have seen strong growth in Brazil, and we continue to invest in that market. Brazil is a very large country, so there are large pockets of the country where we have absolutely no presence right now, and there will be focused on building that presence.

I am also very happy to share that, we have a new sales leader joining as Country Manager for North America, for US and Canada. She joined on 15th of May, so very new to the market, but very hopeful that this will be a turning point for us for the rest of this year.

And finally, APAC has seen incredible growth. This market had completely shut down during COVID, and businesses have really come down to zero. But it's an 89% CAGR, over two years, 2,600 transacting agents, 9 countries with feet on street sales teams. We have a fairly large presence in Indonesia and now growing presence in Australia. Right now, the market contributes 8% to the overall business, 18 countries within the region where we have our travel agents. This year, we have been focusing on scaling up the team across Australia, New Zealand, Hong Kong and Indonesia. These are all large markets, but we are especially hopeful on Australia and New Zealand, because while the population is small, the per capita spend on travel is extremely high and outbound travel is a big focus in these markets.

I will spend a few minutes now just explaining how we are thinking of business and how we model the business internally. As a platform business, there are three things that we can influence. One is the transacting buyer base, and this is really a North Star metric for the business at an ad scale. We look at ways in which we can increase the number of buyers on the platform. The second thing we look at is platform frequency, and which is no different from other platforms. You try and see, can I get the transacting buyer base to transact more often, every year or every month or every day. The third thing you look at is, can I increase the transaction value. Some of them are seasonal in the business of travel and some of it you have influence on. The thing with this business is, these numbers multiply with each other, because if the number of transacting buyers increase, our GTV grows much faster than our buyer base historically, because of the stickiness of the platform and because of the fact that there are multiplier effects that happen on the platform as those buyers become more engaged on the platform.

The way we think of a business is that we need to grow, there are three distinct things that we need to do. We need to increase our buyer base to grow the number of travel agents on the platform. We need to increase the number of transactions they do on the platform, and then we need to increase that average transaction value on the platform. Let's look at some of the levers that we can focus on, and the ones that are highlighted are the ones that we are actually working on. On the transacting buyer base, there is a very strong focus on market expansion. So, opening new markets, and extensive work happening across the world right now, but notably in Europe as well. Followed by market penetration markets like the Middle East, where we have been around for a long time, but still opportunities to deeply penetrate the market. India is another example, we have been around in the market for a long time, but a huge runway to further penetrate in the market. The third bit is churn, which is painful for any platform business. So, a very strong focus on NPS and very strong focus on making sure that our transacting buyers, once they are on the platform, are deeply engaged and do not churn out.

On increasing the frequency of transactions, one is increasing the product portfolio. Significant work happening on improving not just the depth of our hotel's inventory but also bringing more focus on ancillaries like transfers and sightseeing to make sure that we have more and more products to sell, and travel agents have more and more reasons to come back on the platform. We are also looking at buyer engagement, which is largely driven through product marketing. So, we have created a very interesting product marketing stack which is proprietary and in-house, which allows us to do targeted cross sells and upsells and very strategic discounting or additional loyalty, to keep the travel agents engaged on the platform. Finally, on improving transaction value, one thing that we have been focused on is building high quality luxury inventory on the platform. Our thesis has been that because we work with travel agents, largely travelers who book via travel agents are looking at Long Haul premium travel, so their average booking values are higher. We are taking some initiative to make sure that we have an excellent inventory for luxury and premium hotels.

To reiterate the message as to why we are so confident that there is a large headroom for growth in this business and it will continue to grow at a high pace for several years to come. We are just getting started in some very large markets. Europe is a prime example of a market which basically did not exist for us pre-covid and is the largest market now and still growing at a very fast pace. Developed markets like North America, Australia and Asia, are going to be key markets where we have barely touched the surface. We have strong long term buyer stickiness, over four, five, six, seven years, you would see on cohorts 35%, 37%, 40% of the buyers still remain on the platform. So, we have a long runway during which once we acquire a travel agent, we have a long runway to monetize our travel agency.

Again, increasing the frequency of transactions, the ancillary business has again just started, the focus is less than a year old on that business and it is showing good growth. Interestingly, more than a third of our transacting buyer base has been acquired in just the last two years. So, all of our international expansion is very recent. There is a recency over there, travel agencies have just started with us, a third of our buyer base has just started working with us which means, they will eventually warm up and data shows that they will eventually warm up to book things beyond hotels as well. On luxury travel one, the overall sentiment of luxury travel is more positive than overall travel. Our belief is that luxury travel will continue to grow just as a macroeconomic trend faster than overall travel. We are also taking specific initiatives to improve our own quality of inventory there as well.

Just a couple of things, I will touch upon before we move to the financials. Starting with the market expansion in real terms, what does it mean for us, what did it mean last year and what it means this year. On the whole, we added about 16 new key account managers in Q4 of last year. We had talked about this earlier that we will be accelerating our market expansion in Q4 and we did that. We have a plan to add another 100 odd salespeople across the globe in the next quarter or two. We opened 15 new countries last year and we are adding 20 new countries to the platform this year which are demand markets, and these are market, open the countries. We already have some travelling's working over there, but now we will have feet on street sales team on the ground driving volumes. Finally, North America leader has recently been on boarded. There will be a double down focus on building North America and investing in North America to build it out as a key source market for us.

Last quarter, we had just briefly touched upon the platinum program, and just to remind everyone, this is a new program where we are launching working with a key set of luxury hotels in key destinations, key pockets of luxury. Dubai would be an example, London or Paris, where we work with a few hotels and we create a differentiated program with them, offering them preferred marketing, preferred listing and preferred placement on the platform. In return, the hotels promise us unique and exclusive value-adds things like a guaranteed early check-in or a guaranteed room upgrade or a guaranteed late checkout or a meal voucher or a spa voucher. The thesis here is that, if we create a curated set of hand-picked hotels which fit well in the scheme of premium or luxury travel, travel agents would promote that. So, if you look at the performance and very early days, it's been just three months since this program has started, we added 77 hotels across different markets.

The benchmark that we are looking for is, for these set of hotels did their share of wallet within the city grow. So if I signed up a hotel in Dubai, or if I signed up three hotels in Dubai, did the share of TBO's business to these hotels grow or not, and the results are quite impressive. In the first month, which was March where this program was live, 22% improvement in the share of wallet of the platinum hotels happened. So, if out of USD 100 of business they were getting say, USD 5 of business same period last year, they were getting 22% more, so more than USD 6 of business on the TBO platform this year. April was even better with almost 30% improvement in share of wallet. This is great news, because this does two things for us; it creates an additional line of income for us, because these hotels are paying us separately for participating on this program. Secondly, it also establishes the ability of the platform to influence buying in purchase decisions, which is very important for any platform business to drive higher take rates in the future.

So, with that, I will hand over to Ankush first to present the India update, and then to Vikas for the financials.

Ankush Nijhawan: Thank you, Gaurav. Good evening, everyone. Some of the points Gaurav has already covered, but I would definitely like to talk about some exciting stuff, what we are trying to do in India in the hotel space.

In FY25, we continue to consolidate our air business while growing the hotels and ancillary segment in the Indian market. Our total GTV stood at Rs. 14,151 Cr in hotel and ancillaries continue to lead the growth, recording an 8% YoY increase to Rs. 2,213 Cr. Our gross profit for the year reached Rs. 220 Cr, driven by strong performance in the hotels, which delivered a 13% YoY increase to Rs. 61 Cr. Our strategic focus remains on enhancing our non-air saliency. Yielded results with segment GTV contribution now rising to 16% from 14% last year. We have revamped our go-to-market strategy to leverage the large base of selling air products. Gaurav did mention about our massive distribution what we have in touch points with our travel agents in the air business, and that is something we will be leveraging to grow our hotel business as well. With a greater focus on upselling and cross-selling in ancillaries we are confident of improving our share of our wallet with our buyers.

Our platinum desk program, which is a very high task account management and inside sales for top customers, is seeking good traction. We just launched this actually in Q4 FY25. We are also strengthening our domestic supply by onboarding new hotels and obviously the branded chains. Improving the booking experience for our agent is a key priority as a platform and H-Next, our next gen booking agent for hotel ancillaries has been rolled out to 100% of our travel agents in India. It is a faster, more user-friendly platform and customized for Indian preferences, and should help in boosting convergence on the platform.

Cross sell initiatives such as contextual placement on top selling hotel inventories during air booking journey, increasing bundle of ancillaries and other strategies are also gaining good traction.

On the operational front, the air post booking journey is now fully digitized, resulting in a significant improvement in our CSAT. Our agent partners are valuable stakeholders in our system. In FY25, we recognize our top performing agents across 42 cities pan India, facilitating over 430 partners of ours. We firmly believe that a trust-based relationship with the travel agents will continue to be a strong pillar to support, as the travel and tourism industry grows and evolves.

On the macro front, India outbound passenger expected to grow at a CAGR of 7% to 8% over the next 5 to 10 years. Tier two cities like Lucknow, Gujarat, Chandigarh, Bhopal, etc. have emerged as a new demand hub supported by the government. Smart City investments, regional airport connectivity under the UDAAN Scheme. Jewar airport in Noida and Navi Mumbai should be starting very, very soon. Enthused by the strong demand, Indian carrier's fleet is expected to rise to 2,000 aircrafts by 2030, and now expanding their footprints to destinations such as Amsterdam, Manchester, Seychelles and Manila. Thus, we see a strong outlook for outbound travel in India.

Consumer behavior is also evolving, off beat and experiential destinations are becoming popular, with customers showing great interest attractions and immersive travel, with Indian carriers constantly adding new routes, rising aspirations for outbound travel and preferences for experiential complex arteries are poised to drive continued momentum in our business. However, I would also like to share that we started decently well in April for the upcoming season. However, the unfortunate incident in Pahalgam, along with the tension between India and Pakistan, led to significant disruption in tourism, resulting in numerous cancelations for both domestic and international travel. This development impacted bookings for a few days during the peak summer holiday season. During this challenging period, we worked very, very closely with our travel partners, airlines and hotels going the extra mile to support our customers with cancelations and bookings. Now following the ceasefire, we are witnessing a normalization in our business and hopefully regaining momentum for the remainder of the summer season.

Now, I hand it over to Vikas to give the financial updates.

Vikas Jain: Thanks, Ankush. Good evening and very warm welcome to everyone on this call. Thank you for joining us today. I am pleased to share our financial results for Q4 & FY25. For the quarter ended 31st March 2025 at an enterprise level, we saw a good growth in key performance metrics. Hotel GTV has grown by 17.4% and now contributes 84% of our gross profit. Gross profit for the air business grew by 24% YoY, despite a degrowth in GTV due to better margin retention. Our revenue from operations grew by 20.9% YoY to reach Rs. 446.1 Cr. Our enterprise take rate for the quarter improved significantly from 4.91% to 5.73% YoY on the back of the increasing hotel's saliency. Adjusted EBITDA reached Rs. 79.1 Cr, representing a 14.6% YoY overgrowth, while profit after tax came in at Rs.

58.91 Cr, showing a 27% growth YoY. For the quarter, our adjusted EBITDA margin stood at 17.73% and PAT margins at 13.2%.

Turning to our performance for the full year, our revenue from operations grew by 24.7% to reach Rs. 1,737.47 Cr. We delivered an adjusted EBITDA of Rs. 328.81 Cr and a PAT of Rs. 229.89 Cr. We maintained our adjusted EBITDA margin similar to the last year, despite significant investment in the market development. Additionally, it is important to note that the income tax is applicable now on our wholly owned subsidy in UAE from the beginning of the current financial year, and our defective tax is currently at around 16.3%. Our balance sheet remains robust with the net worth of Rs. 1,195.10 Cr as of 31st March, 2025. Our cash and cash equivalent, including fixed deposits and liquid investments, are also strong standing at Rs. 1,455.50 Cr as of 31st March, 2025.

Thank you everyone and will now hand over the call back to Aashvi.

Aashvi Shah: Thank you, sir. We will now begin the Q&A session. We have the first question from Mr. Karan Uppal. Sir, please unmute yourself and go ahead with your question.

Karan Uppal: So, Gaurav just wanted to check on the international markets. How are you seeing the demand from some of the key markets, like Europe, North America, Latin America, in the backdrop of US tariff related uncertainty, which has impacted travel sentiment, especially in US. So, is there any impact because of that?

Gaurav Bhatnagar: Yes, Karan. In bits and pieces, we have seen in Q4 FY25 especially, we have seen in pockets a little bit subdued demand, mostly where currencies have been negatively impacted, that's been one big factor. Beyond that, given the scale of our business related to the size of these markets, these are hundreds of billions of dollars markets each, like North America or Europe. Our headroom for growth still remains irrespective of the macroeconomic situation. Of course, certain things deeply impact travel, for example if some conflict happens. But beyond that, given our growth right now is more driven by market expansion and adding new markets, we feel we remain bulliszlh that, it's going to be a little bit of a tricky year, but we remain bullish on our growth projections.

Karan Uppal: Second question is on this, TBO platinum, the special service which you have launched recently. I wanted to check if the take rate in this is higher than the general take rate in the hotel's business and if you can also mention how much is the GTV contribution from this platinum in the hotel business?

Gaurav Bhatnagar: So, Karan, keeping in mind this program is 60 days old, GTV contribution is relatively small but growing at a fast pace. As you can see, the share shift is quite dramatic, 20% of the wallet share increase for a hotel that is participating in platinum is quite significant. But overall, in the big scheme of things it is very small right now. Yes, this business will have incremental take rates, very early to comment on what that would look like, because 60 days in, very hard to start forecasting numbers on it, but we are very confident that this, this business will grow and will improve take rate.

Karan Uppal: Okay. Last question is on the India business. You mentioned that you are doubling down on cross selling the hotels to the Indian travel agents. Our understanding is that travel agents generally buy the hotels from directly with the DMCs. So, what is TBO doing differently versus past to sell the hotels to Indian agents?

Ankush Nijhawan: Karan, I do agree with you that they do buy from the DMCs, but that's not the case for every destination what they are buying. That's primarily for short haul and a very small set of hotels they might have a relationship with. Plus, the plethora of products what we bring, create our ancillary services, along with sightseeing excursions and cruise and plus the air product which obviously has some barrier of entry especially on international airlines. As a bundle of what we offer, we are very well bullish into further cross sell to our travel agents in India.

Aashvi Shah: Thank you Karan. The next question is from Mr. Manik Taneja. Sir, please unmute yourself and go ahead with your question.

Manik Taneja: Thank you for the opportunity. While I have a couple of data questions as well, but I first of all want to understand, you basically made significant investments in sales and marketing through Q4 FY25 and also talking about 100 odd people to be added in the first six months of FY26. So, how should we be thinking about your operating expenses growth below gross margins? That's question number one and thereby related to that, should we be looking at some more dilution at the EBITDA level because of some of these upfront investments? The second question is you have talked about the intent to essentially accelerate the ancillary portfolio for customers. Do you think over a period of time, this has the potential to improve our take rates, both at the revenue level as well as the gross profit level? Could you give us some sense as to how the take rates may vary on the ancillary segment?

Gaurav Bhatnagar: Manik, you are right. There is significant investment happening. We remain committed to making sure that we preserve EBITDA margins, and this is the promise that we have made in the past as well, that we want to demonstrate profitable growth. So, barring anything unforeseen that comes up in international business, the plan is to continue to grow at a similar pace as last year, though on a much bigger base, and preserve EBITDA margins, that's a broad theme for international business at this point in time. On your second question on ancillaries, there are two ways to look at ancillaries and right now, ancillaries is a play on making sure that travel agent has more reasons to come on the platform, which is both activity on the platform and number of transactions on the platform. That's the way we think of ancillaries. In the long run, and this would not be say, the next few quarters at all, but in the long run, the more fragmented a product is, the higher the take rate and higher gross margin. So, ancillaries are meaningfully more fragmented compared to hotels. We do expect to do that business at scale, at higher take rates and higher gross margins. But today, it is more about making sure that we have created enough reasons for a travel agent to come on the platform and we don't leave a reason for them to leave the platform. So, which is why the comprehensiveness of the product is very important. For example, we do Indian rail in India, so they don't leave the platform. We do Europe rail for European markets as well. So, those might be low margin products, but they are important for the completeness of the platform.

Manik Taneja: Sure, just to clarify on this margin outlook, when you essentially guide for managing margins do you think about them as EBITDA as a percentage of GTV or EBITDA as a percentage of revenues, purely because of the mixed salience our take rates continue to go up? The second question is, for Vikas, if you could call out as to what could be the drag that we saw in the current quarter, because of the Ramadan falling during the quarter in the Middle East business?

Gaurav Bhatnagar: I am referring to EBITDA as a percentage of revenue. We have talked about it in the past that the idea is that the business generates operating leverage. Let's reinvest the operating leverage, but let's not dilute EBITDA margins. That's the way we are building on the hotels business.

Vikas Jain: On your question, on the drag there on the basis of because of the Ramadan. As Gaurav also explained in his presentation, while we were expecting that they could be a big drag due to the Ramadan, but that was not there. Even though the Ramadan fall in March, we had a good growth in the Middle East in last quarter.

Aashvi Shah: Thank you. We will move on to the next participant. Mr. Swapnil Potdukhe, please unmute yourself and go ahead with your question.

Swapnil Potdukhe: My first question is with respect to your employee cost. If you see the cost on an absolute basis QoQ between Q3 FY25 and Q4 FY25, they seem to have been flattish, while we have also mentioned that there were roughly around 60 odd additions in our sales force during the quarter. Any particular reason these additions are not getting reflected in our cost increase on a QoQ basis, particularly this quarter? I will follow up with another follow up to this question, but I will just stop here first.

Vikas Jain: Sorry, which cost line Swapnil you are talking about?

Swapnil Potdukhe: Employee expenses, which were around Rs. 100 Cr last quarter, this quarter they are Rs. 99 Cr.

Vikas Jain: So, Swapnil, as we had explained earlier as well. At times, since these employees that we are having, new employees, or the new salesperson that we are coming in, they may not be employees of a particular legal entity, so the cost doesn't fall under the employee expenses. The cost is captured as part of the other expense. We have a head call business support service. The cost gets captured in that head, and that head had soon increase. I can share offline the increase in that cost with you later.

Swapnil Potdukhe: Got it. And just to get clarification as to how many sales employees we will have and these 60 additions will be on what base?

Vikas Jain: So overall, the salesperson for the international business excluding Jumbonline, have moved to now 314 from 250 last year.

Swapnil Potdukhe: Got it. Just keeping on this line item, in your balance sheet also there is a delta in your assets under development by around Rs. 25 Cr. Are we capitalizing any of the cost, maybe related to the platform or something else, some clarification on that side?

Vikas Jain: Yes, we have been capitalizing the cost that we are incurring on the tech side, especially where we see there would be future benefits occurring due to the same, and part of that cost is getting capitalized under the intangibles.

Swapnil Potdukhe: Okay. There were some exceptional items also, the one is related to the currency and there was another Rs. 9 Cr of an exceptional item, if you could just give some color?

Vikas Jain: Yes, in the last quarter the Rs. 9 Cr of income that is showing under the exceptional items is primarily because of an old receivable, which we had from Kuwait collection agent that had been written off in past earlier. We made a recovery of Rs. 9 Cr this year in the last quarter, and that has got recorded as an exceptional item in the P&L.

Swapnil Potdukhe: Got it and on the currency side, any cost we could expect going ahead as well, as mentioned in the last call?

Vikas Jain: On the currency side basically, as we had mentioned in the last call, we started hedging our exposures for the international market as well, and that is the reason there has been some increase in the cost in Q4 FY25. But it is obviously lower than Q3 FY25 cost, where we had losses due to foreign exchange fluctuations. But now we have started hedging and it would have some premium costs coming in, in P&L, and that's what is accounted for in the current quarter's cost.

Swapnil Potdukhe : Got it. Just one question on growth as well. Our GTV growth has now come down to 19% on the international side, even the domestic growth is declined by 1% this quarter particularly. Frankly speaking, where we started two quarters back, we grew on an organic basis 35% odd which was phenomenal internationally. So, going ahead how do you see the business doing, especially given the macro challenges? Should we start building in a slightly lower growth rates in our models, or just a color as to, how do you see growth given the challenges?

Gaurav Bhatnagar: On the international business, we remain consistent with what we have been saying in the past, we will continue to grow how we have grown on a full year basis, in this year as well. That's the objective, though on the larger base. So, on dollar terms, it will be faster growth. Also, something important to note is that it's a retail business, you sign up these small travel agents, and they start doing business with you over a period of time. So, there is a lag in when your sales team onboards, when they start to become meaningfully productive, and when the travel agent they onboard start to become meaningfully productive. There has to be some kind of a roll-on effect, hopefully by Q4 FY25 or next year Q1 FY26 from all the work that we are doing today. So, it may not have an immediate impact this year, on this quarter, but it will add up. We would not pull back on our growth targets or forecast at all. India has been challenging, especially on the airline side, because the airline business is largely commoditized. So, that brings some headwinds, we do expect to see some growth on hotels, though.

Swapnil Potdukhe: Just to extend that point on India, hotels business grew 16%. Given the outbound travel rush, which is there very evident right to all of us, would it be fair to say that we may have done better than what we have done in the last couple of years? Going ahead, any change that you were driving that could lead to faster growth than 16%, given that it is our home market, we understand this market far better than some of the international markets?

Gaurav Bhatnagar: Fair question Swapnil. In the presentation, we were talking about in the beginning, 37% of our buyers today who buy airline tickets are transacting non-air and hotels with us. So, that's a lot of good headroom for us to further penetrate into these new agents. Plus, the platinum desk and gold desk, what we were kind of telling in the beginning which is obviously high touch point for our travel partners, the intention for us is to win more share of wallet from existing top customers. As long as, we do these things correct, we should have some good growth or decent growth in India this year.

Aashvi Shah: Thank you. The next question is from Mr. Mohit Chandani. Sir, please unmute yourself and go ahead with your question.

Mohit Chandani: My first question was about your monthly transacting buyers. You have mentioned a few times that it's the North Star metric, but when I look at your international number, that's been flat for about three quarters, so that's about 9,900 to 10,000. So, what should we think about this going forward? Do you expect this to accelerate given our investment in sales team?

Gaurav Bhatnagar: This number has two elements that we need to look at. One is that, from a perspective of seasonality, these numbers varies quite widely, because travel agents, especially like in the developed market, the travel agent will start booking in one quarter, say for travel that's going to happen six or nine months in advance and then they will kind of go silent for the next several months because they will get active again in the next season. The other bit is the natural seasonality that comes in because of things like Ramadan. So, if you see the full year basis, there is a significant growth that happens in this number, and that is the acquisition of travel agency that is happening. While the number is flattish on a QoQ basis, it's not the same set of travel agents who are active in Q1 FY25 and active in Q2 FY25 and active in Q3 FY25 and hence, this number is significantly different from a full year number. When I talked about how we look at growth, this is the second element of increasing the frequency of transactions from the travel agent. So, when the seasonality changes, if the number remains flat, effectively there is organic growth happening in the business. That is the way I would read it. So, it's not the same set of travel agents who are static from 1st to the 2nd to the 3rd quarter.

Mohit Chandani: All right, sure thanks, understood. Secondly, on your expansion in North America, you have talked about hiring a sales leader there. How should we think about this going forward? Do you expect to grow this organically or do you think that you would look at acquisitions the way you look at it in Europe?

Gaurav Bhatnagar: Mohit, we will continue to explore both the opportunities, organic and inorganic, and likely that is the best combination to look at, and Europe is a good example of it. We did something inorganic, in fact we made two inorganic acquisitions over there, but then we built out a very strong organic sales force as well. So, that combination works best. Hard to say what happens in North America, but needless to say, irrespective of North America across the globe, we continue to explore opportunities for acquisitions.

Mohit Chandani: Understood, sure. Just one last question on the India business which has seen a GTV decline this year, but how do we look at it going forward? Do you think that your growth in hotels should compensate for the weakness that we continue to see in air, or do you think that there would still be a small decline in this segment going forward on a GTV perspective?

Ankush Nijhawan: So, Mohit on the air side, yes there is a small degrowth and for us, one focus we want to maintain is our GP on the air business, rather than going on the GTV side. So, even if we see a little degrowth in this business, we continue with our GP, that's the intent and obviously, play on the amazing, massive distribution we have, which we have built because of the air business obviously, to start selling hotel and our non-air segment there.

Aashvi Shah: Thank you, sir. The next question is from Mr. Mohit Motwani. Sir, please unmute yourself and go ahead with your question.

Mohit Motwani: My first question is about the growth in international business; you said that you remain confident about the growth in FY26. Now, in terms of Europe, as you spoke about being a one of the key source markets for you wherein France, Germany, Italy, are some of the key source markets. Some of the major hotel chains and airlines in US have downgraded their guidance in terms of the full calendar year 2025 given tough macro situations. Can you give us some sense, where are you expecting this growth to come from, is it more concentrated into geographies, or is it the fact that you are expanding into more geographies that will contribute to growth side, if you can give us some sense under which geographies will contribute to the international hotels?

Gaurav Bhatnagar: Sometimes we are taking a contrary view to the broader macroeconomic commentary or to what some of the larger players are saying and this is only because we are coming from a very small base in very large markets. A lot of growth that is happening today is demand aggregation. So, if you are not really ridding the overall demand shift in the market, but we are looking at aggregating a lot of underserved or fragmented demand across thousands of small travel agents. So, that's the immediate trigger for growth. The combination of the fact that we open new markets where we start from zero so, the growth is very high, often triple digit growth will happen in the country, once you start setting up a presence over there. Secondly, even in large countries, where we have been around for a long time, Brazil is an example, or UAE is an example. You will still see that healthy double-digit growth is happening, not to say, 20% growth happening in countries in the GCC, where we have been around for a long time. Our conviction remains that because we are aggregating fragmented demand, as long as the fragmentation is visible, we will continue to grow. It is only in certain markets where the significant, when your market share starts to become meaningful, do you start to anchor around the macroeconomic situation in the market. For now, we are small enough for us to be able to continue to grow by just aggregating what's previously not been aggregated by others.

Mohit Motwani: Sure, thank you, that's helpful. My other question is, if you can speak a little bit about the competitive intensity, which is pricing up in the B2B space, one of the leading B2C OTA is scaling up the B2B as well. So, are there any pricing pressures that you are foreseeing in the coming year? I understand that you have already mentioned in the previous calls that you are looking for absolute EBITDA growth, and not expanding margins as you are investing back in the business, but any pricing pressures that you foresee in the coming year?

Ankush Nijhawan: Mohit, what you just said, there is a pressure on the air business in the B2B space but our thesis still remain on our outbound hotel premium business which we are doing fairly well. But yes, in the air business, definitely we do, we are seeing some pressure there as well.

Mohit Motwani: Sure. Can you just give a data point on how much the churn would be in the agent base in the international side?

Gaurav Bhatnagar: The churn is a very difficult metric to report in our business, because it's not a subscription business that some when a customer churns, we get to know that day because they did not renew their subscription. It’s a transactional business, and travel agents, like I explained, have massive seasonality. So, there is a long, long tail of travel agents who will come in every few weeks or every few months, and there is no regularity to it. We don't know at what point they have churned out. The metric that we have been looking at is NPS, to see what the customer satisfaction on the platform is, so that's one and that number is very high we have not reported it previously, so not to stating a specific number, but we will bring it up eventually. The second bit is, we do look at churn amongst what we call our say, larger managed partner. So, how much churn is happening in the top 500 travel agent that we work with and there the churn is very, very slow, it's a low single digit churn.

Aashvi Shah: Thank you Mohit. The next question is from Mr. Prateek Kumar. Sir, please unmute yourself and go ahead with your question.

Prateek Kumar: My first question is about M&A opportunities. So, the market seemingly is weak, as you suggest, because does this results into acceleration of M&A opportunities which you might be analyzing, because obviously you have a very good balance sheet?

Gaurav Bhatnagar: Prateek, we continue to explore M&A opportunities globally. The thing with good assets is that they are still somewhat immune to market reality. So, we are not very opportunistic in saying that we can find something cheap, because there is some headwind in the market. We are very cautious about what we want to do. So, I can only say at this point that absolutely open to looking at opportunities, but nothing material or concrete to report at this point in time.

Prateek Kumar: Sure, okay. The second question is on employees, what is the total number of employees as of FY25 and what was the international employees in this overall mix?

Vikas Jain: As of 31st March 2025, we have total 2,357 employees, plus the consultants or retainers, because in most of the international market that we don't have legal entities, they are working more as a retainer or a consultant. So, total employees as of 31st March, 2025 is 2,357 out of which employees based outside of India, is at around 772.

Prateek Kumar: This 2,357 has increased from what number FY24?

Vikas Jain: FY24 it was at around 2,080.

Prateek Kumar: Okay. Most of this increase would be international related?

Vikas Jain: Yes, it is primarily in the international market, and even in the India market with the increase is there, it's more primarily into the platform related businesses or the teams that are supporting the international markets.

Prateek Kumar: Okay. On your expansion strategy in various large and new and upcoming markets, have you seen any challenges related to cost which has surprised you negatively as a result, has weighed on the margins or how have you seen sort of particularly new markets I am talking about?

Gaurav Bhatnagar: In certain markets, especially in developed markets, the gestation period is a little bit longer to achieve positive ROI, it's not substantially longer, but significantly longer than some other markets. Just because people's cost is high, and also propensity to try something new is slightly lesser. So, as you go into more and more mature markets where people are the businesses have been around for a long time, they establish relationships. It does take a little bit extra time to truly demonstrate your value proposition, but at the same time, the cost of personnel or cost of contractors or sales associates is high in those markets. So, it's nothing negative or nothing surprising, nothing which has made us pull back from any market at all. But yes, that is the reality, the flip side is that these markets once they start playing because the average transaction value in developed market is much more than say in market like India and somewhat less price sensitive. Once you find your product market fit, the growth is quite steep, as we are seeing in Europe right now.

Prateek Kumar: One related question is, are you able to forecast or maybe guide when is the inflection point on margins and this operating leverage which we discussed about, will probably can play. Is it like FY26 and FY27 or maybe further out in the years?

Gaurav Bhatnagar: Prateek, it's a very fair question. If we pause where we are planning to in this year, in terms of what we are investing in market expansion, three to four quarters out, we should absolutely be seeing operating leverage. Math absolutely works in that direction. So, if we do finish most of our investments in Q1FY26 and Q2FY26, at least hints and traces of operating leverage should start to show up in Q4FY26.

Prateek Kumar: Sir my last question, on your international business which grew by 43% in FY25 what is the like-to-like growth for this?

Vikas Jain: Are you talking about organic growth without Jumbonline?

Prateek Kumar: Yes, organic growth without Jumbonline?

Vikas Jain: 30%.

Prateek Kumar: So, 30% international business grew, x of Jumbonline FY25 or FY24 and that is the kind of expectation going forward as well on organic basis?

Gaurav Bhatnagar: The expectation is in a similar ballpark. Keep in mind, it's a larger base.

Prateek Kumar: Yes, but it is first quarter of FY25, so FY26 will have some rub off the timing shift of Easter and I don't know Ramadan?

Gaurav Bhatnagar: Yes, so Prateek what has happened is, Ramadan did not have as bad an effect as we thought it might have on Q4 FY25 numbers. So that was a positive surprise. However, Easter did play an impact, but this is the early start of the summer. As you know most of European, Northern hemisphere summer is actually July and August. So, we will start to see booking up search happen across Q1, and we should see healthy growth.

Aashvi Shah: Thank you, Prateek. That was the last question for the day. I would like to now hand it over to Mr. Gaurav Bhatnagar for his closing remarks.

Gaurav Bhatnagar: Thank you, Aashvi, and thank you for all the insightful questions. I do believe there was a little bit more question, but we are really out of time right now, but happy to engage with investors and analysts over the course of next couple of weeks as well. Thank you so much.

Aashvi Shah: Thank you everyone. You may now disconnect your line.

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