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Operator: Good day and welcome to the Yatra 3rd Quarter 2019 Conference Call. Today's conference is being recorded.

At this time, I would like to turn the conference over to Mr. Manish Hemrajani. Please go ahead, sir.

Manish Hemrajani: Thank you, (Rachel). Good morning everyone. Welcome to Yatra's Fiscal 3rd Quarter 2019 Earnings Conference Call, for the period ending December 31, 2018.

On the call with me today are Yatra CEO and co-founder Dhruv Shringi and CFO Alok Vaish. The following discussion -- including responses to your questions -- reflects management views as of today, January 31, 2019. We do not undertake any obligation to update or revise the information.

As always, some of the statements made on today's call are forward-looking, typically preceded by words such as, we expect, we believe or similar statements. Please refer to the company's filings with the SEC for information about factors which would cause our actual results to differ materially from these forward-looking statements.

Additional information concerning these statements is contained in the risk-factor section of the company's annual report on Form 20F, filed with the SEC on July 31, 2018. Copies of this and other filings are available from the SEC and on the Investor Relations section of our website.

With that, let me turn the call over to Dhruv. Dhruv, please go ahead.

Dhruv Shringi: Thank you, Manish. And good morning everyone. I am pleased to report healthy financial results in the fiscal 3rd quarter of 2019.

Our multi-channelled approach once again enabled us to deliver healthy growth with a significant improvement in our adjusted EBITDA loss in the quarter. We continue to make strong progress towards achieving operating breakeven in the near-term and have taken some concrete steps towards that. And I'll talk about these later in my remarks.

Starting off, our business travel platform and consumer business continue to deliver robust adjusted revenue growth, while a combination of improved efficiency in our marketing expenses and optimization of our cost base enabled us to achieve a meaningful improvement in the adjusted EBITDA loss.

The integration of the ADB acquisition is striking ahead of plan, with almost 90% of their customers expected to be migrated to the Yatra platform by end of February, resulting in further cost synergies from the next quarter onwards.

Looking ahead, we continue to be confident in our ability to meet our growth objective of at least 20% adjusted revenue growth in the current fiscal year. And delivering a meaningful year over year improvement in our adjusted EBITDA loss.

More importantly, we believe we have the right strategy and continue to believe that our unique strategy of creating a symbiotic relationship between business and ledger travel is a powerful one. It enables us to capture the highest spend and loyalty of business travelers, as well as to serve the low cost-conscious and opportunistic leisure travelers.

We are optimistic about our prospects, and we believe we are well positioned to further capitalize on India's rapidly expanding travel industry.

This multi-channelled approach helped grow our adjusted revenue by 16.6% year over year. Meanwhile, operating efficiency drove cost savings, enabling us to reduce our adjusted EBITDA loss by 60% year over year, to 2.2 million in the December quarter.

In addition, we have just begun to realize the cost synergies from the integration of ADB. And we expect the full impact of the integration to be reflected in the next several quarters.

Let me now review key operating highlights of the quarter. I'll start with the general macroenvironment, then review air, hotel, corporate travel and so far the initiatives in marketing and technology.

We continue to believe the aviation macro trends will remain favorable over the long-term, as a result of low aircraft penetration and government support. Overall, the air traffic was up 12% year over year in the December quarter. Our own air gross bookings were up 13.4%, with the air ticketed passengers up 8% year over year.

Let me now elaborate on some of the factors that impacted air gross bookings during the quarter. In the business travel category, we decided to give up some low margin business in order to improve our profitability.

We also disengaged with a few ADB customers, where the goods and service tax process did not confirm with the recommendations of our tax advisors. Finally, we lost one large customer account due to a change in their global mandate.

Adjusting for these one-time factors, growth in air gross bookings would have been about 250 basis points higher. The impact would be similar on revenue, less service cost. Most importantly however, is the improved profitability resulting from eliminating the low margin business.

On the revenue front, air ticketing adjusted revenue posted growth of 5.7%, due to lower air (day trade) of 6.2%. And the quarter was a 6.7% last year. And, the effect of the one-time factors I just mentioned earlier.

The change in (day trade) was mainly a result of higher yield in the current quarter and a change in ((inaudible)) international travel. That being said, our (day trade) improved sequentially by 50 basis points, from 5.7% in the September quarter, on account of a higher (B to C mix).

Part of the decline in air (day trade) year over year was offset by the increase in cross sale revenue. This was reflected on the other income, which grew 109% year over year. As we continue to enhance attach rates for travel insurance and driver advertising and ancillary revenue.

Now let's turn to hotels. We continue to be the leading platform for domestic hotels and homestay options. I am pleased to report that we now have over 100,000 properties on our platform.

Our hotel and packages business grew at a rate of 10.5% on an adjusted revenue basis, largely due to net revenue margin improvement of 260 basis points year over year, to 15.1%, despite gross bookings being down 8% year over year, largely on account of lower sales of packages.

The lower sales of packages was as a result of us closing down loss-making physical retail sales locations and the transitionally effect of our call centers being outsourced to a third-party service provider. Both of these one-time structure changes will result in a meaningful improvement in our bottom line on an ongoing basis.

The standalone hotel room nights booked were up 19.2% year over year. We continue to realize the cross-sell benefits in our corporate business. And we expect further progress as we continue to migrate legacy ADB corporate customers onto the Yatra platform.

This past quarter, we also signed a partnership with Agoda, which is a part of the booking ((inaudible)) group. We will power their hotel inventory for domestic India hotels.

Agoda is one of the largest global accommodation booking platforms, which excellent reach among travels across the world, and in Asia-Pacific in particular. We're delighted to join forces with them.

There is a strong interest from global travelers in visiting India and providing a wide choice of real-time hotel inventory to help ensure a seamless travel-booking experience. We believe this alliance will not only prove beneficial for Agoda's customers but also valuable for our hotel partners, by providing them incremental global traveler demand.

Agoda is expected to go live later this quarter, with the ((inaudible)) inventory (onboarded) with real-time pricing. We view this as a profitable means to leverage our market-leading hotel inventory. And would be open to other similar deals in the future as well.

Let me now talk about our corporate travel business. In an emerging market with limited disposable income, business travel is generally the first form of travel undertaken.

As a market leader in this segment, we believe that we are well-positioned to capture some of the most attractive target group of travelers in India, as they make their first online travel purchase.

A further benefit is that corporate travel demand tends to be less price-sensitive as well. We believe we are the largest corporate travel service provider in India in terms of gross bookings.

We also believe that corporate travel in India is a more exciting and larger opportunity for us. It is projected to grow at an annual rate of over 12% through 2020. This makes India the fastest growing corporate travel market in the world, according to industry research.

Next, let me cover some recent accomplishments in our corporate segment. First, we continue to strengthen our presence in this segment. For example, earlier this month we agreed to acquire the corporate travel business of ((inaudible)) Limited, a (Shanghai) based corporate travel service provider.

This acquisition will help us strengthen our foothold in Southern India by adding over 100 corporate clients to our existing base of over 700 clients.

We also recently announced the signing of Axis Bank -- India's third largest bank -- with over 60,000 employees as a corporate travel customer. And we are excited to have them onboard. We have created a customized platform based on Axis Bank's compliance policies and approval systems, thereby ensuring end to end fulfillment of their corporate travel needs.

Let's now turn to some other business highlights. As I mentioned earlier, we are pleased with the progress in the ADB integration. About 90% of ADB's customers are expected to integrate to the Yatra platform by February end, enabling us to start realizing cost synergies. Importantly, we believe that there is a large opportunity to cross sell Yatra's hotel inventory to a now over 800-strong corporate customer base.

Moving on to the corporate self-book tool, our legacy customer base cross the 57% mark on self-booking. That's an 85% increase in absolute number of self-booking transactions over the same period last year.

Our SME platform also continues to scale up strongly. And we now have almost 16,000 SMEs using our platform for their travel needs.

Mobile traffic continues to garner the largest share of our overall traffic, with 82% of our traffic during the quarter coming from mobile devices. Our organic mobile app downloads are now at about 17 million, as we added just under a million new installs in the quarter.

On the cost side, while we clearly stand to benefit from cost synergies from the integration of the ADB business, I would also like to share with you some of the steps we are taking to optimize our cost structure. We recently outsourced our call center, which should result in a cost saving of around \$2 million in the next 12 months.

Additionally, we have further rationalized our personnel expenses, which have declined to about 25.5% of adjusted revenue from 36% of adjusted revenue in the year ago quarter. Our marketing and sales promotion expenses came in at 48% of adjusted revenue, versus 52% in the year ago quarter, as we continue to drive towards profitability.

In closing, with the strength of our brand, our deep distribution network across India and our leadership position in corporate travel, we believe we are well positioned to capitalize on this next wave of growth.

I am now going to turn the call over to Alok to walk you through the details of our financial performance. Alok?

Alok Vaish: Thank you, Dhruv. And hello to everyone. As Dhruv mentioned in his opening remarks, we are pleased with the performance during the quarter ended December 31, 2018.

Let me provide the key financial highlights starting with the income statement.

Our adjusted revenue grew by 16.6% year over year, to earn 2.3 billion, or \$33.5 million. Gross air passengers booked were 2-1/2 million. That represents a year over year growth of 7.8%.

Standalone hotel room nights booked were 600,000, representing an increase of 19.2% year over year. Adjusted revenue from our air ticketing business increased by 5.7% to earn our 1.5 billion or \$20.8 million in the quarter.

This growth was driven by a 13.4% increase in gross bookings to earn our 23 billion, or \$323 million. Gross bookings, growth was offset by a decline in our net revenue margins to 6.2% versus 6.7% in the year ago quarter, due to relatively higher air fares and a change in ((inaudible)) international flights.

I would also like to highlight that our net revenue margin for air in the December quarter increased from 5.7% margin in the sequential previous quarter and from 5.2% margin for the three months ended June 30, 2018.

For hotels and packages, our adjusted revenue for this segment was up 10.5% YOY, to 483 million INR, or \$6.9 million in the quarter. This growth was driven largely by a net revenue margin improvement to 15.1% from 12-1/2% in the last year's corresponding quarter, while gross bookings decreased 8% due to our decision to shut down our physical retail sales locations and outsourcing of customer contact centers in a drive toward profitability.

Our net revenue margin in the December quarter increased from 13.7% margin in the sequential previous quarter and from 12.9% margin for the three months ended June 30, 2018.

Other revenue including other income grew by 109%, to 400 million INR, or \$5.8 million from 192 million INR in the same period last year. This increase in adjusted revenue was primarily due to increase in attach rates for travel insurance, advertisement and ancillary income.

Moving on to expenses, marketing and sales promotion expenses decreased by 84% to 166 million INR, or \$2.4 million in the quarter, from 1 billion INR or \$14.8 million in the prior year quarter.

Adding back the consumer promotions and loyalty program expenses, which were reduced from revenue according to (IFRS15), our marketing spend would have been 1.1 billion INR, or \$16.2 million, which is 48.3% of adjusted revenue in the current quarter -- down from 51.5% to INR \$594 billion - sorry, 594 million INR or \$8-1/2 million for the December quarter. ((Inaudible)) 10.4 million dollars in last year's quarter.

This decrease was primarily due to a decrease in employee share-based payment expense to INR 33.8 million, or \$0.5 million in the quarter. So, 132 million INR or 1.2 - \$1.9 million in the prior year's quarter. And due to outsourcing of customer contact centers.

Personnel costs as a percent of adjusted revenue declined to 25.5% of the quarter versus 36% in the same period last year. Other operating expenses increased by 3.7% to INR 798 million, or \$11-1/2 million in the quarter from INR 717 million, or \$11.1 million in the prior year's quarter.

The increase is primarily due to increase in ((inaudible)) day to day expenses and call center outsourcing expenses. This was partially offset by decrease in IT communication expenses, travel expense and provision for ((inaudible)) debts.

Based on these factors and operating efficiencies, adjusted EBITDA loss has improved by 60% year over year to INR 154 million, or \$2.2 million in the quarter from INR 388 million or \$5.6 million last year in the corresponding quarter.

Turning to liquidity, our cash position remains strong. As of December 31, 2018, the balance of cash and cash equivalents and term deposits on our balance sheet was INR 3.8 billion, or approximately \$54.5 million.

We have also recently entered into an advertising agreement with the ((inaudible)) India Group, India's leading media business house, for our new advertising campaigns, which are to be conducted over a period of five years.

Pursuant to the terms of the deal, we have made advance payments which are to be used for the costs of the advertising campaigns. Under the agreement, some of the advertising cost will be adjusted from the advance extended by us, while the rest of the advertising costs will be paid incrementally at the time of the advertising campaigns.

As a part of the deal, the bank ((inaudible)) non-convertible ((inaudible)) having a face value of INR 195 million, or \$2.8 million in an Indian subsidiary. ((Inaudible)) value of 215 million INR, or \$3.1 million in the end of the five-year maturity, reflecting simple fixed interest of 10% for the entire term of the ((inaudible)).

Let me then turn to the guidance of fiscal '19 it is noted we remain positive on the macro environment. We see attractive growth potential air and hotel industry. And believe we are very strongly positioned ((inaudible)) new period of guidance ((inaudible)) with a meaningful ((inaudible)) EBITDA laws for fiscal year '19, driven by operating leverage and efficiencies.

This concludes my prepared remarks, and we can now open the line for Q&A. Back to (Rachel).

Operator: If you would like to ask a question, please signal by pressing Star 1 on your telephone keypad.

If you are using a speakerphone, please make sure your mute function is turned off to allow your signal to reach out equipment.

Again, press Star 1 to ask a question. We'll now pause for just a moment to allow everyone an opportunity to signal for questions.

We will now take our first question from (Jedd Kelly) of Oppenheimer. Please go ahead, sir.

(Jedd Kelly): Great. Thanks, thanks for taking my question. A couple, if I may. Hello?

Alok Vaish: Yes?

(Jedd Kelly): Hello? Oh, can you hear me?

Manish Hemrajani: Yes, we can hear you (Jedd).

Alok Vaish: Yes, we can hear you.

(Jedd Kelly): All right. Okay, great. Yes, so thanks for taking my questions. A couple.

It seems that, you know, your profitability came in what we were forecasting. Does this kind of give you confidence that you, sort of, can accelerate your profitability goals into next year and, you know, maybe, you could generate positive EBITDA into 2020 or positive free cashflow?

Just, how should we think about profitability going forward over the next 12 to 24 months?

Dhruv Shringi: Hi, (Jedd). This is Dhruv. ((Inaudible)) profitability, we clearly changed our focus to a certain extent in ensuring that we improve ((inaudible)) question which was asked by investors.

And I think the steps that we have taken should highlight to investors the ability of the business to be able to turn around and quickly get to profitability in the near term.

There are some other levers as well that we touched upon, which are around the ADB integration. We think there is some further upside on the back of that. We continue to focus on driving healthy growth as well.

So, trying to balance both healthy growth and profitability. And we feel there is some upside which is there.

To address the other part of full year of profitability of 2020, well, that's an endeavor. I think we're definitely working towards that. We think we should still be - we might be closer to breakeven or marginal profitability in 2020. And look to enhance on that profitability more in 2021.

Free cashflow profitability might be a bit longer, especially, you know, we are looking at 2021 for free cashflow profitability because there is incremental working capital that gets deployed as the corporate travel business grows. So, cashflow profitability might take another few quarters from the time we get to operating breakeven.

(Jedd Kelly): Okay. And then, you said the corporate travel agents industry in India grew 12% this quarter. Can you kind of - did your corporate travel segment outgrow the industry?

Dhruv Shringi: So, the growth of corporate travel was not specifically for the quarter. That's the growth rate that ((inaudible)) industry as opposed to a projecting the industry to grow between 2017, I think, and 2020.

So that's ((inaudible)). In the current quarter, we took some steps ((inaudible)) and these are more one-time in nature, to restructure parts of our corporate travel business as well. And there were some ADB customers ((inaudible)) by the customer was not conforming to the advice of our tax advisors.

And we let go of those customers. And there were some low margin accounts as well that we let go of. So, while, you know, on an overall basis the growth might have been less than 12, if I was to adjust for these one-time factors, then growth rates would be healthy.

(Jedd Kelly): Okay, that's helpful. And then, you know, marketing and sales promotion, it continues to be your largest expense. Although, you know, clearly the focus is on corporate travel.

I mean, can you talk about the ability to sort of really leverage this expense item over the next 18 months? And, you know, how you're thinking about competing in the leisure travel environment?

Dhruv Shringi: Sure. On the marketing and sales promotion side, we have ((inaudible)) to 48%. And we think there should be further opportunities as well, as we continue to build on repeat buying patterns and also converting part of our large corporate travel base into leisure travelers on the platform.

So, a combination of those two gives us at least the strong belief that we should be able to see more leverage on the sales and marketing spend over the course of the next 18 months.

(Jedd Kelly): Okay. And then on your cash balance or your net cash balance, I think my math is about around, call it 38 million.

I mean, are there any earnouts from ADB or any other acquisitions? And how do you feel you're capitalized to do further acquisitions in the corporate travel space?

Dhruv Shringi: Yes, so, I think the number that you're talking of is probably netting the amount that requires ((inaudible)) to be paid out from the ADB acquisition, which will probably happen sometime in this quarter.

We believe it will adequately capitalize from a cash point of view, given the backdrop of reducing losses and some efficiencies in working capital as well. So, we believe we are very okay there.

Whatever acquisitions we might look at would be small ((inaudible)) incremental type of acquisitions without requiring a huge amount of capital. So, I think we're okay now, based on the current capital base that we have right now.

But (Jedd), just adding to that, on the capital side, the ones we continue to look out for is interesting acquisitions. So, if there are some which require us to look at other means of capital raising, we would be open to doing that.

I think some of these acquisitions -- rather, most of the acquisitions -- do generate positive cashflows, from flexibility of looking at ((inaudible)) for these acquisitions as well. But as Alok said, all are tuck and runs. We've got enough on the balance sheet to do it ourselves. If there is something more material, then we'll continue to evaluate other means as well.

(Jedd Kelly): All right, thank you.

Operator: Thank you. We will now take our next question from (Bridgette Jane) of Citi. Please go ahead.

(Bridgette Jane): Hi, hi Dhruv ((inaudible)).

Dhruv Shringi: ((Inaudible)).

(Bridgette Jane): So, my question is, yes, so my question is about the ((inaudible)) acquisition. Could you give us a sense of what kind of, you know, revenue earnings ((inaudible)) you've seen or expecting from this acquisition? Will this be ((inaudible)) from day one?

Dhruv Shringi: Yes, (Bridgette). This should be ((inaudible)) from day one. So, while we haven't really got the absolute numbers, the way we are looking at some of these acquisitions and the ((inaudible)) following others, as well that we do, what we are doing is taking on the business and taking on only a certain amount of support staff necessary. So, from day one...

(Bridgette Jane): I see.

Dhruv Shringi: ...these businesses come to us with between 35 to 50% kind of operating margin. That's the way we are looking at this.

(Bridgette Jane): Okay.

Dhruv Shringi: So, it should be ((inaudible)) from day one.

(Bridgette Jane): I see. And how about the Agoda partnership? So, that should directly just flow into EBITDA, right? Because, I'm guessing it's a relationship where you just provide them access to your database and they pay you certain fees. Is that a correct assessment?

Dhruv Shringi: That's right.

(Bridgette Jane): And then how big could that be, I guess? If you could give a sense of how big could that be, because I think other people, other players in these spaces also highlighted international incoming as one of the major growth areas?

So, I'm just trying to get a sense of whether you think this could be a material impact on your, you know, path to achieving ((inaudible)) breakeven.

Dhruv Shringi: So, this will definitely be positive on the bottom line from day one, as you rightly highlighted from our operating model point of view. There is very little marginal cost ((inaudible)) around this.

(Bridgette Jane): Right.

Dhruv Shringi: So, whatever contributing net contribution ((inaudible)) all flows through to the bottom line. In terms of the volume of business, while we've, you know, had some dialogue with Agoda around this, we would want to wait for a quarter or two to see what kinds of trends they're acting on before we start putting out some number guidance to this.

(Bridgette Jane): I see, thank you.

Dhruv Shringi: But, needless to say, Agoda is one of the largest players, you know, in this ((inaudible)) market for sure. So, we do expect very healthy volume to come from there. But, as I said, you know, we'll just wait and watch for a quarter or two before we start releasing more numbers around that.

(Bridgette Jane): Okay. Yes, thank you. And I have just one last final question.

So, you mentioned, you know, you've added Axis Bank as one of your corporate clients this quarter. Could you give us a sense of how many, you know, large accounts you have in your corporate space right now?

You know, maybe ((inaudible)) gauge of your overall corporate client book or maybe as a ((inaudible))? Thank you ((inaudible)).

Dhruv Shringi: ((Inaudible)) what we quantify is about 800 large corporate customers.

(Bridgette Jane): Okay.

Dhruv Shringi: Now, all of these might not fall in the same bucket, but, you know, the definition that we have is on the SME side. We've got SMEs who spend less than \$10 million - sorry, 10 million rupees a year.

(Bridgette Jane): I see.

Dhruv Shringi: So, below that categorization is the SME. Above that, we start qualifying them for large. But on average, a large customer of ours will spend about \$1-1/2 million a year on business travel.

(Bridgette Jane): I see. And how many of those will you have right now? I mean...

Dhruv Shringi: So, as of today we have about 800.

(Bridgette Jane): Right, oh, so 800 of them which pay 1.5 million a year? Or which do business of 1.5 million a year? Is that right?

Dhruv Shringi: No. So, the 800 would not average 1.5. I'm just being a bit circumspect right now because if I give you an average, then you just, you know, you can backtrack into the volume of corporate ((inaudible)) which is something that we don't put out at the moment.

(Bridgette Jane): Sure, sure. Okay, I understand.

Dhruv Shringi: I'm sorry, (Bridgette).

(Bridgette Jane): Thank you. Those were all my questions.

Dhruv Shringi: Sure.

Operator: Thank you. Just a reminder, if you would like to ask a question, please signal by pressing Star 1 on your keypad. We will now take our next question from (John Hickman) of (Ladenburg).

(John Hickman): Hello. Thanks for taking my question. Could you talk to me about the outsourcing of your call center?

Since they're not in your direct control, is there any kind of risk there that those people aren't going to do what exactly you want them to do? Or they're not going to be as well trained as you had previously when you had complete control?

Dhruv Shringi: Hello (John). And that's a very good question, (John). And that's been a primary concern of ours over the years. And that's the reason why we haven't done this sooner.

So, while the cost opportunity has been there for a while in terms of cost savings, but what has given us the confidence to do this this time around is the fact that we've been able to build out a certain number of online automation tools and call center automation tools during the course of the last 12 to 18 months.

And the tools has helped us streamline the processes, standardize them to a pretty meaningful extent. And that ((inaudible)) confidence to outsource.

And obviously, there's a lot of tight monitoring happening around this. There are tight ((inaudible)) that we have in place with the vendors.

So, a combination of technology plus tight ((inaudible)) and monitoring with the vendors now gives us the confidence. But it's largely on the back of the automation that we've been able to do and streamlining the workflows that has now given us the confidence to go out and outsource.

(John Hickman): And you think that's going to save you \$2 million over the course of this year?

Dhruv Shringi: That's right. That's right.

(John Hickman): Okay.

Dhruv Shringi: Just in terms of absolute headcount costs, that should save us \$2 million.

(John Hickman): Okay. Then, the other thing is could you go over again, I know you said this a couple times, but I just want to make sure I understand. So, you consciously got rid of some low - I guess high cost, low profitability customers in your corporate travel side.

And then you eliminated some others because you didn't like their accounting. And then you also got rid of your physical stores. And that caused a decline in what otherwise would have been a stronger growth quarter. Do I have that right?

Dhruv Shringi: That's right, (John), yes.

(John Hickman): Okay. Can you elaborate on what didn't you like about, like, I don't think I've ever heard of somebody dropping a customer because they didn't like their accounting. But, can you elaborate on that one please?

Dhruv Shringi: (John), it wasn't really - (John), it's not the accounting but it's the tax position. So, in India -
- just to give you a bit of background -- there was a new goods and services tax, which was introduced in July of 2017.

And there was certain ((inaudible)) around that tax and how companies need to account for and transact between each other. So, it's talking more about the agency and principal relationship between customers and the airlines.

So, it's around that where the tax position taken by these companies was not in compliance with the tax position which was recommended to us by our auditors and by our tax consultants. So, if we were to adopt the tax position which these companies were adopting, we would have had to create an incremental charge in our PNL for the differential arising on account of these two tax treatments.

So, it was on account of that that we decided not to pursue these businesses, because we, you know, obviously don't want to carry that tax liability. And also, we don't want to, you know, risk running afoul with the government.

So, we work with some of the big four tax advisors in India. And we have decided to take a more conservative approach which has been outlined by them from a tax compliance point of view.

(John Hickman): Oh okay. And then the thought around giving up your physical locations. Why did you do that?

Dhruv Shringi: The physical location actually has been something that we've been evaluating now for the last couple of years. More and more customers are researching online.

(John Hickman): Yes.

Dhruv Shringi: And there is very limited walk-in now happening, from even a holiday purchase point of view. So, what actually happens now is customers research online and then they do large part of the fulfillment also online.

But things like document collection, you know, foreign exchange, visa, for those people ((inaudible)) how to do stuff like that, you don't really need to be in high street stores. You can service those document requirements from a back office as well.

And we've got - in different parts of our business, we've got some back-office locations in pretty much most of the metro cities and some of the tier-two towns in India. So, we thought there was a way for us to just move from a high street retail location and save the cost and combine our workforce into the back-office locations. Or at least a part of the workforce.

What we did end up losing was the little bit of sale which used to happen in these high street locations. There was still some sale which was happening, but just legacy sale was not enough to cover the cost structure now of the high street locations.

So, that was the reason for taking that call. We've lost a bit of holiday package sales, which used to happen from these locations. But we are fairly confident that that can be picked up in a matter of a quarter or so from the online channels themselves.

(John Hickman): Okay. Thank you. Appreciate it.

Operator: Thank you. We will now take our next question from (Gara Vrateria), from Morgan Stanley. Please go ahead.

(Gara Vrateria): Hey Dhruv. Congrats on good execution on profitability part.

Firstly, a question on the domestic air aviation market. You talked about the overall growth in the sector right around 12%. As a company, you would have maintained your share, you'll have gained share in the domestic air market. Any sense on that ((inaudible))?

Dhruv Shringi: In terms of our consumer direct business, we would have gained ((inaudible)) overall market.

On an overall basis, this time around I don't think we've got any market share gain in this quarter on the back of those one-time things that we just outlined.

But if you do, you know, ignore the effect of the one-timers, then obviously there is market share gain which has happened. Both in our consumer business and on a ((inaudible)) basis in the other parts of our business.

(Gara Vrateria): Okay. And what's your sense on this overall trend going forward? Do you think this volume growth could remain subdued for some time, at least in the first half of 2019 ((inaudible)) volatility in the market because of what's happening with the airlines?

Dhruv Shringi: If you've looked at the volume trends right now, and we think our industry growth rate in the early teens should be sustainable. So, it might not be the 20% number that we were witnessing in the early part of 2018 calendar year, but we do expect growth to still be in the teens, on the basis of, you know, new capacity, expansion, ((inaudible)) expansion that the airlines are undertaking.

It's also being aided by the fact that fuel prices have come up from the high at which they were in the month of September and October. So, that's giving the airlines a bit of flexibility from a pricing standpoint as well.

(Gara Vrateria): Right. What's your sense on, like, the ((inaudible)) are they moving up? And is that impacting the volumes? Or is there something else?

Dhruv Shringi: Well, the yield is definitely moving up. We've seen yields move up in this quarter as well compared to the previous quarter.

So, there is definitely some upward movement of the yields. And on the back of that upward movement in the yield, we've seen some volume come up, but that volume is now being more than made up by the increase in the gross booking value because of the higher yield.

(Gara Vrateria): Okay. One question on the domestic standalone hotel room nights. The growth was a little slower this quarter.

If you would be able to provide some color what the slowdown was led by which particular segment, the ((inaudible)) segment, the budget segment or the high segment? Any color on that would be very helpful.

Dhruv Shringi: Yes, so, on that side as well ((inaudible)) got impacted by one customer where on account of low margin business we decided to give up on that corporate customer. So, the decline of the - the relative slowdown is coming on the back of that.

Had it not been there, then the impact would have been about, -- I think I'm just trying to do rough math right now -- about 200 to 200 - yes, about 200 basis points higher. But, from an overall industry point of view, we don't see a meaningful slowdown out here.

I think, you know, next quarter onward, it should pretty much be back on track with the 25 to 30% number that we were looking at earlier.

(Gara Vrateria): Okay. And any color, like, the qualified 30% is driven majority by the budget segment? The high segment?

Like, where have you been more traction and if you were to divide it into two or three, you know, broad segments of high end ((inaudible)) budget?

Dhruv Shringi: Our growth is coming from the budget. And the mid and the high end are more limited from the budget. The budget segment where, you know, price group earning and competition continues to be intense. And given that we are driving cross sell from our corporate travel base, the corporate ((inaudible)) is more skewed to mid-segment and the high end.

(Gara Vrateria): Fair enough. Last question from me, Dhruv.

Just, on the budget segment, you guys had done a tie-up with the ((inaudible)). Any color on how that partnership has been panning out, and you know, has it been net ((inaudible)) to your overall growth or how have you been looking at that? Thank you.

Dhruv Shringi: You know, the impact of that on the ledger side has been marginal. You know, I don't think it's really had a very significant impact because the supply does tend to be tangible to a certain extent. And the net incremental of that is still fairly limited for us.

So, I'm not seeing, you know, in that category a tremendous amount of lift coming on the back of having one particular operator on the platform.

(Gara Vrateria): All right, thank you so much.

Dhruv Shringi: Sure.

Operator: Just as a reminder, if you would like to ask a question, please press Star 1 on your keypad.

It appears we have no further questions at this time. I would like to hand the conference back to our host for any additional or closing remarks.

Dhruv Shringi: I think we are good then.

Manish Hemrajani: Yes, thank you guys for joining the call today.

Dhruv Shringi: Thank you everyone.

Operator: This concludes today's call. Thank you for your participation. You may now disconnect.