"RateGain Travel Technologies Limited
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Moderator: Ladies and gentlemen, good day and welcome to the Quarterly Earnings Conference Call hosted by RateGain Travel Technologies. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by pressing star, then zero on your touchtone phone. Please note that this conference is being recorded.

This conference call may contain forward-looking statements about the company, which are based on the beliefs, opinions, and expectations of the company as on date of this call. These statements are not the guarantees of future performance and involve risks and uncertainties that are difficult to predict.

I now hand the conference over to Mr. Bhanu Chopra from RateGain. Thank you, and over to you, sir.

Bhanu Chopra: Thank you, and good evening, everyone, and thank you for joining RateGain Travel Technologies Earnings Call for the Second Quarter and First Half of FY27. We are now halfway through FY27, and H1 has been about carrying forward the plan we laid out at the start of the year. Organic growth for the combined business was 15.7% in the first half, and if you recall, when we spoke in May, we guided to 12%-15% organic growth for FY27, and the first half is above that range. Our two largest MarTech businesses, properties and destinations, each grew more than 20% organically year-on-year in H1, and we are maintaining our FY27 guidance.

Operating revenue for Q2 FY27 came in at INR745 crores, up 153% year-on-year, despite the expected seasonality in our destinations business within MarTech. Adjusted EBITDA was INR169 crores, growing 215% and ahead of revenue with the margin at 22.7%. Our focus on cash generation continues. Following our payment today on 5th November, we have now repaid 43% of the loan taken for the Sojern acquisition. Chetan will take you through the details on margins, cash, and our balance sheet.

Let me speak about our MarTech engine first. This is our largest engine, contributing to over 80% of our total revenue. With Sojern, Adara, Demand Booster, and SoHo now brought together on one platform, we run MarTech as a single combined business. Starting this quarter, we are going to give you more visibility into it by breaking it into three lines of businesses within MarTech. These are properties, which is primarily hotels, destinations, and corporate. Each serves a different customer, has a different growth profile, and follows a different seasonal pattern. Showing them separately gives you a clear view of where the combined business is growing and where we are focusing our management attention. These breakdowns are based on management estimates and are unaudited. Let me take you through each one of these.

Let me begin with properties. Properties includes our hotel marketing and brand engagement offerings, including SoHo. Our proposition for hotels is to drive direct bookings and improve their marketing ROI. Because much of this business is outcome-based, we grow as our hotels grow, and new property additions on our commission model continue through the quarter. Our bidding models trained on our travel intent data decide in real time where and when to reach a traveler, and that is what turns intent into direct bookings for our hotels.

Properties grew north of 20% year-on-year in H1 and contribute to 44.7% of our MarTech revenue. It remains our lead product for entering a new customer relationship, and from there, we can expand into our UNO direct stack, helping hotels capture more of that demand themselves. Let me now talk about destinations.

Our destinations business also grew north of 20% organically year-on-year in H1 and now accounts for 39.7% of our MarTech revenue. That growth came from our key accounts in the North American market and from co-op programs, which remains a focus as we scale them. The same AI-driven bidding models that serve our hotels help destinations identify the travelers most likely to visit, and our reporting shows them what that spend delivered. For DMOs, measuring economic impact now ranks as the leading strategic priority, and that is where our capabilities are setting us apart. Destination marketing also follows the travel calendar. DMOs concentrate their spend in the months ahead of peak travel season, and many begin new budget cycles in July, which makes the July to September quarter a seasonally softer one for this business.

Visitors also spend on what they do once they arrive, and this quarter, we launched commission for experiences in beta, a performance-based marketing solution built for the attractions industry, similar to the one that we have for properties. Many attractions are small and medium-sized businesses that want to pay only for results, and as that model gains traction, it opens a large and fast-growing adjacency for us.

Our corporate business, which contributes 15.6% of our MarTech revenue, declined about 14% organically year on year in H1. I want to be direct with you about why. Historically, corporate was not a priority within Sojern, and since the acquisition, our focus has been on integrating properties and destinations where we have the most momentum. We are now turning our attention to corporate, changing its leadership, and strengthening the team around it.

We are acting on three fronts. First, we are sharpening our go-to-market by organizing our corporate sales teams by vertical, so each team goes deeper on airlines, cruise, car rental, or travel brands. Second, we are expanding the channels we offer advertisers into higher growth areas, including TikTok, where our agreement is now signed, and connected TV. Third, we are adding more data products to the offering, which deepens our role with each customer and makes the relationships stickier over time.

We are already seeing early traction with wins this quarter, including the European division of a leading financial services firm, a leading cruise line, one of the largest experiences booking platform, one of the largest vacation rental marketplaces. Along with this, we are also expanding into new verticals such as cruise lines, where we see good potential. Our airline and car rental customers are a natural fit for AI-driven performance marketing built on our travel intent data, and we are taking those solutions to them. We expect corporate to be broadly flat in the second half after the decline in the first and to build from there.

I want to now call out on APMEA on its own because it is where our go-to-market synergies are showing up first. Our Q2 was another record quarter for the region, with new sales of about USD2 million, more than three times what we did a year ago. We are gaining share in India, Singapore, UAE, Saudi Arabia, Egypt, and Sri Lanka, and seeing early traction in Australia,

Japan, and Korea. More than 50 properties signed on our direct stack this quarter, and our teams are cross-selling Sojern commission across APMEA, extending our commission footprint into new markets.

On the flip side, the Middle East continues to face uncertainty. Our revenue from the region stands at about USD500,000 run rate per month in Q2, compared with around USD970,000 a month before the disruption. That is slightly up from the USD425,000 a month we reported last quarter for Q1. While the region remains a headwind, the share we are gaining in the UAE and Saudi Arabia positions us well for the recovery as conditions stabilize.

Let me now talk about distribution. Distribution remains stable throughout the quarter and year-on-year. We are seeing traction on our UNO platform with continued monetization of our order book and new contract wins. Much of that interest centers on our AI-led capabilities, which helps hotels decide which rate updates matter most and see where revenue is leaking.

Our focus is on scaling this across our customer base while deepening execution with existing customers. UNO Channel Manager was recognized by Trip.com as a favored connectivity partner for the third consecutive year, which reflects the reliability we deliver to our demand partners.

Our direct stack, bringing booking engine connectivity and payments together, is drawing interest, particularly in APMEA, as I talked about earlier, as hotels look for one integrated stack. Alongside it, Smart Distribution is now live, with bookings flowing on the platform, with more than 800 directly contracted properties connected and supply partners being added steadily.

Let me now talk about our third engine, that is DaaS. Our DaaS segment had a steady quarter and grew at a healthy pace of 14% in H1, with volume expansion across key accounts and new contract wins. In air, the prolonged conflict in the Middle East and sustained high oil prices are putting pressure on airline margins, even as passenger volumes have held up. Skift's State of Travel 2026 report, drawing on IATA's outlook, expects airline industry profits to nearly halve this year as fuel costs rise and notes that airlines now need stronger cost discipline and better revenue management to grow. That need is bringing more carriers to AirGain.

AirGain uses AI to turn pricing data into recommendations and plain language insight, giving revenue teams the speed they need when margins are tight, and thus bringing more carriers to the platform. Philippine Airlines came on board in July, Vietjet QAZAQSTAN in August, and Vietnam Airlines, the national carrier, in October. On the OTA side, we expanded our relationships with some of the marquee names, including one of the leading global OTAs and leading Indian B2C platforms that is planning an expansion into travel.

Along with this, we have recently renewed our partnerships with fast-growing Indian OTA and signed a multi-year renewal deal with one of the largest global OTAs. In car, engagement continued across key enterprise accounts, including some of the largest tech players and leading car rental companies. Expansion discussions are progressing across key markets for RevAI, our price recommendation product.

In hospitality, Navigator is extending its reach through our platform partnerships. With Cloudbeds, we completed integration and onboarding readiness during Q2 for the property ramp-up planned for October. With Duetto, partner testing and integration are at an advanced stage ahead of the commercial ramp-up. We expect both to scale up in the coming quarters.

Let me now talk about our AI across the stack, because it really runs through everything I've described, and I want to be specific about what we have actually shipped. First, we built the MCP interfaces across all our data products and connected them to the major language models, LLMs, so customers and teams can query our data in plain language. Lens assistant brings this into Parity and Navigator, so a customer can now go into Quark, for instance, and run custom reports on our DaaS data.

Second, we are moving into our AI-led discovery. As travelers begin planning trips with AI, we are running paid ads on the AI-led discovery platforms in Alpha within MarTech, so our customers can reach them where they start to plan.

In our air and car DaaS offerings, AirGain now tracks how airlines, fares, and OTAs appear in AI-generated travel answers, which opens up generative engine optimization, GEO, as a new opportunity. Third, we are using AI to run our business better. AI workflows now handle Sojern campaign management that used to need manual handling. The industry need is clear.

Our third State of Distribution report with NYU and HEDNA, covering more than 58,000 hotels, found that over half of the hotels use or are procuring generative AI, but fewer than one in 10 have cut their manual work by more than 30%. Closing that gap is what our agents are built to do. We were also named as the fastest-growing SaaS company at the Economic Times Enterprise AI Awards 2026.

Let me talk about people and culture. We continue to strengthen our leadership team as we scale. This quarter, Chetan Garg joined as our CFO. Chetan was most recently CFO of Optum India, part of UnitedHealth Group, and has earlier held finance leadership roles at Whirlpool, including VP of Finance for Whirlpool Asia. He brings nearly two decades of experience across capital markets, risk management, and the integration of acquired businesses, and his focus will be on converting our growth into consistent returns.

We also welcome Shobana Kailash as our Chief Human Resources Officer. Shobana brings more than two decades of people leadership across technology and SaaS, including cross-border integration, and she will lead our global people strategy as we build AI capability across every team. That work is already being recognized.

In August, People Matters honored RateGain at its Infini-T Awards India 2026 for skills transformation in AI, digital, and future skills.

Let me now turn to guidance for FY27. We are maintaining our guidance of revenue that we expect to be at the upper end of the INR3,000 crore-INR3,100 crores range that we had shared in the beginning of the year. This is consistent with the 12%-15% year-on-year organic growth over pro forma FY26 numbers that we had shared in May. On margins, we expect to be in

adjusted EBITDA margin of 22.5%-23.5% as shared last quarter. As the work across Sojern's product, go-to-market, and AI capabilities take hold, we expect growth to build through the second half, and we remain on track to be net debt-free by FY28.

Our medium-term aspiration remains 15% organic growth, constant currency year-on-year growth. To close, the first half of FY27 was about building on the foundation we laid in FY26. As we move into the second half, our focus is on deepening wallet share, scaling enterprise adoption, and turning the scale we have built into durable, profitable growth. Our data, our products, and our leadership are in place, and the work ahead is execution.

With that, I will hand over to Chetan on his first call with us to walk you through the financials. Thank you.

Chetan Garg: Thank you, Bhanu. I am glad to be here, and good afternoon, everyone. This quarter reflects RateGain's steady performance across revenue, profitability, and financial discipline, supported by the underlying strength of our business model.

Let me start with the numbers for quarter 2, financial year 2027. We are pleased to report quarterly operating revenue of INR735.4 crores, up 152.6% on year-on-year basis. On a sequential basis, our revenue was down INR40 crores from Q1. Two factors contributed to this, and both were expected. Q1 included a one-time benefit of about USD2.5 million from the FIFA World Cup, which we also flagged last quarter. Q2 is also a seasonally softer quarter for our MarTech business, mainly in the destination marketing. Excluding these two factors, the underlying trend remains healthy, and we continue to grow. Organic growth for the combined entity stood at 14% year-over-year in Q2, which includes Sojern's historical revenue from before the acquisition.

Turning to our segments. Our DaaS segment grew 7% in Q2 year-over-year, with healthy performance across air, OTA, and car businesses. Our distribution business was broadly flat versus last year. What we are excited about is what really comes next. Smart Distribution is gaining early traction, and we recently launched Agentic ARI and RateIQ. We expect these to start contributing to revenue in the coming quarters. Our MarTech segment grew 300% year-over-year, largely from the consolidation of Sojern and healthy growth across our properties and destination verticals.

Moving to profitability. We reported EBITDA of INR153 crores, which is up 185% from the last year, and an EBITDA margin of 20.5%. As we have explained before, we add back the deferred consideration payable to the Sojern team. This payout depends on Sojern meeting revenue and EBITDA targets over three years ending in Q3 FY29. This quarter, the add-back was INR16.1 crore. On that basis, our adjusted EBITDA was INR169.1 crores, reflecting a margin of 22.7% on an adjusted basis, which is an increase of 215% year-over-year. This brings our H1 adjusted margin to 23.7%.

Now, let me take you from EBITDA to PAT. Amortization of acquisition cost was INR35.5 crores this quarter, which is up from INR7 crores in Q2 FY26. This is mainly due to the

additional amortization related to the Sojern acquisition. Finance cost was INR16.1 crores, reflecting the acquisition-related debt, which is now on our books.

Tax was INR22.7 crore. As a result, reported profit after tax was INR74.7 crores, an increase of 47% from the last year, and a margin of 10%. Adjusting for the same deferred consideration, our adjusted profit after tax was INR91 crores and a margin of 12.2%.

Turning to the balance sheet. Our outstanding debt at quarter close was INR733 crore. We have maintained our discipline on debt repayment, and with our latest payment on November 5, we now have repaid USD53.75 million of debt so far, which is about 43% of our original loan.

Moving to cash flow. Free cash flow generation for first half was INR282 crores, bringing EBITDA to free cash flow conversion for H1 to 87%. The higher conversion this quarter reflects a one-time acceleration in cash collected from the acquired Sojern businesses, as well as the seasonality of our business.

With cash of INR239 crores, our net debt stands at INR494 crores as of September 30, and our net worth was INR2,218 crores as of September 30. At the current pace, we expect to be net debt positive by end of financial year 2028. We are also reducing the cost of our remaining debt. We have refinanced USD40 million of debt at a lower cost of SOFR plus 165 basis points.

The broader travel industry continues to prioritize technology investments that deliver measurable revenue outcome and operational efficiency. We believe this position puts us in well, given our expanding footprint, diversified product portfolio, and growing relevance across the travel and hospitality ecosystem.

As we move ahead, our focus remains on driving sustainable, profitable growth, expanding our presence in high-growth geography, and strengthening our platform for long-term value creation.

With that, we close our prepared remarks, and we are happy to take questions.

Moderator: Thank you very much. We will now begin the question-and-answer session. First question is from the line of Karan Uppal from PhillipCapital. Please go ahead.

Karan Uppal: Yes. Thanks for the opportunity, and congratulations on a decent H1 performance. The first question is on deal wins. The deal win number was super strong in Q2. Congratulations on that. I just wanted to understand in which segments the deal wins have been strong, let's say, amongst MarTech, DaaS, and distribution, as well as the industry types like hotels, DMOs, OTAs, if you can elaborate on that.

And it appears that after integrating Sojern, the win ratio for us, let's say, pipeline to deal win conversion has been improving. So Bhanu, if you can share what are the reasons for strong pipeline to deal win conversion. And on a go-forward basis, shall we assume a similar level of deal wins or let's say there were some one-off large deals which were there in Q2 and this number can fluctuate going ahead? Yes, that's the first question.

Moderator: Sorry, Bhanu, you're on mute. May I request you to unmute, please? Chetan Saab, Bhanu Saab?

Bhanu Chopra: Yes, sorry. In terms of the pipeline breakup, I don't have that handy with me, but I'll let Chetan or Divik answer that question. To your second question around the pipeline being healthier and the contract wins, and is it attributed to one big customer? Let me address that first, and then they can give you a sense on the breakup.

As I have been talking about in the last two earnings calls, we've been focusing a lot on the cross-sell motion, especially starting with our APMEA, where we have invested into really expanding the team, where we were about 15 people and now we are 100 people. The cross-sell motion there is beginning to show.

We are going forward with Sojern as the entry product because it's a very compelling value proposition, as you can imagine. We only get paid if we deliver bookings for our customers, so it's an outcome-based model. So we enter using that model, and then we are able to cross-sell and upsell onto the entire UNO platform. We're basically now not selling really products, we're selling solution to the hotel.

Our go-to-market is, we can help you bring demand, we can bring you direct stack, which is we can help you drive direct bookings, or full stack, meaning we can give you the entire integrated tech stack that can unlock revenue opportunities for you. That's really seemingly doing really, really well.

As I called out in my opening remarks, we have tripled our sales in APMEA as a result of that. I continue to see that motion now play out in APMEA. We are beginning to invest in that motion in Europe as well, but it is slightly moving slower than we would expect. But I would expect that we will begin to see full traction of that beginning next year as well.

The other key focus from our pipeline generation is that we have constituted a global key accounts team, and the focus is that our top 10 accounts, given the pervasiveness of all the technologies that we hit, which are important to a hotel, that we go into all these key accounts with one integrated offering and deepen our relationships with these key accounts. So, these initiatives have led to the overall higher trajectory of wins, and we will continue to see this accelerate.

Chetan Garg: Yes, Bhanu, Karan, I can answer regarding the new wins and pipeline. Most of the new wins are coming from our MarTech business, specifically property, so that is where the lion's share is. Coming to pipeline, it is fairly balanced if you look at our DaaS, distribution and MarTech business, but even within that, most of that is coming from MarTech business.

Karan Uppal: Got it. Thanks for the elaborate answer. Just the second question is on the customer additions. So, since last two quarters, the number of customer additions has also picked up really well. So previously, we used to add, let us say, 30 to 40 customers a quarter, but now, in Q2 it was 748, in Q3 it is 380. So, in which industries these are? These are in hotel, hospitality, DMOs, OTAs, airlines, any color you can share?

Bhanu Chopra: It would be largely hotels, properties, as Chetan pointed out in terms of our wins as well.

Karan Uppal: Okay.

Chetan Garg: Right.

Karan Uppal: Okay. Got it. Lastly on DMO, it was sequentially down 21%. You mentioned about the seasonality in this business. Shall we expect DMO business to come back in Q3 in terms of the sequential growth?

Bhanu Chopra: Yes, it should come back in Q3. If you actually look at our like-to-like numbers for Q2 on DMO business, our growth was actually north of 20%. Sequentially, we may have had de-growth, but compared to year-on-year basis, we actually grew north of 20%.

Karan Uppal: Got it. Thanks, Bhanu. I will fall back into the queue. Thank you.

Moderator: Next question is from the line of Pranay Roop Chatterjee from Burman Capital Management. Please go ahead.

Pranay Chatterjee: Thank you. Am I audible?

Moderator: Yes.

Bhanu Chopra: Yes, sir. Go ahead.

Pranay Chatterjee: Firstly, thanks to the team for doing this call and speaking with us. My question is on your organic growth. This quarter, it was 14% INR. If I convert that to constant currency, it was probably 6%, 7%, 8% in constant currency. You mentioned the drop in Middle East revenue, 900,000 to 500,000.

If I just add that back, that adds to around 200 basis points. So it takes it to about 9%, 10%. If I consider 9%, 10% as the normalized rate, assuming things settle down, sir, how does the path to 15% constant currency organic growth look like? What would be the drivers of the same, and would we expect it to be more like a medium-term priority rather than a near-term thing, or how should we think about it?

Bhanu Chopra: Yes. So, you are right. Some of the dip was because of the headwinds in Middle East, but the significant impact was because of our corporate business. That business, as I mentioned, de-grew on a dollar basis. The degrowth was close to about 20%.

And if we are able to arrest that degrowth, which is a big focus area for us now going forward, I think that will I don't have the numbers in front of me, but that should also add 200, 300 basis points, is my guess off the top of my head, to our constant currency growth.

In terms of accelerating it to 15%, I do believe that if you look at our core, which is really our properties and destinations in the MarTech, is almost 80% of our MarTech business, and they

are growing over 20%. Right? If we continue to accelerate, we do think we can accelerate the properties business.

We are adding a lot of hotels there. There is slight concern on the churn that we have on the property side, because it is pay-for-performance, and often we contract hotels which we call bronze and orange, which are low performing, and they usually churn out.

Now with RateGain's entire tech stack, we are able to offer an integrated offering because now we are able to say, "We will bring you the demand, but we will also give you the booking engine to convert." So, our expectation is that those bronze and orange that have traditionally churned for Sojern, we can arrest that churn.

Because the number of hotels we are adding is pretty fantastic, and that should, in some sense, accelerate our growth further than the 20% that I stated that we are at for the property side of the business.

Moderator: Pranay, do you have any follow-up question?

Pranay Chatterjee: I am really sorry, I was on mute. Thanks for that answer. My second and last question is on margins. You have maintained your guidance of 22.5%-23.5%, and I think H1, we are at the higher end. Going forward, one would assume as your business picks up seasonally, the benefit should accrue to the margins.

At the same time, you also need to build your team, and there are other fixed costs that you need to build up, which you need to drive those growth in new areas and corporate as well. So how should we think about margins going forward? Are you happy to maintain it at 23.5% and invest incremental gains on fixed cost, or there should be some downside potential to this, given the team building that you plan to do?

Bhanu Chopra: So go ahead. So yes, we will continue to, as I have stated in previous calls also, anything north of 20% we are very happy with, and we want to reinvest back in growth. The good news is that cost of building now has become much cheaper given AI. For instance, what USD100 took to produce over several months can produce a lot more over just a few days.

So in terms of our ability to ship out new capabilities, the cycle and the investment has been shortened dramatically because of AI. The way I see it, a lot of our investment is going to now go into continuing to build out our commercial teams. Something that I have been saying publicly also is software is cheap now, and innovation is commoditized. To be able to build very, very quickly is quite easy.

What is really, really hard now, because there are customers being inundated, is to build those customer relationships and get very, very deep with them. If you think about even our sales and marketing costs, those are the ones that you will see continue to rise up, because we want to have a trusted partner and advisor to each of our customers in pretty much every part of the world. Those are the areas that I see we will continue to invest on.

Moderator: Next question is from Deepak from Sundaram Mutual Fund. Please go ahead.

Deepak: Yes, thank you for the opportunity. Am I audible?

Bhanu Chopra: Yes.

Deepak: Yes. Hi, sir. Sir, first question is on guidance. So you did guide that we will be most likely achieving at the upper end of the guidance, which is around INR3,100 crores, which basically denotes that you would have to grow on a Q-o-Q basis in Q3 and Q4, and in fact, you would have to accelerate that towards the Q4. Just wanted to understand, so this quarter you did highlight that because the MarTech was a drag on a Q-o-Q basis since there is an element of seasonality in the DMO, right?

When we say that we are looking at a strong H2, are we banking completely on DMO recovery, or we have a revenue visibility to grow on a quarter-on-quarter basis in Q3 and Q4 beyond the DMOs, so that we are confident that we will be most likely reaching or maybe even achieving that INR3,100 crores revenue for the whole year?

Bhanu Chopra: Yes. Good question. We do see quarterly growth on the DMO business that you pointed out, but again, the big drag actually has been our corporate side of the business, and the visibility that we have due to the bookings growth that we have seen in the corporate business and some of the decline that we have been able to arrest, we will be able to grow back the corporate business on a quarter-on-quarter basis.

If we go from the H1 being almost 20% constant currency de-growth in corporate to achieving a flattish type level in corporate in H2, that gives us the confidence that we should be able to come in at the upper end of that revenue guidance. Yes.

Again, our properties and destinations now are the lion's share of the MarTech business, more than 80%, and they continue to grow. I also think that there is an opportunity to continue to accelerate the growth in our properties business with all the things that I talked about earlier.

Deepak: Okay. Secondly, if I just have to break your revenue up between DaaS and distribution, last quarter we had a benefit of favorable base in our DaaS, hence we grew at 22%-23% on a Y-o-Y basis in Q1. Now, this quarter, we are seeing a sharp deceleration of around 7% since your base has more or less normalized.

How should we think about distribution and DaaS growth for the whole year of FY27, since we had a sunsetting of a sub-brand of an OTA, and I think that is largely behind us. So just any flavor on the growth profile of DaaS and distribution as we move into H2 or maybe let us say whole year of FY27?

Bhanu Chopra: Yes. On DaaS, we expect to grow double-digit for FY27 in rupee terms. On distribution, we expect to grow single-digit. Again, as I mentioned in my commentary on distribution, I am very excited about our Smart Distribution product getting launched finally.

We have been at it for a couple of years, and now we are seeing bookings on it. There will be a hockey stick effect that will come into the Smart Distribution platform. I think that can take a

couple of quarters, but whenever that kicks in, I think that will really accelerate the growth of our distribution business.

Couple that with how we record our unified stack under distribution business, under distribution line of business, we are seeing great amount of traction on both our direct stack and push stack, which we account under distribution, especially in the APMEA area. This year may continue to be single-digit, but I do think that in FY28, all the signs that I see, we may be able to enter into a double-digit growth on distribution.

Deepak: Okay, helpful. My last question is a bit more strategic. Basically, if you would have heard the latest con call of Google, they did point out that they are earning less per queries on their Google search since more and more queries have been shifted to their AI mode, which is the trend right now.

I remember that in our base business, we do have paid marketing campaigns, which is related to Google paid search. Just wanted to understand, are we seeing any impact of that, let us say, in terms of marketing budget shifting from one channel to the other channel, and indirect impact on our ability to win more marketing budgets?

Bhanu Chopra: Yes, we are not seeing any impact. Also, please remember, on the property side of the business, we basically access all channels, and it is an outcome-based model. When we go and sell to a property, they are not giving us a marketing budget. They are signing up for getting bookings on their direct website, and it is up to us where we deploy those marketing dollars.

As I had noted in my commentary, even if there is a channel shift, we have the ability to use whatever channel we want to be able to deliver those bookings, and we are experimenting on these AI services such as ChatGPT and Google to be able to run these campaigns and drive direct bookings. To answer your question, the marketing budget shifting, at least on the property side, does not impact us.

As new channels emerge, we will use both our technology and data to utilize those new channels. On the DMO and in the corporate side of the business, Google is definitely one of our channels. We haven't seen any. On the corporate side, if you ask me what has been the reason for decline, could it be the systematic trend that we see across Google? I don't think so. I think the reasons have been more internal in terms of our areas of focus.

As I mentioned, Sojern was really looking to deprecate this business and really focus on the core of the business that was growing much, much healthier. Our belief is with the combination of RateGain data that we have and the footprint we have across all these different travel brands, that we will be able to revive this business as well.

Moderator: Thank you. Deepak, I'll request you to come back for a follow-up question. Next question is from Anmol Garg from DAM Capital Advisors. Please go ahead.

Anmol Garg: Yes. Thanks for the opportunity. A couple of things. Firstly, just continuing on Deepak's question. Bhanu, do you think that as traffic on classified type of publishers sort of reduce, do

you think that on other publishers where traffic is still there, we might face higher inventory cost on these kind of platforms which might impact our overall margins?

Bhanu Chopra: Yes. We did hear, although it's not confirmed, but that clearly Google sees some challenges in their search business and the inventory cost and the way they do the price auction is also changing, although they haven't refuted, but there have been some claims on basically they're charging more for the clicks than they used to.

I do believe that even if that challenge is real, again, going back to the point of we are agnostic on whatever channels, and we are now I see there could be a channel shift, and maybe more of it moves to AI-led channels, and we would be participating on those as well. So, I see it as a channel shift. If you ask me, do I worry about that? No.

But I do worry about if we have now personal AI agents, and those agents are directly booking with the hotel, what would that do to our participating on discovery platforms, whether it is AI search or social? I think that could be a challenging situation, but we are trying to get ahead of the curve by building out a platform that eventually powers every booking that the hotel gets, whether it is direct or indirect.

So, when I say direct, it could be through a personal agent, through a voice agent, could be through search, could be through the direct website, or indirectly through intermediaries, and that we are participating in that value chain of powering all those bookings. That is how we are thinking about it.

Anmol Garg: Understood. So right now, we are not seeing any increase in the inventory versus the usual trend?

Bhanu Chopra: Exactly.

Anmol Garg: Okay. Yes, understood. Just on the margin itself, I understand that we are also getting some benefit right now on the margins as well from the steep currency movement that we are seeing right now. So, as this currency kind of stabilizes, do you see a margin pressure that might come up? If you can kind of indicate what is the pressure, what is the contribution of currency into the margins? That would be very helpful.

Bhanu Chopra: Either way. Go ahead. Chetan, you want to take that?

Chetan Garg: Yes. Just to kind of explain how we think about currency and margin is, most of significant portion of our revenue is dollar-based, and significant amount cost is also dollar-based. There may be some benefit coming from currency, but it's not meaningful that we expect to be impacted if the currency stabilizes. I hope that's clarified.

Anmol Garg: Right.

Bhanu Chopra: I want to add also one more point. I think net-net point is that we're not really benefiting from. The margin expansion that you have seen is not a result of anything to do with currency. It's really the cost synergies that we were able to realize as a result of taking all the platforms that we had, especially Sojern and Adara, and make it into one platform.

You don't need as many people in tech and product, et cetera, that you would have required previously. And we've also, as I've shared with you previously, we've consolidated our shared services on HR and finance as well. The expansion has been a result of those cost synergies, but there's another important point I want to make, which I was making earlier, maybe which was left out, is that we are also seeing the huge benefit of productivity and efficiency gains as a result of AI.

What it would cost us to produce earlier is significantly lower now. And I see the cost of building continue to decline. From a margin perspective, I'm not really worried about it. I think it's really for us to now see how we continue to reinvest anything north of 20% to continue to grow the company faster. And the good news is that we, like I said, the core of our business is growing north of 20%.

Anmol Garg: Understood. Understood. And then last question is, do you see a fundamental risk to the DaaS business as because of the AI, the data collection or scraping might be more cheaper that can possibly create additional competition, and therefore creating some kind of pricing pressure? Do you see that effect?

Bhanu Chopra: No, I do not at all, because in DaaS, scraping has always been commoditized and easy. What is difficult is when sites block you. Those blocking techniques are becoming extremely sophisticated, and we have been in this business for a long time. We use three mechanisms to overcome that. One is a technology basis to continue to play this cat and mouse game and stay ahead of these anti-blocking technologies.

Second, we actually get the data from our customers. We, in a way, actually pool the data from the subscribers, which an AI bot obviously cannot get, because these are formalized data partnerships that we have. Third, we actually buy the data in some cases also. The composite of three is able to enable us to offer this data on a very, very consistent and reliable basis.

As you know, this data is extremely important because price is a big determining factor for any traveler. And our customers expect reliability and sustainable data input into their revenue management systems. I do not worry about this at all.

Moderator: Next question is from the line of Nitin Padmanabhan from Investec India. Please go ahead.

Nitin Padmanabhan: Yes. Hi, good evening. I had a few queries actually. So one is, for the quarter, just to understand the seasonality a little better, you did mention it is because of destination. I am just curious, what would have been the impact from the corporate side of the business on this as we look to model for the future?

Because of the total USD5 million that have dropped, USD2.5 million is explained by non-recurrence of FIFA. Of the USD2.5 million, would corporate be a reasonable contributor to that drop, or it is just largely destination on a sequential basis?

Bhanu Chopra: Yes, it is largely destination. Chetan, would you have that breakup? I do think that.

Chetan Garg: Yes

Bhanu Chopra: There would be something in the corporate side too.

Chetan Garg: Yes.

Bhanu Chopra: I will let Chetan comment on it.

Chetan Garg: So actually corporate business has been pretty stable Q1 to Q2. So there is not much material decline. It is very, very stable. It is really, as we mentioned earlier, it is coming from FIFA and it is coming from the destination business. To give some more color, if that helps, historically, when we look at DMO business, Q1 to Q2, we have seen seasonality of between 5%-10%. It depends on a particular year, but there is no significant seasonality in that business from Q1 to Q2.

Nitin Padmanabhan: Got it. There is no overlap between the FIFA and the destination side?

Chetan Garg: So FIFA drove destination business higher in Q1.

Nitin Padmanabhan: No, no. I am saying in terms of the destination drop, there is no overlap of whatever drop we have seen?

Chetan Garg: No.

Nitin Padmanabhan: There is no overlap of the FIFA that was there in the last quarter with destination is whatever?

Chetan Garg: No, these are two almost separate factors. That FIFA is separate from the regular seasonality we see in that business.

Nitin Padmanabhan: Got it. And generally, Q3 and Q4 should have a positive seasonality from destination. And what we are saying is the corporate business should actually pick up. Do you think the corporate pickup should happen within this year itself, considering we have just started focusing on it, or it should take longer?

Bhanu Chopra: In terms of pickup, you mean going from decline to flattish or aspiration for this year? Our expectation is that, if the strategic bets are right, that we are able to get back to growth following year.

Moderator: Next question is from the line of Chirag from Motilal Oswal. Please go ahead.

Chirag: Hi, Bhanu. Just one question I want to understand. In the AI adaptability of travel OTA and your counterparts, and vendor side, which are the segment of our business and competencies feel that need to be have to be relevant when, let's say, AI become a...

Bhanu Chopra: Sorry, Chirag. It's coming a bit muffled. Can you speak closer to the phone, please?

Chirag: Hello, can you hear me?

Bhanu Chopra: Yes.

Chirag: Yes. I was asking, as AI becomes a new norm, to see us down the line, which part of the segment of our business you think will act as an integrator in client ecosystem more easily compared to some of the businesses which have some AI disruption?

Let's say, for example, data analysis. I mean, many such LLMs can do. Where do you see ourselves in some of the segments where the AI disruption could anyway impact business and in some of the area where AI will help us to be in a good ground in the client ecosystem?

Bhanu Chopra: Yes. I did not get it properly, but I will try to answer what I understood. I think you are asking, where is AI a threat to our business or any part of our business?

Chirag: Yes.

Bhanu Chopra: Where could AI accelerate, right?

Chirag: Yes

Bhanu Chopra: So, as I was mentioning earlier, AI changes where travelers are going to discover trips, but hotels and destinations still need to reach them and measure what that spend delivered, and that is what we do. I also mentioned it is like a channel shift, and we are already experimenting on these AI discovery platforms, and we are also tracking how, in our DaaS product, for instance, how airlines and hotels show up on AI answers, which is very, very valuable to our customers. And if you think about it, our travel intent data even becomes more valuable as discovery fragments across more channels.

Chirag: Okay. What about the answer, the integration with LLM models? How, if you think, will you know, anyway help us in getting more business from the OTAs or other LLMs?

Bhanu Chopra: I did not quite again follow your question. I think the question is, how is AI helping us?

Chirag: No, no. I am asking, like, let us say, any ChatGPT or any such similar platform, what is the possibility that we integrate on backend with such ChatGPT or any other such LLM and...

Bhanu Chopra: Yes.

Chirag: Yes.

Bhanu Chopra: So we are -- yes. I talked about that in our opening remarks. We actually, the technology behind it is MCP. We've already built an MCP on our DaaS product. So, actually, a customer can go onto Claude or ChatGPT. And instead of coming into our platform and trying to query the data or their analysis, they actually can use their Claude or ChatGPT interface to query our data and build custom reports.

Chirag: And how monetization work in this model for company?

Bhanu Chopra: Our monetization is basically on the data consumed. So, whether you're consuming it via APIs, whether you're consuming it on chat surfaces, or on our tool, it's based on how much data we

are servicing up to you. So, it remains the same irrespective of the channel you use to consume our data.

Moderator: Thank you very much. Ladies and gentlemen, we will take that as our last question. I now hand the conference over to Mr. Bhanu Chopra for closing comments.

Bhanu Chopra: Yep. Thank you, everyone, for all your questions and for your time this evening. I just want to leave you with three things. First, the core of our business is strong. Properties and destinations of our MarTech business is over 80%, and each grew more than 20% in the first half. And APMEA had another record quarter.

Second, we know where the work is. Corporate needs fixing, and we have new leadership and a clear plan in place to stabilize it in the second half. Third, our financial discipline is intact. We are maintaining our guidance. Margins are within the range, and we now have repaid 43% of our acquisition debt, on track to be net debt-free by FY28.

We built RateGain to be the platform that helps travel grow, and I have never been more confident in the opportunity ahead. On behalf of all of us at RateGain, I wish you and your families a very happy Diwali. Thank you.

Moderator: Thank you very much. On behalf of RateGain Travel Technologies Limited, that concludes this conference. Thank you all for joining us, and you may now disconnect your lines. Thank you.