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Operator: The following teleconferences is reported for Manish Hemrajani with Yatra, Thursday, November 1, 2018, at 7.30 a.m. Central Time. The conference is now being recorded. Ladies and gentlemen, thank you for your patience and holding. If you would please continue to hold, the conference should start in the next four to five minutes. Again, thank you for your patience and holding. The conference should start in approximately four to five minutes.

Good day and welcome to the Yatra Second Quarter 2019 Conference Call. Today's conference is being recorded. At this time, I'd like to turn the conference over to Mr. Manish Hemrajani. Please go ahead, sir.

Manish Hemrajani: Thank you, Brendan. Good morning everyone. Welcome to Yatra's fiscal second quarter 2019 earnings conference call for the period ended September 30, 2018. On the call with me today are Yatra CEO and Co-Founder, Dhruv Shringi; our CFO, Alok Vaish.

The following discussion, including responses to your questions, reflects management views as of today, November 1, 2018. 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, specifically preceded by words such as we expect, we believe, we anticipate or similar statements.

Please refer to company's filings with the SEC for information about factors which could cause our actual results to differ materially from these forward-looking statements. Additional information concerning these statements is contained in the Risk Factors section of the

company's Annual Report on Form 20-F 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 now turn the call over to Dhruv. Dhruv, please go ahead.

Dhruv Shringi: Thank you, Manish, and good morning everyone. I'm pleased to report that we've built on the strong start to fiscal 2019 with strong fiscal results in the second quarter as well. Our multichannel approach has enabled us to deliver another quarter of strong growth, with a meaningful improvement in our adjusted EBITDA loss in the quarter.

Our business platform and consumer business platform, both continue to deliver strong adjusted revenue growth. While a combination of improved efficiency in our marketing expense, and optimization in our cost base, helped us deliver a meaningful improvement in our adjusted EBITDA loss.

The integration of the ATB acquisition remains on track, and we expect about half of ATB's customers to migrate on to the Yatra platform by the end of calendar year 2018, which should enable us to realize the resulting cost synergies.

We remain confident of our ability to meet our growth objectives in this fiscal year, and deliver a meaningful improvement year over year in our adjusted EBITDA loss. We believe that our unique strategy of segmenting customers between business and leisure travel is powerful. It enables us to better capture the higher spend and loyalty of business travelers, while separately serving the more cost conscious and opportunistic leisure travelers.

We believe we are well positioned to capitalize on India's rapidly expanding travel industry. This multichannel approach drove our topline, with adjusted revenue up 23.7% year over year.

Operating efficiency is driving cost savings, enabling us to reduce our adjusted EBITDA loss by 19% year over year to \$3.2 million in the September quarter.

Marketing expense was around 50% of adjusted revenue. Furthermore, the integration of ATB, as I mentioned earlier, is on track, and we are beginning to realize the initial cost synergies. The full impact of this will start resulting from the next quarter.

Let me now review key operating highlights of the quarter. I'll touch on the general macro environment, then review air, hotel, corporate travel and some of the other initiatives in marketing and technology. We believe the aviation macro trends will remain favorable over the long term due to lower penetration and government impetus.

Despite some near term macro headwinds related to high fuel prices and currency effects, overall air traffic was up 17% year over year in the September quarter. Our own air ticketed passengers were up 22.1%, with gross bookings up 25.3% year over year, as we continue to take share on the back of our strong brand recognition and leadership position.

Drilling down, air ticketing adjusted revenue posted growth of 14.4% last year on account of lower air take rate of 5.7% versus 6.3% last year as a result of higher corporate business mix and higher air fares. This lower take rate however does not have any negative impact on our operating profitability, given the lower cost structure of the corporate travel side.

In addition, part of the drop in air take rate was made up by the increase in cross sell revenue, which is expected other - under other income, and grew 69% year over year, as we continue to work towards improving our tax rates for travel insurance and driving up advertisement revenue.

Now let's turn to hotels. We continue to be the leading platform for domestic hotels and home stays. And I'm pleased to announce that we now have over 100,000 properties on our platform as we added over 5,000 properties during the quarter.

Our hotel and packages business grew at a rate of 33.8% on an adjusted revenue basis, largely due to net revenue margin improvement of 210 basis points year over year to 13.7%, aided by gross booking growth of 13.6%. Standalone hotel room nights booked were up 30.2% year over year.

We're now just starting to realize the cross sell benefits in our corporate business, and we anticipate further progress along that front, as we continue to migrate legacy ATB corporate customers on to the Yatra platform. We saw some weakness in our holiday packages business, with packages passengers travel declining 15% year over year, largely on account of natural calamities that happened in the peak season in the high tourist states of Kerala and Himachal Pradesh.

We recently launched a very innovative Flexi Stay product for hotels in India. This product allows customers to book budget and premium hotels with any time check-in, check-out facility, while only paying for the time based usage of the room.

We introduced the product in September of this year. It is being offered in two of India's largest metro areas, New Delhi and Bangalore at this point in time, and two religious destinations I've shared ((inaudible)). We will also start this year offering these packages and these products to our business travelers, driving meaningful savings in their travel experience.

The most business travelers who travel for one night today pay for full room charges, while only utilizing the room for 12 to 14 hours. With Flexi Stay, they can simply book a hotel from 8 p.m. in

the night till 11 a.m. the following morning and pay just 70% of the full night price. That's a direct saving of 30%.

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 by consumers. As such, by being the leader in business travel, we believe that we are positioned to capture some of the most attractive target group of customers in India, as they make their first online travel purchase.

Corporate travel demand also tends to be less price sensitive when it comes to fare hikes, an important characteristic when considering those near term headwinds I mentioned earlier. We believe we are the largest corporate travel provider in India in terms of gross bookings.

Corporate travel opportunity in India in our mind is the more exciting and larger opportunity in travel in front of 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 travel segment. First, we continue to strengthen our presence in this segment. For example, we recently announced some key customer wins, with the largest one being Airtel, one of India's leading wireless telecom providers. We now have well over 700 corporate customers using Yatra for their corporate travel needs.

Secondly, while our recent partnership with Chrome River, a leading provider of expense management services in the US is still in the early stages, we are starting to see some traction in customers opting for a bundled product with Chrome River expense as part of an integrated travel booking and expense solution with the Yatra Self Book platform.

I'm very excited to report that our first customer with the bundled Chrome River expense solution, is expected to go live in early December. With that, I would like to take this opportunity to congratulate the technology team that's been working so hard at integrating the Chrome River solution within the Yatra corporate travel platform.

Speaking of Self Book, our online Self Book platform adoption continues to grow very nicely. About 55% of Yatra's organic corporate business transactions are completed on the Self Book platform, up from 50% last quarter. Also, we continue to successfully migrate customers from business travelers to personal travelers. This number grew over 100% year over year.

Let's now turn to some other business highlight. As I mentioned earlier, I'm pleased with the progress we've made so far with the ATB integration. We expect about half of ATB's customers to migrate on to the Yatra platform by the end of calendar year 2018, which has enabled us to realize cost synergies. We believe that there is a low hanging opportunity to cross sell Yatra's hotel platform and inventory to the combined over 700 strong corporate customer base.

Moving on to the corporate Self Book tool which we launched for SMEs earlier this year, our customer base there has grown 50% sequentially in the last quarter alone, with now over 12,000 SMEs using our platform for their travel needs.

And mobile traffic continues to garner the largest share of our overall traffic, with 80% of our traffic during the quarter coming from mobile devices. Our organic mobile app downloads have now crossed the 16.1 million mark, 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 with the integration of ATB, I would also like to share with you some of the other steps that we're taking to optimize our cost.

We recently completed the outsourcing of our call center operations, which we believe could result in cost savings of around \$2 million per year.

In closing, with our high brand recall, 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'm 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 very pleased with our performance during the quarter ended 30 September 2018. Let me step you through the key financial highlights, starting with the income statement.

Our adjusted revenue grew by 23.7% year over year to INR 2.1 billion, or \$28.9 million. We also recorded a reduction of 27.9 million INR or 0.4 million USD, which was related to the timing and recognition of revenue required by IFRS 15.

Without considering the impact of this reduction in revenue, our adjusted revenue would have been \$29.3 million for the current quarter, as compared to \$28.9 million. Gross air passengers booked were 2.67 million. That represents year over year growth of 22.1%. Standalone hotel room nights booked were 577,000, representing an increase of 30.2% year over year.

Adjusted revenue from our air ticketing business increased by 14.4% to 1.37 billion INR, or \$18.9 million in the current quarter. This growth was driven by a 25.3% increase in gross bookings to 24 billion rupees, or 331 million USD in the current quarter.

Gross bookings growth was offset by a decline in our net revenue margins to 5.7% versus 6.3% in the year ago quarter, due to a change in business mix in favor of B2E business and slightly higher domestic fairs. Corporate business has a lower net revenue margin, but significantly better economics due to negligible marketing and sales promotion expenses and payment gateway costs.

I would also like to highlight that our net revenue margin in the air ticketing business in the current quarter, increased from 5.2% margin in the sequential previous quarter.

For hotels and packages, our adjusted revenue for this segment was up 33.8% year over year to INR 428 million or \$5.9 million in the current quarter. This growth was driven largely by our net revenue margin improvement to 13.7% from 11.6% last year, with gross bookings growth of 13.6%.

Our net revenue margin in the current quarter increased from 12.9% margin in the sequential previous quarter. Other revenue, including other income, grew by 69.4% to INR 295 million, or \$4.1 million, from INR 174 million in the prior year quarter.

Moving on to expenses, marketing and sales promotion expenses decreased by 76% to INR 199 million, or \$2.7million in the quarter, from INR 828 million, or \$11.4 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 expense support have been INR 1.05 billion, or \$14.5 million, which is 50.3% of adjusted revenue, similar to the ratio that was in Q1 of this fiscal year.

Our personal expenses decreased by 7.7% to INR \$660 million, or \$9.1 million in the current quarter, from INR 715 million, or \$9.9 million last year. The decrease was primarily due to a decrease in employee share based payment expense to INR 78 million, or \$1.1 million in the current quarter, from INR 184 million or \$2.5 million in the prior year quarter. This was partially offset due to be impact of consolidation of ATB.

Personnel costs as a percent of adjusted revenue declined to 31.5% for the current quarter, versus 42% in the prior year quarter. Other operating expenses increased by 89% to INR 1.2 billion, or \$16.2 million in the current quarter, from INR 624 million or \$8.6 million in the prior year quarter.

The increase is primarily due to a re-measurement of contingent consideration of INR 485 million for the acquisition of balance ATB shares. The increase was in payment gateway expenses and commission, both due to increase in business volume and the impact of consolidation of ABP.

Based on these factors and operating efficiencies, adjusted EBITDA loss has decreased by 19% year over year to INR 233.6 million, or \$3.2 million in the current quarter, from INR 289 million or \$4 million in the year ago quarter.

Turning to liquidity, our cash position remains strong. As of September 30, 2018, the balance of cash and cash equivalents in term deposits on our balance sheet, was INR 5 billion or approximately \$68.3 million. This obviously is converted at the current exchange rate of 72.54 versus the prior quarter's number was at the exchange rate of 68.5.

In conclusion, we're positive on the Indian macro environment. We see solid growth potential in air and hotels industry and believe we are uniquely positioned with a strong presence in market leadership in the corporate travel. We reiterate our guidance for fiscal '19 of over 20% growth in

adjusted revenue, with a meaningful improvement in our adjusted EBITDA loss on the back of efficiency in marketing spend and leveraging operating costs.

This concludes our prepared remarks. We can now open up the lines for Q&A.

Operator: Thank you. If you would like to ask a question, please signal by pressing star one 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 our equipment. Again, press star one to ask a question. We'll pause for just a moment to allow everyone an opportunity to signal for questions.

The first question will come from Jed Kelly with Oppenheimer. Please go ahead with your question.

Jed Kelly: Hey, good morning everyone. Thanks for taking my question. Yes, I guess my first question is, it looks like your marketing sales and promotion, when you do all the add backs, was up about 27% year over year despite the continued strength in the corporate business.

I think your competitor, I mean they grew their sales and marketing I think in the low single digits. So can you just talk about some of the puts and takes around the increase in marketing expense this quarter?

Dhruv Shringi: Yes. Jed, let me take that. Just in terms of, you know, by way of comparison, I think last year's same quarter was a quarter where from a marketing point of view, we were just coming off the back of a big brand campaign in the previous quarter. So it was very light from a marketing point of view.

So there is a bit of base effect which is there, but if you look at from a sequential point of view, you'll see that, you know, there is sequential improvement in terms of marketing spend which has

happened. The other thing which is also there, it is a bit of one time out here. We had the brand and the Yatra launch anniversary in the month of July, August. 1st of August is the launch of the Yatra Brand.

And during that phase this year, we had done a bit of incremental marketing around that from a consumer promotion standpoint. So there's a bit of that as a onetime thing, but otherwise if you were to look at sequentially, you'll see that marketing continues to be optimized quarter on quarter.

Jed Kelly: Oh, okay. Yes, it's just high I guess still, I know just given the strength in your corporate segment. And I mean, do you ever think about exploring marketing partnerships or partnerships in your core OTA segment given - and leveraging the Yatra brand just given the strength of your corporate segment?

I mean by my math, that - the corporate sector is probably doing what this year, 8 to 10 million of EBITDA? You know, that's pretty solid and a nice story. And then, you know, I would think you might be able to get some leverage with a partnership. Just how do you think about that?

Dhruv Shringi: Sure. That's an interesting observation, Jed. I think that's something that we continue to explore options around. There is some work which is going on in terms of partnerships around leveraging our brand with some other players in the sector.

It's maybe a bit early to give more details around that, but hopefully as ((inaudible)) in the current and the next quarter, we'll start sharing more details around that. But that's definitely something which is actively being explored by us.

Jed Kelly: Okay. And then just on the guidance, net revenue about 20%, so sort of in that low 20% range. I mean, should we still expect fast expenses, the overall fast expenses to grow and

maybe over to the high single digits? I mean just how should we think about sense of topline and bottom line guidance?

Dhruv Shringi: So as we've guided, we continue to be positive and confident that we will grow at early 20s in terms of our revenue less service cost. And on the cost side, we continue to see improvements, right? We also just recently announced the outsourcing of our contact centers. That should save us a couple of million dollars a year and on a full year run rate basis.

Plus there are some other measures which are also being taken to optimize both marketing. And on marketing spend, there is work that's going on in terms of the integration of the ATB business within our business and their customers migrating onto our platform. In fact, a large chunk of their customers migrated this morning on to the Yatra platform.

So we do expect cost synergies to be there and meaningful ones to start developing from the Jan, Feb, March quarter of calendar year 2019. So I think all in all, we are very confident about getting to our revenue guidance and also seeing a very meaningful improvement in our operating EBITDA.

Jed Kelly: Okay. And then you said half the ATB customers are going to migrate by the end of the fiscal '19. Was that just then the other half migrates after fiscal '19? That's not a churn rate, correct?

Dhruv Shringi: No. What I said was they will migrate by end of calendar year 2018. So half will migrate by the end of calendar year '18 and we expect 80, 85% of them to migrate before the end of fiscal year 2019. So there will be maybe a few customers who will remain outstanding because these customers have some unique requirements which will need to be built specifically for them, but barring those few customers, everyone else from ATB should be on the Yatra platform by the end of this fiscal year. So 50% before December 2018 and another 35 to 40% before March 31 of March 2019.

Jed Kelly: Okay. And then one final one for me. ATB, are there any more earn out payments you're going to have to make over the next 12 months?

Dhruv Shringi: The last payment for that will get made in the next few days. We expect this to happen within the current quarter itself. Beyond that, there won't really be any other payout.

Jed Kelly: And how much of that?

Dhruv Shringi: So there's one payout only. There's one payout only and that payout will be in the range of 1 to \$20 million.

Jed Kelly: 15 to 20 million.

Dhruv Shringi: That's the same payout, Jed, that we've been talking about all along. There isn't any other payout apart from that.

Jed Kelly: Okay, makes sense. All right. Congrats on the quarter and thank you.

Dhruv Shringi: Thank you. Thanks, Jed.

Operator: Thank you. Once again, if you would like to ask a question, please press star one. We will take our next question from Mark May with Citi. Please go ahead.

Mark May: Thank you. Thanks for taking my question. Apologize if it's been covered already, but if you could talk a little bit about your confidence level in terms of, you know, being able to continue to meet your kind of breakeven targets this year.

I'm sure there's - you know, there's a lot that goes into that in terms of the competitive intensity on the consumer side of the business and whatnot. But maybe if you could just speak to your level of confidence and some of the key reasons why you're confident, if you still are.

And on the business travel side, I don't know if it's possible to talk a little bit about, in the quarter, you know, the pace of new customer wins, as well as kind of trends in average spend per existing customer. That would be helpful too thanks.

Dhruv Shringi: Sure. So in terms of, you know, the path to breakeven, we continue to make strong progress towards that. If you look at even sequentially quarter on quarter, in the previous quarter at current exchange rates, I think a loss would translate into something in the range of 5, \$5.5 million. From that \$5.5 million, it's come down to about \$3.2 million in the current quarter.

Now, agreed that seasonally this is the weakest quarter in terms of our growth spending on, but directionally we continue to see meaningful improvement quarter on quarter in terms of our operating loss. And this trend we expect to continue.

We should see this happening in the subsequent two, three quarters as well as we get to breakeven, which we are targeting in the quarter of April, May, June of 2019. Now obviously, Mark, as you rightly pointed out, there are some macro trends as well that need to be taken into account, but given the macros that we see right now and the overall trajectory of the business, we feel fairly good about that. We continue to be able to optimize on our cost base.

We're able to get efficiency on our marketing spend. We're able to get new customer wins, and that momentum continues to be fairly strong in terms of new customer wins on the corporate travel side, and likewise on the SME side.

So both of those continue to have very strong tailwind behind that. And on that front, I think that should see us through in the next three quarters like we're looking at to get to that breakeven number. In terms of average spend on the corporate travel side, on the average spends, we haven't really seen any material movement on that Q1, Q.

We've seen air ticket prices begin to firm up slightly. So we're seeing maybe a couple of percentage points, so 2, 2.5% of increase in terms of air fare yield year over year. But on the whole, the trends continue to be fairly similar to the previous quarter.

The underlying macroeconomic growth in India continues to be very strong, and we think as we get into the election year, which is going to be next year, we will see increased spending happening by certain sectors of the economy. So these are sectors like for example trains.

We see telecom being another sector where there will be continued investment that will continue to happen. There'll be more growth over there. And these sectors, along with, you know, sectors like consulting where we are very strong and we've got all the big four accounting firms. We've got people like BCG on our platform, we think from there we will continue to see significant growth in the corporate travel expense.

The other part which is there is the SME part. Today, we've got about 12,000 odd SMEs on our platform. We want to - we've got ambitious plans for this sector. We do want to scale this 12,000 number up to 100,000 in the course of the next 12 months. So I think that's something that we are very excited about, and we see very strong tailwinds in that sector as well.

So on the corporate side on the business, I will say I think we've got things firmly aligned. Well, I think at least continued growth over the next few quarters. I think we've got enough visibility on that.

Mark May: Thank you.

Dhruv Shringi: Thank you.

Operator: If you find your question has been answered, you may remove yourself from the queue by pressing star two. The next question will come from Erya Sen with Jefferies. Please go ahead.

Erya Sen: Hey. Hi. Good evening team. Thanks for taking my question. Firstly, if you could comment on the competitive intensity specifically given that (OYO) has raised a lot of funding on the budget hotel side. And on the air ticketing and B2B side, I think MakeMyTrip in its recent call talked of becoming more active on the B2B side. You know, keeping these in perspective, if you could talk about how you see competition.

Dhruv Shringi: Sure. Hi Erya. So with regards to OYO, OYO continues to invest behind improving the quality of their supply. We've seen them being fairly active in terms of pretty much generating hotels end to end, so the properties that they're taking on, they're doing an intensive amount of CAPEX in terms of improving the quality of that supply.

So from that perspective, we think it's a good thing for the overall market where the quality of the supply improves and it helps drive online adoption. But in terms of the overall landscape, I don't see them being the person who's disrupting the pricing in the ecosystem.

I think that's not the OYO of today. OYO used to be like that maybe about a year or two ago, but that's not the approach that they seem to be taking today. Plus from what we've been given to understand, a fair bit of this incremental raise that they've done, will be deployed in other markets.

So markets like China, UK, Middle East and some of the other Southeast Asian countries that they are entering into. So from that perspective, I think there is for the quarter at least, has been relative sanity on the competitive landscape.

On the air ticketing side, while MakeMyTrip did talk about their endeavor and their foray into the B2B market, we've seen them maybe be more active on the SME side. In terms of the large corporate, I think that's a very different play. That's more of a SaaS platform play.

With their - the degree of customization and the platform required is quite different. It's a platform that needs to be able to handle complex approval process mechanisms, policy compliance, have very deep rooted MIS side and the boarding features, billing and reconciliation tools, all of those things are there.

So it's much more of a platform play, and that's not something that we've seen MakeMyTrip launch in the market. So we haven't really seen any competition from them in the large corporate space. On the SME space, yes, we've seen some efforts from them on the SME front. But the SME market itself is an extremely large and fragmented market.

And I think we today have a very large distribution network on the B2B side. We've also got almost 21,000 agents who are using our platform and reselling to SME customers. So I think we feel very good about the base that we've built on the on the B2B side.

Erya Sen: Understood. If I could just follow up on the large corporate side. So how will these deals work? I mean what - to win a deal from large corporate customers?

Dhruv Shringi: Sure. So large corporate customers will typically go through an RFP process, and on the back of that, sign up deals for the mid to long term. And out here, the dealers run on the back of the technology platform. That's largely our play more than just pricing.

We focused on two things. One, the technology itself, and two, the quantum of domestic hotel content that we bring to the table. So for some of our key customers, the breadth of hotel inventory is very important. So when I look at some of the large Indian conglomerates today, they have large field sales teams.

So take the case of let's say a telecom operator. The telecom operators will have 15, 20,000 people in the field. Now, these guys are travelling to far off corners of India, not staying in four and five star hotels, but staying in budget hotels.

So given the fact that we've got today 100,000 properties on our platform, and by far the largest chunk of budget hotel inventory across the country, that gives us a very strong foothold when we go pitch our product proposition. In addition, we've now got the partnership with Chrome River. So it's like a full platform approach and a one stop shop that we offer to the customer.

It's not that, you know, you do your flights somewhere else, you do your hotel somewhere else. Here you can do your flight, hotel, cab, your expense management, your insurance, everything bundled into one platform, that then seamlessly flows and connects into the ERP systems of the organization, and will push to from a billing and reconciliation point of view.

So it's an end to end integrated platform that we provide to corporate travelers, not just for booking, but from end to end booking to approval process mechanism, the policy compliance, to billing and reconciliation.

Erya Sen: Understood. Last question. On the air ticketing side, have you seen any impact on the pressure on the airlines, you know, given the pressure on the profitability? Of course you've talked about some of them hiking prices a little bit, but have you seen any impact of that on volumes yet?

Dhruv Shringi: No. Volumes, if you took at the overall industrial volumes, they still continue to hold strong. The September quarter also had 17% growth year over year in terms of volume. So the volume continues to be strong. I think there's some pricing action that the airlines are taking, but it hasn't really been a very sharp pricing action that's been taken by anyone.

I think the thing to take into account, Erya, is also the fact there is a lot of incremental capacity that is still coming into the country. And on the back of that capacity, it's hard to take every sharp pricing action. So I think the pricing action will be more gradual in nature, as opposed to be a sharper one. And that gradual pricing action will ensure that from a passenger volume point of view, the volumes continue to rise steadily.

Erya Sen: Understood. That totally makes sense. Thank you so much.

Dhruv Shringi: Thank you.

Operator: Thank you. As a reminder, to ask a question, it is star one. The next question will come from John Hickman with Ladenburg Thalmann. Please go ahead.

John Hickman: Hi. I was just going to ask the same question about the air traffic. Could you elaborate a little bit more on like how the initiatives, the governmental initiatives are going to bring on this capacity? Is that working out as you expected, et cetera?

Dhruv Shringi: Sure. So on the government side, the government is focused quite actively in terms of improving airport infrastructure. I think that's been one of the key things that we've seen the government do. We've seen them continue to expand the number of airports. And then the airlines on the back of that, are expanding the city fare connectivity.

And actually, fare connectivity today is not just limited to tier one market, but it's going deeply into tier two, tier three markets as well as these new airports are coming up. So I think we're seeing a strong build up. In fact, you know, if my memory serves me right, I think there's a 22% increase in city fares this year versus last year. So we continue to see strong overall growth in the physical infrastructure in the economy.

In terms of air ticketing volume also, the volume growth continues to be strong year over year till now. It's been almost 20% for the quarter as well. The air ticketing volume growth was about 17%. So I think all in all, from that perspective, the overall macro trends continue to be very strong for the aviation economy in India.

John Hickman: So could you talk a little bit about this? I mean I was kind of thinking somewhere in like the low 20% and they came in at, you know, 17. Could you talk a little bit about that kind of softness there?

Dhruv Shringi: Sure. So there's a bit of softness which did happen. Part of it was also happening because certain aircraft had to be grounded. A couple of the airlines are having some issues with Airbus Neo aircraft that they've taken delivery of. And on the back of that, there was some airline capacity that got taken out as these aircrafts got grounded for a period of time.

So that's part of the reason why you see this number being lower than the 20% number. We do expect that, you know, as that capacity comes back, as those engine issues continue to be fixed and some of those aircrafts getting deployed back in, we should see that growth coming back.

Also, just to highlight, the 17% number is the blended average number, right, for domestic and international. If you were to look at the pure domestic number, that pure domestic number again would be 20%. So the 17 is the blended number for domestic and international.

John Hickman: Okay, thank you. That helps.

Dhruv Shringi: Yes.

Operator: Thank you. The next question will come from Andrew Carreon with University of Notre Dame.
Please go ahead.

Andrew Carreon: Hi Dhruv. Thanks for taking my question. Just want to say, thanks for the kind of increased transparency on the corporate business. Sounds like quite a gem of a business that you've got there. The Flexi Stay is pretty incredible. It's something I've never seen before and kind of paper consumption makes a ton of sense.

The question I had was around the outsourcing of the call center. You mentioned kind of a cost savings of 2 million a year. How are you thinking about - you know, obviously this is a business where the customer experience is incredibly important for retention.

You guys have done such a great job on the app side of things, driving customer experience, how are you monitoring when you outsource kind of the quality of customer experience?

Dhruv Shringi: Sure. That's a very good question, Andrew, and thank you for your earlier comments as well. This has been our biggest concern and part of the reason why until now we haven't really outsourced the call centers. What has transpired over the last 12, 18 months now, the way technology is evolving, it's allowing us to build products around chat based solutions.

It's allowing us to build products which are using natural language search to be able to come up with much better responses to customer queries. So we're able to standardize to a greater extent, the work that an agent needs to do in responding to the customer.

And given that you're able to bring in that standardization, it then becomes easier for you to outsource that process. Earlier, in the environment which we were in, we did not really have the standardized tools available with us to be able to, you know, have that confidence to outsource it to a third party.

This time around, that's the big difference, that over the course of the last 12 months, we've been working on numerous such tools, tools that we've been working closely with Google on. We've worked with a couple of companies out of Israel who are working on some of these natural language search products.

So these tools and chat bots have actually helped us standardize the customer servicing process to a significant extent, and that's what's given us the confidence now to outsource.

Andrew Carreon: Great. That's really helpful. As you think about the corporate side of the business, you know, obviously that's a business that requires capital to grow, unlike the B2C side. Even though your fundamental operating metrics have been really fantastic, the share price obviously has not responded.

How do you think about your liquidity position given the payments to ATB, you know, coming out of spending basically 5 million on operating loss and, you know, just given how, you know, raising shares at, you know, 550 and now with the price lower than that, how do you feel about your confidence going forward with your capital right now?

Dhruv Shringi: Sure. So in terms of capital, as Alok outlined, we've got about 68 million of capital. We have a payout of 15 odd to 20 million which is there. But this capital also for manufacturing, there is a working capital buildup that has happened due to some onetime steps which are there.

There is some receivable which is there from airlines, and that will then start coming down in the current quarter. So on an ongoing basis, we expect the operating loss to come down and the incremental working capital requirement to also come down. So all in all, we expect that we will be consuming about 5 million of cash a quarter, 5 to 6 million of cash a quarter now for the next few quarters, before it comes down even further.

We're also exploring some other payment solutions because a large part of the working capital build up which is there is the corporate customers. There is an increasing trend within the corporate customer base as well to move towards BTA and CTA cards. These are credit cards, like - things like American Express and Citibank, which are business travel cards.

And by moving on to these card platforms, they free up a lot of working capital for us. There is obviously a small charge which is levied on these, but the kind of operating margin that we're working on and our confidence on the cross sell opportunity which lies ahead of us, we think we can easily absorb that cost without having any significant impact on our operating margins.

So that's something which is work in progress right now, and if that really does get the traction that we target to get, it will free up a lot of our working capital requirement as well. So the capital consumption which is there, should not really be on an operating basis.

There will be working capital consumption, but I think as I mentioned for that, we're working on alternative solutions, which we should be able to put in place over the next two quarters. So all in all, we feel fairly confident about the cash position that we have right now.

Andrew Carreon: Great. That's really helpful. Maybe one last question. Going back, last year in the presentation, you know, you broke out on the B2C side of the business kind of average transaction per customer. And then, you know, like 1.7 transactions for the new customers, and then roughly 3.5 transactions per repeat customers in a given year.

How are you thinking about, just given how much you're spending on marketing and how many customers you're acquiring a year, and kind of a return on marketing spend, is it something that you're seeing positive return on spend right now, or are you kind of investing at a negative right now to just play the long game to have those customers down the road?

Dhruv Shringi: So in terms of the increase in customers, we continue to see strong growth in terms of overall customers. We today have 83 million customer - sorry, 8.3 million customers who have transacted with us. And our customer growth is growing at like 25 odd percent.

So on the whole, you know, commensurate with the kind of spends that we are making on customer acquisition, and the spends that we're making again need to be looked at by category. On air, our customer acquisition is very healthy positive. In terms of hotels where the online penetration is low, the customer spend used to be very heavily negative 12 months back.

But quarter on quarter, we worked on optimizing that spend, and I think we're getting that pretty close to breakeven now. We still aren't there yet, but our endeavor is that over the course of the next two to three quarters, we want to get that also down to breakeven.

So overall from a customer lifetime point of view, and even just factoring in the spends that customers are doing on a rolling 12 month basis, we are pretty close to breakeven on the customer side.

Andrew Carreon: Great. I really appreciate the detail. Thank you.

Dhruv Shringi: Sure.

Operator: Thank you. Speakers, there are no further questions at this time. I'll turn the conference back over to you.

Manish Hemrajani: Thank you everyone for joining the call today. If you have any follow up questions, please feel free to reach out. Thanks again.

Dhruv Shringi: Thank you.

Alok Vaish: Thank you.

Operator: Thank you. Ladies and gentlemen, this concludes today's event. You may now disconnect your lines.