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February 17, 2026

BSE Limited
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai - 400 001, Maharashtra, India
Scrip Code: 544174

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor, Plot No. C/1
G Block, Bandra-Kurla Complex, Bandra (E)
Mumbai - 400 051, Maharashtra, India
Scrip Symbol: TBOTEK

Sub: Transcript of Earnings Conference Call

Dear Sir/ Madam,

In furtherance to our letter dated February 5, 2026 and pursuant to the provisions of Regulation 30 read with Schedule III of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, please find enclosed herewith the Transcript of Earnings Conference Call held on Wednesday, February 11, 2026, in relation to the Unaudited Standalone and Consolidated Financial Results of the Company for the quarter and nine months ended on December 31, 2025.

The same will also be available on the website of the Company at www.tbo.com

This is for your information and records.

Thanking you,

Yours faithfully
For and on behalf of TBO Tek Limited

NEERA CHANDAK

Digitally signed by NEERA CHANDAK
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Neera Chandak
Company Secretary

Encl.: As above

TBO Tek Limited
Q3 & 9M FY26 Earnings Conference Call

February 11, 2026

MANAGEMENT: MR. ANKUSH NIJHAWAN, CO-FOUNDER AND JOINT MD
MR. GAURAV BHATNAGAR, CO-FOUNDER AND JOINT MD
MR. AKSHAT VERMA, WHOLE TIME DIRECTOR AND CTO
MR. VIKAS JAIN, CHIEF FINANCIAL OFFICER
MR. ANIL BERERA, ADVISOR
MR. PRAMENDRA TOMAR, GENERAL COUNSEL
MR. SHRESHTH MAHAJAN, ASSOCIATE DIRECTOR- INVESTOR RELATIONS

MODERATOR: MS. VANESSA FERNANDES, ADFACTORS PR:INVESTOR RELATIONS

Vanessa Fernandes: Good evening everyone. I am Vanessa Fernandes from the Adfactors PR Investor Relations team. On behalf of TBO Tek Limited, I would like to welcome you all to the Earnings Conference call for Q3 and 9M FY26.

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. Anil Berera – Advisor, Mr. Akshat Verma - Whole Time Director and CTO, Mr. Pramendra Tomar - General Counsel and Mr. Shreshth 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 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. Vikas Jain for his opening remarks. Thank you and over to you, Mr. Vikas.

Vikas Jain: Thanks, Vanessa. Good evening everyone and thanks for joining us.

This quarter represents an important milestone in TBO's journey as we integrate Classic Vacations into our financial and operating matrices for the first time. While the consolidation meaningfully expands the scale of our platform, it also adds complexity to how certain headline metrics should be interpreted. As a result, we believe it is important to provide shareholders with additional clarity regarding some matters.

Regarding the accounting policy, Classic Vacations recognizes revenue from hotels and ancillary services on a check-in basis, unlike TBO Tek, which recognizes such revenue at time of booking. This treatment is consistent with classic vacation's historical accounting practice and aligns with the nature of its business, even the longer booking to stay window and continued post-booking services until check-in. Revenue from air transactions, however, is recognized at time of booking, consistent with TBO Tek's policy. Accordingly, all revenue and related matrices for Classic Vacations have been reported on the above basis, while TBO Tek's organic business continues to report revenue and matrices on a booking basis.

Revenue from operations of Rs. 784 Cr for the quarter translates into an enterprise take rate of 8.08%. The organic business delivered a take rate of 6.04%, while Classic Vacations reported a headline take rate of 24.94%. It is important to note that Classic Vacation's take rate includes a 12.4% commission component that is passed to the travel advisors, which is structurally much lower in TBO's core platform. As a result, these take rates are not strictly compliable on a like-to-like basis and introduce noise into the blended take-rate matrices. For this reason, we believe gross profit as a percentage of GTV is a more analytically robust measure of value capture. Gross profit strips out pass-through commissions and better reflects the net economic value retained by the platform. The second critical cause of platform health is the conversion of gross profit into adjusted EBITDA, which reflects operating efficiencies and execution discipline. Gross profit to adjusted EBITDA conversion at enterprise levels stood at 23.7% for the quarter, compared to 25.3% in Q3 of FY25. Within this, the organic business delivered a conversion of 25.3%, while Classic Vacation delivered a conversion of 19.6%. On a holistic basis, Enterprise GTV to Adjusted EBITDA conversion improved to 1.18% in Q3 FY26 from 1.05% in Q3 FY25, supported by contribution from Classic Vacation, which delivered a 2.46% GTV to adjusted EBITDA conversion for the quarter.

Thanks, and with this, I hand the call back to Vanessa for opening the floor for the questions.

Vanessa Fernandes: Thank you, Mr. Vikas. We will now begin the Q&A session. Participants are requested to raise their virtual hands to ask questions. We request you to introduce yourself and the firm you represent before going ahead. We shall wait for a minute for the question queue to assemble. We have our first question from Mr. Karan Uppal. Mr. Karan, please unmute yourself and go ahead with your question.

Karan Uppal: Hi guys, can you hear me?

Vanessa Fernandes: Yes, we can.

Karan Uppal: Yes. Couple of questions from my side. Firstly, the air business recovered very strongly, 16% Y-O-Y growth on an organic basis. So, just wanted to check, how are you seeing the air business from here on? Is the growth rate sustainable? That is the first question.

Ankush Nijhawan: So, Karan, as we do not talk about forwards, but yes, I can tell you that we will continue the momentum in Q4 as well.

Karan Uppal: Okay. Secondly, this quarter we have Ramadan. So, there is some distortion in the numbers because of this, especially in the Middle East geography. So, how are we thinking about the impact this quarter? It is Q4, FY26.

Gaurav Bhatnagar: See, on a quarter-to-quarter basis, Ramadan fell pretty much in the same quarter last year as well. So, while there will be a monthly deviation in numbers because Ramadan is straddling February and March this time. Last year, it was completely in March. But from a full quarter perspective, there will not be a very material change. The only difference is that there is an uptick in business towards the end of Ramadan and then going into the Eid period, so that will straddle. Last year, it was straddling Q4 and Q1. This time, it is largely going to be within Q3 and Q4. So, that is the only difference. It should not have a very material impact this time because it is all within the same quarter.

Karan Uppal: Okay. Thanks. Gaurav, just one question on Classic Vacation. How is the integration playing out? Any early signs of cross-sell, whether TBO business to Classic Vacation or Classic Vacation to TBO? Any early signs there?

Gaurav Bhatnagar: So, TBO selling to Classic Vacations has already started. So, we have done that integration. And I would say that the early signs are quite promising because Classic Vacations has a very long booking window and a check-in window. So, when it starts to convert into travel because there is a long window between which this business can cancel as well. But the early signs are quite promising. The Classic Vacations buying from TBO has, well, I cannot share any numbers, but it is becoming meaningfully large. So, if I were to look at Classic Vacations as a standalone customer of TBO, it will already be amongst like a top 20 customers. So, from that perspective, it is promising. TBO buying from Classic Vacations is going to start in a matter of time. There is a bigger integration that is required to enable that to happen. Apart from that, the overall platform migration is happening, but that is a several quarters long project because it is complex. And the system, the legacy on the very legacy on the Classic side. So, the platform migration will probably take two or three quarters, but the cross-sell from both platforms will start sooner.

Karan Uppal: Okay. Just last question to Vikas. Sir, depreciation and finance costs have inched up this quarter because of Classic Vacations integration. So, from here on, should we assume these numbers to be steady state?

Vikas Jain: Yes. So, this quarter includes the debt and amortization cost for the PPA provisional that we have done. While the PPA study is currently provisional, but we do not anticipate major changes in the same. So, the debt cost is already taken into account, the amortization cost is taken into account, the cost which will get amortized for the CVPP. And similarly, the finance cost includes the full quarter cost for the loan that we have taken for the Classic Vacation application.

Karan Uppal: Okay. Thanks. Thanks a lot. I will fall back in the queue.

Ankush Nijhawan: Thanks Karan. Thank you.

Vanessa Fernandes: Thank you, Karan. We have our next question from Mr. Prateek Kumar from Jeffries. Prateek, I requested you to introduce yourself and unmute your line.

Prateek Kumar: Yes. Good evening and congrats for good results. It's Prateek from Jeffries. First of all, may I request that the call be hosted slightly later in the day or the next day because you just posted results and the shareholder letter like 10 minutes back. Just impossible to go through them and discuss during the call. My first question is, Q3 again was impacted by Forex element. How are we seeing the Forex element now and are there any changes in policy which we are introducing to reduce this impact on a sustainable basis?

Vikas Jain: So, year-on-year, Forex impact has reduced per se, Prateek. If you see the overall number has gone down materially. Having however said that since till last year Q4 we were not doing any material hedging, especially for international business, and this as a practice we started after the Q4. So, hedging would obviously involve some cost wherein, wherever in currencies where we have difference in payables and receivables, to cover that risk we would have to incur such cost and that cost is getting captured in that Forex line per se.

Prateek Kumar: Okay. So, it is the hedging cost which is there and not the MTM impact or something which is part of that line item.

Vikas Jain: So, that line would have all the hedging cost as well as MTM impact of the hedges as well as if there are any unhedged positions, if there is any gain or loss that is also included and plus, since we had given a foreign currency loan from TBO Tek- the holding company to Tek Travels DMCC Dubai entity for the CV acquisition any benefit or cost pertaining to the devaluation of those loans also get captured in this line.

Prateek Kumar: Okay. Second question is on CV's integration. So, while of course last quarter was particularly impacted by integration cost but is there any specific integration cost or some specific immediate synergy which we may realize like in Q4 versus Q3 and is there something specific which had impacted this quarter as well?

Gaurav Bhatnagar: Prateek, very early days. So, our Q3, but calendar year Q4 for CV was in line with what they had projected as part of diligence. So, it has played out as we expected it to. These synergies are like earlier I mentioned, we have already started selling the TBO inventory into CV. How that will materialize into incremental revenue or margin expansion is very early to say because like I said the booking windows are very long. It will only be June, July, August, September when bulk of the travel will happen. So, by that time we will know what part of the business that we have booked today is actually materializing and is it materializing at a higher take rate. So, that is I think a few months away. The immediate synergies that we will see are likely going to be us TBO also buying from CV which should start happening in the next couple of months and then the broader benefits will happen when we migrate the core booking platform of CV onto the TBO ecosystem which like I said is a complex project. So, that is a several quarters long project but that is where we will actually start to see both cost synergies as well as we are able to employ our TBO growth playbook onto the CV platform. So, that I think is a few quarters away. For now, we try and maintain a steady state and try and make sure that we accelerate our integration projects. From an additional cost perspective, we do not envision any additional cost for these integrations. We are managing it within our current resources.

Prateek Kumar: Thank you. Our question is on your commentary and expectation which we have given out earlier on organic business revenue growth accelerating versus SG&A growth from next quarter onwards. How are you looking at that comment now?

Gaurav Bhatnagar: No, I think we stick to our conviction. You would have already seen that every quarter the growth of SG&A has been tapering down and we expect that to continue in Q4 as well. At the same time, from Q3 to Q4, we usually see a significant growth in the top line because Q3 is traditionally our weakest quarter and Q4 is our second-best quarter. So, we expect to see a meaningful growth in top line in Q4 while the SG&A will not grow at the same pace and hence we should see a significant flow through to the bottom line. So, we remain convinced on that and that is on organic business not counting CV. So, we should be able to demonstrate that operating leverage in Q4.

Prateek Kumar: And last question, is there any thought process around bringing both CVs and your accounting to same standards on top line GTV and EBITDA margins?

Gaurav Bhatnagar: Yes, Prateek. We tried that but it is simply not possible. The main reason being that CVs business books much in advance and then because of the nature of that business. So, it is luxury and complex. So, unlike the TBO business where each booking is essentially one hotel or one flight, bulk of what CV books is multi-hotel, multi-product itineraries. Now, between the time when the booking happens and when the travel happens, the booking goes through several iterations, people will add additional room, add a hotel, add an excursion. So, there is no point in time when you can nail down the revenue and say this is the revenue on this booking until the time the travel actually happens. So, it would be hard to translate that into our model where when a booking is reconfirmed, we count it as revenue because of the nature of that business. So, if we try to do that, I think it will create a fair bit of complexity. So, we will try and run the business on an as-is basis, rather than try and force fit it into our business model.

Prateek Kumar: Sure. Thank you. And these are my questions.

Gaurav Bhatnagar: Thanks, Prateek, your comment was well taken on time. So, we were anticipating our board meeting to finish a lot sooner today. And hence, the delay between when we published, but we will keep that in mind going forward.

Prateek Kumar: Thanks Gaurav.

Vanessa Fernandes: Thank you, Prateek. We have a next question from Mr. Manik Taneja. I request you to kindly unmute yourself and proceed with your question.

Manik Taneja: Hi, thank you for the opportunity. While I do understand this quarter's performance is colored by the consolidation of the Classic Vacations business, but just stepping back on the airlines business, we have seen a strong GTV performance in the current quarter unlike the weak seasonality that we typically tend to see in this business in this quarter. If you could spend some thoughts as to what drove the strong performance over here in this particular quarter and how should we be thinking about these trends on a go-forward basis? That is question number one. The second question that I have, is with regards to EBITDA as a percentage of GTV, which also has an impact of the classifications higher profitability. How should we be thinking about this matrix if you were to think about over a two-to-three-year period? Those would be my two questions.

Ankush Nijhawan: On the air, I think there were some learnings, you know, which we obviously learned from in the last previous quarters. So, we kind of fixed that. One thing good is that we did not compromise on our GP. We still maintained the same GP, what we were maintaining in the same quarters. But I think we did some things correct, which we wanted to. So, I think that kind of played up in our favor. Also keeping in mind, Manik, we also had this disruption in December with one of the carriers, which all of us know about, yet we kind of pulled through with a good growth. And we anticipate the same momentum as we go into Q4. And hopefully it should be in the same lines, at least double digits. And I think that is the plan, what we have internally.

Manik Taneja: Just to clarify.

Ankush Nijhawan: Yes. Go ahead.

Manik Taneja: Yes. So, just on that double-digit growth outlook from the air business, you are saying air GTV will essentially grow in double digits over the medium term. Is that correct? Because this quarter seems to be almost like a 20% growth.

Ankush Nijhawan: I think let us focus on Q4, at least the short term. And then I think once we are confident on maintaining the momentum, then probably I can give a better color for the medium term as well.

Gaurav Bhatnagar: Yes. How to look at EBITDA as a percentage of GTV. See, it is a bit nuanced, but directionally, it will go in the same direction as EBITDA as a percentage of GP. What we are trying to anchor away is from looking at revenue as the top line metric, because Classic Vacations has a significantly large revenue, but almost 50% of that revenue is a commission pass through to the travel advisors. So, that is not really, you know, income in a true sense of the word. So, earlier, the flow through from revenue to GP conversion was quite high for the TBO organic business. But it is materially lower for the Classic Vacations business. And hence, what we are anchoring around is that the GP is a kind of true net revenue for us in a way. And from there on the operational efficiency of the business to convert that GP that into bottom line cash is a true representation of the business. So, what one we are anchoring around saying that let us look at EBITDA as a percentage of GP to truly understand the conversion from revenue to a bottom line. We are also starting to talk about EBITDA or adjusted EBITDA as a percentage of GTV because that is a metric many of our peers are also using. The nuance there is that not all GTV is equal. As you know that the airline GTV, while significantly large in volume, actually delivers much lower take rates. So, it is a bit, this number can fluctuate a little bit more than the EBITDA to GP number because in a quarter where we have high growth in the airline business, this number may actually shrink a little bit. So, directionally in the long run, this number will move in upwards in the same pace as EBITDA to GP. But our conviction still remains that EBITDA to GP is a more consistent number to measure compared to EBITDA to GTV.

Manik Taneja: Sure. That is quite helpful Gaurav. Just to prod you further, because that will basically show up the true value of the platform. From an EBITDA to GP conversion, if you could give us some sense of your operating expenses below gross profit, what proportion of your other expenses or operating expenses below gross profits are essentially variable in nature, which will fluctuate in line with the volume of business, to what may essentially be fixed cost.

Gaurav Bhatnagar: Vikas?

Vikas Jain: So, Manik, as we have started disclosing the breakup of the SG&A cost below gross profit level, from I believe last shareholder letter, we have shared those details in our letter as well. If you see there are broadly four, five components in that piece. So, primarily the variable nature of the expense is hosting bandwidth cost and the payment gateway charges. So, that expense would primarily grow in line with the growth in the revenue of the GP or the GTV numbers. But the other cost, which is the employee benefit cost and the business support service and the others, those would primarily be looked at fixed nature of cost, And therein we are saying that operating leverage would get generated as we scale our business more.

Manik Taneja: Great. Thank you. All the best for the future.

Gaurav Bhatnagar: Thank you, Manik.

Vanessa Fernandes: Thank you, Manik. We have our next question from Mr. Kavish Parekh. We request you to kindly unmute yourself and proceed with your question.

Kavish Parekh: Hi, thanks for the opportunity. This is Kavish Parekh from B&K. My first question is on Classic Vacations. So, at the investor event, you outlined a roadmap highlighting certain low hanging initiatives, some of which you have already started to tap into. While benefits remain some time away, do you have any timelines in mind with respect to execution year? And how would you envisage the growth trajectory for Classic over the next, say, three to four years? That is the first question.

Gaurav Bhatnagar: Okay. So, Kavish, like I said that the lowest hanging fruit is cross-sell on both sides. Cross-sell from TBO into Classic has already started and we are seeing quite promising results. Cross-sell from Classic into TBO is a few weeks away because it requires a little bit of work on the tech. The other big integration that we are working on is the platform migration where we will introduce our booking platform into the Classic ecosystem. That is a several quarters long project. It will be a phased-out project as well. So, the benefits of it will start to accrue probably in H2 and not before that. Over a three-to-four-year period, Kavish, the way to think of growth is not just on the classic but the overall North America business for

TBO. And that was our investment thesis at the beginning as well. What has happened with classic is that one, we have gotten access to about 10,000 active, high luxury travel advisors in the North American markets. The second access we have gotten is, access to very deep consortium relationships in that market, namely Virtuoso, Signature, Travel Leaders, Travel Savers, etc. So, both these are relevant for unlocking growth in the core TBO business and the organic TBO business as well. So, our view would remain that, we will expect over the next three or four years, our North America business to continue to grow in double digits, just like all other geographies have demonstrated growth in the early phases with a caveat that we are already starting with a large base. So, for example, you would see today markets like APAC or Europe are growing a good north of 30%. But coming from a smaller base, APAC is coming from a base a couple of hundred million dollars. Now in North America, we are already starting with a base of more than 600 million dollars. But having said that, we would definitely endeavor to find high double-digit growth in North America as a whole over the next three or four years. Now some of it may come in the TBO organic business and some of it may come into the Classic business. But from our perspective, the value of this acquisition and the ROI on this acquisition will be measured by finding that growth for North America as a whole, not just standalone Classic or standalone TBO.

Kavish Parekh: Fair enough. Thanks for the detailed explanation. My second question is on the margins. So, you have indicated that EBITDA growth is expected to outpace GP growth starting next quarter. Here, should we interpret this largely as a function of operating leverage at Classic where EBITDA growth would inherently exceed GP growth as scale improves? Or would organic business be the larger contributor? So, further on, absolute margins while TBO standalone margins could potentially reach around 17%, 18%. Classic had margins of about 11% last year. So, should we expect this to act as a drag on consolidated margins in the near term? Or what are the thoughts on Classic's margins converging closer to TBO's levels? Any timeline, any indication here would be great. Yes, that is the second question.

Gaurav Bhatnagar: So, Kavish, on your first question, the Q4 growth that we are talking about is pure operating leverage on the organic business, right? So, obviously with Classic consolidation, the numbers will look larger. But what we have been committing for the last couple of quarters is that we will demonstrate significant operating leverage and flow through of incremental GP to bottom line in Q4. And that is on the organic business. And we are sticking to that commitment. So, on the organic business, we will see a significant margin expansion happening, hopefully, in Q4. Now, on your other comment, you are right that the Classic business, if you looked at as a percentage of revenue, feels dilutive. And which is why my previous comment that the true representation of the business will be looking at EBITDA conversion from GP, which is more in line with the TBO business, right? Both are about mid-20s, right?

Ankush Nijhawan: Yes, Classic is 20% and we are at 25%.

Gaurav Bhatnagar: Yes. So, the Classic business is converting from GP to EBITDA at about 20%, TBO business is converting at about 25%. And this convergence, we do expect that to happen, I cannot give you a timeline right now, it is very early days. But we do expect to see efficiencies, and Classic has the same operating leverage. I think the business from a cost basis is fully paid for in the sense that maybe there is some incremental sales team expansion that will happen on the Classic business. But we are not expecting the cost in that business to grow substantially. So, any incremental top line growth will convert heavily into the bottom line. And hence, this margin expansion should happen. So, while I do not have a timeline for it, we would expect GP to EBITDA conversion to converge for the TBO core business as well as Classic.

Kavish Parekh: Got that. Lastly, on our take rates. So, organic TBO hotel take rates have remained strong for several quarters now. While the geographical mix has been largely stable, what is really driving this sustained strength organic TBO hotels? Has there been a shift in the underlying hotel mix towards more premium categories? And if so, how sustainable are these take rates? Because historically, we have seen some volatility in this matrix. So, any color on that stability would be helpful. And if I can just squeeze in one more, could you share some color on what drove the sharp jump in the others revenue segment? So, is this the new initiative that you have been trying to grow or does this also pertain to Classic?

Gaurav Bhatnagar: Okay. So, on your first question, Kavish, I think part of the take rate fluctuation that you see is also in a similar nature at the revenue level as what we are explaining on Classic because some of our suppliers are commissionable suppliers. So, what happens is we receive a commission on every booking and then part of a portion of that commission to the travel advisor which gets netted off at the GP level. So, a fairer and kind of more honest view would be to look at GP as a percentage of GTV as against revenue as a percentage of GTV to get a more consistent view of take rates. Having said that, we have worked hard to maintain take rates at a fairly consistent level. Part of it is that there are smaller businesses like the ancillary businesses which operate at a slightly higher take rate. So, while they are small in size, they do add a few bps to our overall take rate as they grow faster than the core hotels business. Second is that in certain quarters where the mix between our enterprise business and our retail business moves towards the retail business, the take rates also improve at that point. And then we have incremental margin that we are accruing from programs like the Platinum program which we have talked about in the past. So, the Platinum program is a meaningful program right now and the override commission that we earn over there they add to positively to our take rate. So, that has allowed us to maintain or improve our take rates a little bit. What was your second question?

Kavish Parekh: The 'Others' revenue segment. I think about Rs. 40 Cr out of it.

Vikas Jain: So, the other revenue segment if you see on the consolidated basis it is obviously driven by some growth from the organic business. But primarily those numbers have been stuck primarily because of the Classic's consolidation.

Kavish Parekh: Understood. And you mentioned that there tends to be some variation in the mix between enterprise and retail. So, is there some seasonality here that we have been seeing over these years in terms of contribution from enterprise and retail customers?

Gaurav Bhatnagar: No Kavish. There is no seasonality over there. What happens on the enterprise side is customers are large. So, sometimes their business can be a bit spiky. It can significantly go up or significantly go down, which just changes the mix by a few percentage points here and there which will reflect in the overall take rate by a few bps.

Kavish Parekh: Got it. Thank you so much. All the very best. That is it from my side.

Gaurav Bhatnagar: Thank you.

Vanessa Fernandes: Thank you Kavish. We have a next question from the line of Mr. Chirag Kachhadiya. Chirag, request you to kindly unmute yourself and proceed with your question.

Chirag Kachhadiya: Yes. So, one question on other expenses breakup which you have given in the shareholder letter. If you look at the year-on-year plan which is almost about 18% and there is a drop. Can you provide trajectory in next quarter?

Management: Could you be a little louder, Chirag, please.

Chirag Kachhadiya: Yes. So, what I was asking the other expenses line item, what trend one can expect in this because on year-on-year it is almost 18% whereas Q-o-Q, there is a drop. So, yes.

Vikas Jain: So, as I was answering the other question, so other expense breakup primarily contains the employee benefit and similar business support services and some other items. Also, in these expenses, the two line items which you are showing hosting bandwidth and PG charges, that would be the line items which would grow in line more with the business revenue, let us say. And other expenses, as we scale up, should show operating leverage.

Chirag Kachhadiya: Yes. Thanks.

Vanessa Fernandes: Thanks, Chirag. We have a follow-up question from the line of Mr. Karan Uppal. Karan, kindly unmute and proceed.

Karan Uppal: Yes. Thanks for the follow-up. Just one question on the monthly transacting buyers number which you have mentioned, especially on the international side. It is around 14,880. Incrementally 2,500 agents have been added versus what number you have given for the Classic, it is around 10,000. So, does that imply that only 2,500 are the monthly transacting buyers from Classic? Any clarifications here?

Gaurav Bhatnagar: No, so 10,000 is an annual.

Vikas Jain: 10,000 is an annual number for classic. So, the quarterly number for Classic would be in range of around 2,500, 3,000 only.

Gaurav Bhatnagar: Yes. Keeping in mind, Karan, that the average booking value of a Classic travel advisor is much, much higher than the average booking value of a TBO core travel agent.

Karan Uppal: Okay. So, Gaurav, from whatever you are saying, only 2,500 agents basically transact on the platform regularly. Is that what you are saying?

Gaurav Bhatnagar: On a monthly basis, yes.

Karan Uppal: Okay, great. And another question was on the take rates. So, on a blended basis, the take rate is at 8.1 and the hotel business is at 10.5. So, from here on, on a sustainable basis, should we expect these numbers to remain stable?

Gaurav Bhatnagar: We would expect the numbers to remain range bound, Karan, because we are not actually anticipating any pricing action on our end. And we are also not expecting the saliency of the business to change dramatically over the next few quarters.

Vikas Jain: Yes. But as highlighted by Gaurav, at times because of the supplier-mix impact, the take rate for the hotel business may go up or down. But yes, GP is the right metric to see.

Shreshth Mahajan: I think just to add to that, the 2,400 number that you were talking about, that is the average over the three months. If you look at the unique agents who work with us here in the Classic, that number will be closer to 3,900.

Karan Uppal: Okay. Thanks a lot.

Vanessa Fernandes: Thank you, Karan. We have our next question from the line of Mr. Divyansh Gupta. Divyansh, kindly unmute yourself before you proceed with your question.

Divyansh Gupta: Hi. Am I audible?

Vanessa Fernandes: Yes, Divyansh. You are audible.

Divyansh Gupta: Yes. Hey, congratulations on a good set of results. Wanted to understand, let us say the revenue recognition policy of CV is different from ours, how does the working capital work for CV? Is it also a negative and on a consolidated basis should the negative working capital situation improve further for us or how should we think about it?

Vikas Jain: Yes, Divyansh. Actually, Classic Vacations business because the window between the booking and checking travel is too large. So, it is a highly negative working capital business and it would obviously support in generating more negative working capital business at an enterprise level.

Divyansh Gupta: If you can give a numerical sense?

Vikas Jain: Numerical sense because since we are not publishing the balance sheet numbers right now, we will give more color on it in the March quarter.

Divyansh Gupta: Got it. And what would be our direct sourcing with and without CV for hotels?

Gaurav Bhatnagar: See, I think without CV, our direct sourcing in this quarter was about 40%. CV has a significantly higher contribution on direct sourcing. I do not remember the exact number but maybe it is in the range of about 80%, 85%. CV's sourcing is 85% direct. TBO core is about 40% direct.

Divyansh Gupta: Got it. Understood. So, linking the metric that you were saying that what let us say you track or what we should track is EBITDA to GP. First, one basic question. Does a higher direct sourcing reduce the gap between revenue to GP for us or that is just purely which agent drives which kind of business?

Gaurav Bhatnagar: No. I think that will not, Divyansh. What happens is basically the big gap in the Classics business on revenue to GP is a commission payout to the travel advisor. So, that is irrespective. Whether you book direct supply or you book third-party supply, you will still pay a big commission to the travel agent. And that is what is right now while getting counted as revenue and then getting netted off in GP. So, that will not change.

Divyansh Gupta: But I am saying from a business fundamental perspective, does a higher direct sourcing give us any added advantage in our unit economics for a transaction or business?

Gaurav Bhatnagar: Yes. In the case of Classic especially as it stands today, their commission or their take rates on their direct business are materially more than what they make on third-party supply. In the case of TBO, the number, the margin, the difference is rather small because we are still trying to build on more volumes. And we have much larger number of hotels that we directly contract. But in the long run, Divyansh, the strategy of direct contracting is two-fold. One is to make sure that you have protection from over-dependence on third-party supply. And second is yes, margin expansion in the long run. Some of the margin expansion that we talked about earlier and why take rates have been strong is because we are generating incremental income on our platinum portfolio and platinum portfolio is all direct supply.

Divyansh Gupta: Understood. And another data point question, what would be our enterprise to retail GTV or revenue mix? And how much differential in the margin or realization for us?

Vikas Jain: Enterprise to retail GTV for the TBO organic hotel business is around 50:50. Classic is all actually retail.

Divyansh Gupta: Got it. And what would be our take rate differential, if you can give a sense on it.

Vikas Jain: That we generally do not publish Divyansh. At a GP level there is not much difference.

Divyansh Gupta: Okay. Got it. Just two more questions on the contracts that we have with hotels. I am guessing there will also be some slab-based incentives depending on certain let us say room nights that we enable for them. When does the payout of that happen and how does the revenue recognition follow for it?

Vikas Jain: So, the revenue recognition would happen as per the terms of the contract. If it is per booking or is it per checking, the revenue recognition, incentives due from hotels or supplies would happen as per that contract. The payouts obviously would happen once the period of the contract is over and the numbers are finalized at both ends.

Divyansh Gupta: Got it. So, revenue will happen at the time of booking whereas payout will happen annually I am guessing.

Vikas Jain: Yes. But at the time of booking or checking it can vary depending on the contract with the supplier.

Divyansh Gupta: Got it. And just last question given all the volatility in the Forex exchanges and this is not regarding the loan that we took for CV. What is our hedging policy and how much of currency that we hedge and was there any big benefit because of Forex exchange in this quarter or hit?

Vikas Jain: As regarding the hedging policy basically wherever we have difference in payments and collections at a particular any currency level let us say for an INR or an Euro or a GBP. We try to hedge the difference amount in the range of around let us say 70% to 75% we try to hedge that amount in any particular market. From the perspective of gain or loss which are accounted for in this quarter, we made some gains on account of the revaluation of the loan that we have given to TBO Dubai. Other than that, primarily on the revaluation we had negligible gain or loss primarily the balance of the expense pertains to hedging related and conversion costs.

Divyansh Gupta: Got it. Thank you. This is very helpful. I will join back in the queue.

Vanessa Fernandes: Thank you Divyansh. We have a follow-up question from the line of Prateek Kumar. Could you please unmute yourself?

Prateek Kumar: Yes, thank you. I have a couple of questions. Firstly, your air segment's organic net take rate seems to be at multi-quarter low. So, is this like also obviously benefited the top line? I mean GTV growth getting faster?

Vikas Jain: Yes. Prateek in case of airlines at times the take rate is not in our control because generally the airline business works on a commissionable model where we receive commissions from the other partners. But if you see the GP line, there is a marginal decline, not a significant decline between different quarters, 1.1 to 1.2. That is the kind of number which varies across different quarters.

Prateek Kumar: Meaning even the gross take rate is lower?

Vikas Jain: Yes. So, that is what I am saying. It is 1.1 in this quarter versus 1.15 in Q2 and 1.2% in the last year same quarter. So, not a significant decline I would say in terms of the GP. In terms of the take rate, you might see a higher decline, but not in terms of the GP.

Ankush Nijhawan: I think what is important in the airline business is the GP. See because that is something we still control, but the take rate is something which can move in any direction depending on the airline. What is important is that our intent is to continue our 1.1, 1.2 as a GP on the airline business. And if the growth has to come, Prateek, that is a matter of discounting. So, if we drop it to a 0.8, we will start winning GTV. So, that is our intent. So, I think this is a true growth we have demonstrated in Q3 maintaining our GP as well.

Prateek Kumar: Okay. Also, can you discuss region-wise growth expectation we used to discuss earlier? Like, region-wise, like different geography-wise?

Gaurav Bhatnagar: Prateek we have shared all of that in our shareholder letter and we have given region-wise.

Vikas Jain: You can go through it and we can connect offline Prateek on this with me.

Prateek Kumar: Okay. And last question, can you comment on competition both in India and outside? How is it shaping up maybe in specific geography or otherwise?

Gaurav Bhatnagar: I do not think there is any material change in the competitive landscape in the last few quarters, Prateek. You know, things remain competitive as they were before. I would not say that anything has become more competitive or anything has become less competitive at this point in time. Pretty much status quo.

Ankush Nijhawan: In some geographies it might be intense, Prateek, but the fact remains still the same. So, I think there are significant changes on the competition side.

Prateek Kumar: Sure, thank you and all the best. Thank you.

Ankush Nijhawan: Thank you.

Vanessa Fernandes: Thank you, Prateek. We have our next question from the line of Mr. Miten Shah. Miten, I request you to unmute yourself and introduce.

Miten Shah: Yes, am I audible?

Vanessa Fernandes: Yes, you are.

Miten Shah: Yes, thanks for giving opportunity. So, I would just like to know like who would be your comparable peers, probably either in the listed category or elsewhere.

Gaurav Bhatnagar: Miten, I think the closest peers would be Web Travel Group listed in Australia and HBX listed in Spain. Expedia has a B2B business as well, but bulk of their revenue still comes from the B2C business. But beyond that, I do not think I can think of any other listed peers.

Vikas Jain: Even in case of HBX and Web Travel, they are primarily more open to enterprise business, than retail kind of business like us.

Miten Shah: Yes. So, is it possible to quantify any particular market share percentage wise?

Gaurav Bhatnagar: No, very hard Miten. I think one, the markets are very large and very fragmented. So, it will be hazardous to take a guess on market share.

Miten Shah: Understand. And, is it possible to quantify average revenue per employee?

Gaurav Bhatnagar: I think we do share headcount.

Vikas Jain: We do not share headcount, but again, this matrix may not give exact color basically on the basis of the nature of the business we are into. It is not purely a sales-driven business. So, we do share our overall headcount including Classic, including all our consultants and retainers that we have is north of 2600+ as of December end.

Miten Shah: Okay. And, as I guess one of the guys had already asked, if it will be good, if you can give percentage-wise contribution geography-wise, it will give us a better idea of how the business is shaping up in different geographies.

Vikas Jain: We do give GTV specifically for our hotels business, the GTV numbers at a region-wise level and what kind of growth we have year-on-year and we do provide some color in the commentary on the region as well.

Miten Shah: Understood. And, last question, how are we connected to guys like Amadeus and RateGain per se?

Gaurav Bhatnagar: Both are platforms that we connect to for supply. So, these are intermediaries that help us connect to the supplier. So, we are connected to both Amadeus, RateGain, as well as many other GDS and channel managers.

Miten Shah: Got it. Thanks a lot for answering and once again, congratulations on a good set of numbers and wish you all the best. Really appreciate it.

Gaurav Bhatnagar: Thank you Miten.

Vanessa Fernandes: Thanks Miten. We have a follow-up question from the line of Divyansh Gupta. Divyansh, kindly unmute yourself.

Divyansh Gupta: Thanks for the follow-up. One more basic question, my understanding, correct me if I am wrong, is that the hotel booking process is not, let us say, a very smooth and automated process, but at least flights, given all the GDS and all other tech that surrounds, it is a highly automated flow. Is that understanding broadly correct?

Gaurav Bhatnagar: Divyansh, the hotel booking process is also fairly automated. The only thing with hotels is that the post-booking handling is slightly more complex on hotels compared to flights, but the booking process is largely automated.

Divyansh Gupta: Got it. Sir my question was actually on flights. So, like we mentioned that, let us say, we have a take rate of 1.1. If we go to 0.8, we can do larger volumes. So, the question is that if the process is largely automated, even with a 0.8% take rate and a larger base, we would see a very high operating leverage flow through. So, am I missing something there as to why we would not want to pursue that strategy?

Ankush Nijhawan: So, Divyansh, that 1.1 is a GP. So, you are right. I understood the question. See, for us, it is the tech, the platform which helps us, the efficiency is right. So, if you see our head count in the last three years in terms of our air ops, etc., there has been no increase. So, the plan is to keep building GTVs which will help us in our operating leverage, particularly for our airline business. Right? That is more India centric. To be fair, we cannot be mixing it with our hotel business at an enterprise level. But you are absolutely right. For us, should we dilute and get more GTV? I do not think that is the plan Divyansh. It does not work in the short and medium term because sooner or later somebody will match it and It is better that we be consistent. The market also kind of appreciates that. We still rather grow in our early teens. We can grow more but we are very happy to maintain our GP as well as some decent growth and obviously outbeat the market. Right? I think that is more important as well.

Divyansh Gupta: Got it. As you mentioned, let us say the biggest airline had a lot of turbulence in the last quarter and we grew. Anyways Indigo does a large own website sourcing. It is a safe assumption that, let us say, we are much stronger with Air India and Akasa. I am guessing Akasa is still a minor player but Air India is a bigger share. We have a good relationship with Air India. Is that a fair statement to make?

Ankush Nijhawan: I think our relationship with airline supply India is probably the best, be it any airline. Indigo still remains our largest air carrier in domestic to be specific. The disruption obviously kind of affected us. We could have grown faster than what we did but absolutely very well poised with every airline flying within India as well as overseas. So, I think from that perspective, we are equal. Our focus remains on all airlines which are meaningful and we will continue to do that.

Divyansh Gupta: Got it. Just one data-keeping question, what would be the working capital cycle for a flight and for a hotel?

Vikas Jain: For hotels basically, even in organic business, it is a negative working capital cycle business because generally we would be paying near to time check-in or after check-in to hotels or suppliers but we generally would be collecting starting from at the time of booking till at the time of check-in. So, it is a negative working capital business. Air is I would say, almost a working capital neutral business kind of thing. We do get credit from airlines for a week. We do pass on such kind of credit to selected agents and so on and so forth.

Ankush Nijhawan: But we do not fund the airline business Divyansh.

Divyansh Gupta: Got it. And I think a couple of quarters ago, you had mentioned that the time from booking to check-in is seeing a compression because of geopolitical or might be various other reasons. Are you seeing that number stabilizing, improving, reducing, any color you can throw on it?

Gaurav Bhatnagar: I do not think there is a major deviation. It has shrunk but I do not think it is shrinking further. It seems to be stable at this point in time.

Divyansh Gupta: Got it. And just one question that when let us say I am a customer, I am going through an agent and booking through TBO. Do I get an option to let us say like this is a B2C portal experience that you pay something more, you pay something less upfront or you pay with something extra but you can pay at the hotel and where effectively the difference is the working capital financing? So, as a TBO agent, do I have that offer to give to a customer?

Gaurav Bhatnagar: No we do not do pay at hotel. Divyansh we do not do pay at hotel at all.

Vikas Jain: It works in B2C but not in a B2B kind of a business.

Divyansh Gupta: And any reason for it because we also give credit to our customer but if we are collecting everything from the customer upfront but then the credit limit should not exist right? To the agents.

Vikas Jain: So, generally we will not be collecting upfront from the customers. At times we may allow travel agents to use the credit card of the customer on the pass-through. Generally, it would be that the travel agent would be making payment to us. He may be collecting or giving a credit to his end customer and that is his own call.

Divyansh Gupta: I was talking about TBO to agent credit.

Vikas Jain: So, TBO to agent credit, we do give depending upon the credit assessment that we do for the travel agent but I am not able to understand your question.

Gaurav Bhatnagar: I think Divyansh is asking that if the credit card was charged directly by the hotel then the travel agent will not need credit and travel agents will not see the business but Divyansh what happens is often travel agents are packaging the hotel along with many other things. So, if now each component has to be paid at destination, then packaging is not possible. Hence mostly travel agents prefer a model where everything is paid for upfront and second is in many cases travel agents also choose their own commission on every booking depending on the propensity to pay and competitiveness of pricing which is also not possible if the customer directly pays at the hotel.

Divyansh Gupta: Got it. But my question was actually a bit different. So, if TBO does not allow pay at hotel which means the customer will pay to the agent. Now he pays through credit card, he pays in cash, does not affect TBO because TBO will say to the agent that you need to pay because you have collected money. Is this relationship understanding broadly correct?

Gaurav Bhatnagar: Yes.

Divyansh Gupta: So, then why is there a need for credit to be given to the agent because agent already has the money from the customer. If he was not having money, then I can understand.

Ankush Nijhawan: There is also a mix of just not leisure business. Agents are also serving corporate large itineraries, groups, and incentives which obviously require credit. So, therefore the credit has to extended especially to the players who are meaningful travel agents, the largest travel agent partners of ours.

Vikas Jain: And even in case of leisure travel as well, travel agent has a set of customers and he would be offering credit to them as well. For the walk-in customers, he may demand payment at the time of booking itself. But for his loyal set of customers, he would be extending credit to them as well.

Divyansh Gupta: Okay. Got it. Understood. And what has been an actual write-off, last year write-off on credit?

Vikas Jain: So, we do give the provision for bad debt numbers in our financials. I do not have that handy but it is there.

Divyansh Gupta: I was actually actual write-off, not the provision. Provision you will do, but actual write-off.

Vikas Jain: Actual write-off is not that material amount. I do not recall but yes, I can provide you that number.

Divyansh Gupta: Got it. Thank you. Thank you very much.

Vanessa Fernandes: Thank you, Divyansh. We have our next question from the line of Mr. Amit Jain. I request you to unmute yourself before your introduction.

Amit Jain: Hello. Thanks for the opportunity. Just want to understand one thing. A few quarters back we used to give a detailed cohort about the transacting buyers. So, how many, let us say if someone got on your platform five years back, so how much he is contributing whether he is on our platform or not. So, the kind of metric at the management level you are looking at between the old transacting buyers and the new transacting buyers.

Gaurav Bhatnagar: Yes, Amit, we do look at that number and I think we shared that number in the shareholder letter. We have shared how much business is coming from new customers versus customers who were previously on boarded in the shareholder letter. In the annual report we shared the data on long-term cohorts as well. That data will not change very materially on a quarter-on-quarter basis because you cannot compare it for the half year compared to the previous full years because then the numbers will obviously not be correct. So, while we do that analysis on an annual basis, the number we have been sharing consistently is how much business has been contributed by travel agents added in the same year, which is basically a reflection of the effectiveness of the investment we have been doing in the sales team.

Amit Jain: So, Gaurav, just want to understand at your level of what is the kind of optimal number you are looking at. Just like in insurance, we used to have a persistency ratio, let us say how many policyholders remain with insurance in the policy. So, similarly, in your case, what kind of number you are looking at ideally?

Gaurav Bhatnagar: See, it is very hard to articulate a single number, Amit, because the business operates at a global scale and the nature of travel agent changes from geography to geography. For example, in densely populated but low-income countries like Indonesia, India, you will see thousands of travel agents will come and go, but the throughput from each travel agent will be relatively small. So, churn will be high. But if you look at markets like Western Europe and North America, then the stickiness is high, but throughput is also high. So, when you aggregate all of those numbers, to come up with a single number is very difficult. And hence the metric we really look at is every yearly cohort is that cohort on the whole growing or not. So, if I look at my cohort of travel agents added last year, have they meaningfully grown this year or not? Or the cohort that came in two years ago, has it started to grow at a slower pace than the last year cohort, but is that cohort growing or not? So, you can look at a cohort as a whole, but you cannot look at a percentage of travel agents churning or not churning because that changes a lot depending on in that particular year, where did you add travel agents. If you add thousands of travel agents in Indonesia, for example, vis-à-vis a few hundred in Europe, it is a very different metric.

Amit Jain: And I think you are rightly said, because our international interaction with few travel agents reflects in India, churn is quite high as they grew in size, I think they move out of the platform and start dealing directly with the suppliers. So, is this confined to India or a few Southeast Asian countries or you find some in other geographies, this kind of higher churn?

Gaurav Bhatnagar: Amit, the example you are giving is actually not very frequent. Our churn usually happens, this may just be a travel agent sometimes reduces their share of wallet if they choose to do something direct. Churn usually happens because of attrition, in the sense of travel agency closes down because there is no license required to start a travel agency or you are a one person started a travel agency closed down, started again. So, attrition causes more churn.

Amit Jain: No, Gaurav I just asked actually there was a very big travel agent and your wallet share was high, but over a period of time it reduced. And I can see that the reason is that they started dealing directly with the suppliers. So, I am seeing this kind of risk. Do you see this as a risk, as they grow in size numbers?

Gaurav Bhatnagar: If you see our numbers, our monthly transacting is 33,000, right? What you are describing is probably the top 1% or a top 0.1% of our travel agencies who will actually be able to work directly with the suppliers. The whole business model is dependent on a long tail of small businesses dependent on the platform for accessing supply. So, in our experience, this is rarely a reason for churn. This may lead to some reduction of wallet share, but churn usually happens. Either they may occasionally happen because they just did not like the service, but usually the churn is really a travel agent stopping business or moving out of that company and starting their own agency.

Ankush Nijhawan: Also, Amit, sometimes we do not expose our credit limits with a full partner also. So, that kind of also kind of ask them, can be leakage for them to deal with or to supply directly, that can be one of the reasons as well.

Amit Jain: Understood. Thank you. Thank you so much.

Ankush Nijhawan: Thank you.

Vanessa Fernandes: Thank you, Amit. We have a follow up question from the line of Chirag Kachhadiya. Chirag, can you unmute yourself?

Chirag Kachhadiya: So, I was just visiting the website of Classic Vacation. If I look at their UI/UX, and web interface and if we compare it with the what TBO's current, you know, UI/UX is there, is there going to be any change? I mean, in terms of let us say, up gradation in the Classic platform? That is question number one. And second, the transaction advisors, which with the numbers, which we are providing, is there any concentration, let us say some of the advisors contributing materially more as a percentage of revenue to the top line? Yes, these two questions I have here.

Gaurav Bhatnagar: See, the branding for Classic will remain distinct from the TBO branding because they serve as a different kind of customer. The underlying UI/UX may change somewhat, especially when the platform migration happens, then the booking engines will look more similar to TBO, but in Classic brand and colors, obviously. But I do not think we are trying to homogenize the two platforms at all, right? They serve as different customers and we want to keep it that way. On your second question, there is, I do not think on the whole, there is any major concentration of business with specific customers, especially Classic is a pure retail business, right? There is no large enterprise business over there.

Chirag Kachhadiya: Okay. And the changes which you mentioned for the classic platform, any ballpark Capex figure you can provide like that we are going to incur, any such plan?

Gaurav Bhatnagar: Chirag, there is no incremental Capex for it.

Ankush Nijhawan: There will be some in-house Capex for the IT work, but that is not a substantial amount.

Gaurav Bhatnagar: It is not substantial.

Chirag Kachhadiya: Okay. Thank you.

Vanessa Fernandes: Thank you, Chirag. So, that was our last question for the evening. Thank you everyone for participating in the call. We would now like to hand over the call to Mr. Ankush Nijhawan for his closing remarks.

Ankush Nijhawan: Thank you everyone for taking out time for our call today. One thing we definitely acknowledged that either we should have pushed the call today. Unfortunately, our Board meeting got a little delayed. So, we will be mindful of that for our next analyst and earnings call so that we can send you the shareholder letter much in advance. My apologies for that, but thanks for joining this evening. Thank you.

Vanessa Fernandes: Thank you everyone.