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MMYT - Q4 2019 MakeMyTrip Ltd Earnings Call

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## PRESENTATION

### Operator

Good day, ladies and gentlemen, and welcome to the MakeMyTrip Limited Fiscal 2019 Q4 and Full Year Earnings Call. (Operator Instructions) And as a reminder, today's conference call is being recorded. I'd now like to turn the conference over to Jonathan Huang, Vice President of Investor Relations. Please go ahead.

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**Jonathan Huang** - *MakeMyTrip Limited - VP of IR*

Thank you. Greetings, and welcome, everyone to MakeMyTrip Limited Fiscal 2019 Fourth Quarter and Full Year Earnings Call.

I would like to remind everyone that certain statements made on today's call are considered forward-looking statements within the meaning of the safe harbor provision of the U.S. Private Securities Litigation Reform Act of 1995. These statements are not guarantees of future performance and are subject to inherent uncertainties and actual results may differ materially.

Any forward-looking information relayed on this call speaks only as of this date, and the company undertakes no obligation to update information to reflect changed circumstances. Additional information concerning these statements are contained in the Risk Factors and Forward-looking Statements section of the company's annual report on Form 20-F filed with the SEC on June 20, 2018. Copies of these filings are available from the SEC or from the company's Investor Relations department.

Today, we are joined by Deep Kalra, MakeMyTrip's Founder, Chairman and Group CEO; Rajesh Magow, Co-Founder and CEO-India; and Mohit Kabra, MakeMyTrip Group CFO.

And now allow me to turn the call over to Deep to begin today's discussion.

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**Deep Kalra** - *MakeMyTrip Limited - Founder, Group Chairman & Group CEO*

Thank you, John, and welcome, everyone, to our fiscal 2019 fourth quarter and full year earnings call.

I would like to begin by commenting on the recent announcement regarding Ctrip who, by virtue of acquiring Naspers' holding in MakeMyTrip, will become our single largest shareholder. We believe this transaction, which is subject to regulatory approval, demonstrates Ctrip's strong conviction of our growth prospects, appreciation of our achievement and confidence in our team's execution capability. The enhanced partnership has the potential to widen our competitive advantage in outbound travel and scope to foster greater travel and tourism between our 2 countries.

We are excited about opportunities for greater collaboration especially as we endeavor to provide a best-in-class experience, along with an increasing choice of global flights, hotels and other travel services for our Indian customers.

I would also like to reiterate our optimism for MakeMyTrip's long-term growth opportunities. To begin with, India is forecasted to enjoy the fastest-growing GDP when compared to other large economies globally for the foreseeable future. The country's much improved digital ecosystem, coupled with a very young population, is helping quickly change consumers' buying behavior towards convenient online platforms. According to a recent McKinsey report, data costs in the country have fallen by 95% since 2013 and total online users will grow by another 40% to cross 750 million by 2023, driven by the continued adoption of smartphone usage.

In terms of travel growth, industry experts have forecasted India to become the third largest aviation market by 2022, and there are plans to double the number of operational airports over the next 20 years. Similarly, the country's accommodation and intercity bus bookings are expected to keep moving online rapidly given the low online booking penetration levels today.

While our long-term growth opportunities remain intact, I would like to call out some of the short-term industry headwinds we are facing today. The temporary slowdown we've seen this quarter has been caused mainly by a reduction of capacity and ultimate fleet cessation of Jet Airways operations in April. However, we are encouraged by the actions taken by the Ministry of Civil Aviation to help control fare increases by allocating vacated gate slots to the remaining airlines and fast tracking the process for carriers to absorb idle fleet capacity. In fact, based on forecasted fleet capacity additions, the domestic air market should recover a majority of the lost capacity in the next few quarters and gradually trend back towards historical growth rates. As a result, we are expecting domestic air travel growth to be impacted in the first half of the new fiscal year, but anticipate demand to rebound in the second half of the year. Meanwhile, we remain focused on driving high growth and share gain in key underpenetrated travel segments, like domestic hotels, outbound travel and bus ticketing.

Now I'd like to share some of the achievements made during the last quarter of fiscal year 2019.

In Q4, we continued to promote our brand and drive increased online awareness to new users with creative and sharply focused marketing campaigns for domestic and outbound travel. Our comprehensive outreach efforts have yielded a 28% and 26% year-on-year growth in searches and unique visitors, respectively, across our platform and brand.

In Q4, we also reached a new milestone of over 39 million transacted life to date customers across our platforms, which was a growth of 28% year-on-year. I'm also excited to share that we are starting to see great traction with our co-branded credit card program with ICICI Bank, one of India's largest private banks that has over 13 million members. Our co-branded signature and platinum cards offer users compelling travel benefits like auto enrollment into our MakeMytrip Black and MMT Double Black loyalty program, flight and accommodation offers, spend-linked rewards and airport and railway lounge benefits. The acceptance of these cards has been highly encouraging as 150,000 cards have been issued [until today], helping us to drive customer loyalty to our brand, while offering us expanded customer reach. Significantly, over 1/3 of the cardholders are first time ever customers on the MakeMyTrip platform, underscoring the future customer acquisition potential of this program.

During the quarter, we also enhanced our loyalty programs by making them more rewarding for users. Now members can earn even more points as they spend more with us. We've also added more partner redemption options to make the program more flexible. Today, over 1 million enrollees of MakeMyTrip Black and 83,000 Double Black members are rewarding us with greater number of transactions and higher repeat rates than nonmembers.

For brand Goibibo, our goRewards program crossed over 1.9 million registered users. These users are earning rewards by helping us make the platform experience more relevant and social for other shoppers. We've also been encouraged by the success of this program as it's driving high engagement and repeat rate as intended.

Lastly, our foray into local activities and experiences has continued to expand. As shared on our last earnings call, our goal is to help acquire new users, enhance usage frequency and drive stickiness on our apps. Today, we offer 2,600 activities and experiences bookable online on our platform. And we have plans to add more, both domestically and overseas. While this vertical is fairly new, we're already seeing meaningful cross-sell of hotels and flights taking place from new users acquired via our activities offering.



In closing, I'd like to share our approach to the corporate travel market opportunity in India. As you may recall, we have launched myBiz product several quarters ago. myBiz is designed to address the underserved needs of the small, medium enterprise market. Recently, we've also accelerated our efforts to meet the demands of managed corporate travel with our investment in Quest2Travel, an online-based corporate travel management company. The team at Quest2Travel has built an online enterprise trade corporate travel solution that is already serving a host of large and reputed Indian corporates today, including Tata Motors, Aditya Birla Group, Times Group, HDFC ERGO and Thermax, among others. We are enthused about this transaction as the corporate travel market is an attractive opportunity, and this allows us to participate with a world-class online enterprise system, along with myBiz, to address the needs of the entire travel market in India.

With that, I'd like to turn the call over to Rajesh.

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**Rajesh Magow** - *MakeMyTrip Limited - Co-Founder & Director*

Thanks, Deep. Thanks, Deep. And hello, everyone.

I would like to begin by reviewing our full fiscal year 2019 strategic goals and achievements while later, Mohit will share a more detailed update on our fourth quarter financial performance.

At the beginning of the last fiscal year, we set out to drive rapid online growth while achieving more efficiencies in marketing and sales promotion spend. This included investing for growth in key segments, including domestic hotels, outbound flights and hotels and bus ticketing. We also wanted to extend our already strong market share in mature segments like domestic air ticketing by continuing to offer better product experiences with rapid innovations to make travelers' lives easier and frictionless.

As you can see from our full year results, we've been successful in achieving our growth objectives, widening our leadership position and also narrowing operating losses meaningfully for the fiscal year, while continuing to invest for the long-term growth.

For our full fiscal year 2019, the MakeMyTrip Group achieved gross bookings of over \$5.4 billion, representing a constant currency growth of over 28%. Our adjusted revenue grew by over 26% on a constant currency basis to more than \$673 million. The growth, and scale achievements and enhanced marketing efficiencies have allowed us to reduce full year adjusted operating losses from \$154.8 million in fiscal year 2018 down to \$98.8 million in fiscal 2019, a reduction of over \$56 million year-over-year.

During the past year, we also logged more than 25.9 million room nights stayed in our stand-alone online hotels business, a growth of over 23%. From a supply standpoint, we have expanded the choice and selection for customers to over 61,500 properties bookable within India, which includes 16,000 alternative accommodations. During fiscal 2019, alternative accommodations have been a growth focus for us as well. And I'm encouraged to see that the average daily room nights booked from alternative accommodations doubled from a year ago and now represent mid-single digits share of our overall platforms room nights. In line with our outbound growth strategy, we have also gone outside of India to directly contract with over 7,700 properties, which are responsible for 60% of all our international hotels booked in key destinations.

In our air ticketing business, our customers have flown more than 39.4 million flight segments during the year, representing segment growth of over 18%. This achievement was driven by our ability to achieve above-market growth in the domestic air market and allowed us to attain an all-time high market share.

Additionally, we have seen early successes in shifting the largely off-line outbound air market online, which had been contributing to overall segment growth rate in recent quarters.

Lastly, our bus ticketing business has also registered strong momentum with over 61.4 million tickets traveled for the full year, representing growth of more than 55%, making our redBus brand the clear leader in online bus bookings across India today for both users and bus operators.

Now let me highlight some of our latest product enhancements, driven by tech innovations which have continued to elevate our users' overall experience with MakeMyTrip and Goibibo. I am happy to share that we've introduced a revamped MakeMyTrip desktop site which caters to premium



travelers. High-spending customers continue to utilize the rich content and features that (inaudible) to shop and book their travel. These customers, along with app users, are also receiving very customized search results. At the same time, we've also introduced a new hotel shopping tool to help users compare similar hotels based on price, cancellation policies, deals and distance to key locations.

As for Goibibo users, we've added more hotel attributes to our content to make discovery and booking of the right hotel easier in order to drive higher conversions.

As for alternative accommodations, we've also made discovery of properties easier on our platform and provided useful tools to help users browse and book alternative accommodations for large groups seamlessly. During Q4, we have also enhanced our content with house rules to enable customers to make a more informed choice.

For Group, our excellent app is trendier than before and allows quick and easy updates to content and amenities, thereby driving higher engagement and participation. And I'm pleased to say that we've also been growing our UGC content on our platform. As an example, we've been leveraging the 700,000 plus salesforce data points. Similarly on (inaudible) MakeMyTrip, nearly 30% of all registered users are also sharing comments, reviews and travel images, which is helping specific customer cohorts have a more relevant shopping experience, and therefore buy more. As overall travel continues to expand across India, we've started to offer various payment options, including equal (sic) [equated] monthly installment plans, or EMIs, by partnering with third-party financial institutions. While the number of customers opting for this solution is still small, today, traction so far has been tremendous as we've seen users double from Q3 to Q4. Given the aspiring Indian middle class, that often has less access to organized credit, we believe that India's online loan disposal mechanism will help many fulfill their international travel and holiday aspirations.

Now lastly, let me move on to discuss our redBus business.

In Q4, redBus continued to reach new peaks in the number of tickets booked and traveled in the brand history. The brand also continue to be the leading destination for new bus suppliers looking to go digital in Q4. For example, the Bihar State Road Transport Corporation has signed an agreement to host their inventory and distribute it online via redBus as the push for digitization continues to expand across the country. Furthermore, sales on the redBus platform continued to move beyond government relocations and now generate part of the brand sales from Tier 2 and 3 locations, giving us a unique opportunity to further expand our platforms' reach.

For users of the redBus app, we've added [direct stop rating] and better live bus tracking to further differentiate the experience. Lastly, we launched 2 new initiatives for cross- and upselling on the platform, including pilgrimage packages and in-destination experiences and activities. We believe that the bus business is an attractive growth opportunity and we remain committed behind investing for growth in this segment in the years to come.

Now let me hand it over to Mohit who will share more details of the quarter.

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**Mohit Kabra** - *MakeMyTrip Limited - Group CFO*

Thank you, Rajesh.

The reported fiscal Q4 marked the completion of our second full fiscal year of operations post the Ibibo merger. As most will recall, at the beginning of the current fiscal year, we had called out between the first half of 2019 fiscal year, we wanted to focus on driving operating efficiencies and then focus on accelerating growth in the second half of the year. More specifically, we had set out to reaccelerate year-on-year growth within our stand-alone hotel room nights business in the second half of the year, while lowering our adjusted operating losses via more efficient marketing and sales promotion spend. I am pleased to report that we have done well on both counts.

Stand-alone online bookings business year-on-year room nights growth, which stood at 18.1% in Q1 and 21.8% in Q2, has accelerated to 27.1% in Q3 and 27.2% in the reported Q4. At the same time, adjusted operating losses were lower at \$18.4 million in Q4 compared to loss of \$23.5 million in the same quarter a year ago and a \$22.2 million loss reported in the previous quarter.

With that, let me now share financial highlights by business segments, beginning with the air ticketing business.

In the reported quarter, percentage segment growth in the domestic air market had slipped significantly to about 5% level due to the release in flights being operated by Jet Airways and our growth has been in line with the industry. At the same time, we remain focused on driving up growth in the international segments where we achieved about 38.8% year-on-year growth which has helped us post about 9.5% overall growth in the air ticketing business. Our adjusted revenue growth was even better at 16.8% year-on-year in constant currency terms.

Next, I would like to describe the progress we have made in the hotels and packages business. This saw adjusted revenue growth in constant currency terms of 21.2% in the reported fiscal quarter. While it is slightly small compared to the peak seasonality of Q3, it still exceeded our reported growth of 19.8% in Q1 and 17.7% in Q2. This was largely possible due to the continued acceleration in the stand-alone hotel room nights business, which reached 27.2% growth in the reported quarter.

Our bus ticketing business also continues to grow robustly. Ticket unit growth stood at about 55.4%, with over 17.1 million bus tickets traveled during the quarter. The business also generated over \$15.6 million in adjusted revenue during the quarter, a growth of about 40.8% year-on-year in constant currency terms.

Adjusted revenue from other businesses stood at about \$8.4 million. Majority of which was driven by presentation fees for travel insurance and ancillary revenues from our alliances and affiliate partnerships.

I would now like to share some details on the operating leverage, which was driven by the improving scale of our business and by more efficient spends of marketing and promotional dollars.

In Q4, our total marketing and promotional expenses stood at about \$123.6 million, which is about 9% of gross bookings. This is a clear improvement from the 10.4% of gross bookings of marketing and promotional spend which was reported in the previous quarter and about 10% in the same quarter last year. As a result, our adjusted operating losses now stand lower at about 1.3% of gross bookings compared to about 2% in the same quarter last year.

With this, I would like to thank you for joining this call and I open up the call for Q&A. Operator, please?

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## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions) And our first question comes from Sachin Salgaonkar of Bank of America.

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### Sachin Shrikant Salgaonkar - BofA Merrill Lynch, Research Division - Director

I have a couple of questions. Number one, clearly, Deep, you did highlight that given the issue associated with Jet, growth might slow a bit in first half. I just wanted to understand from you that, would we see a derivative impact on the hotel growth on the back of a slowing air growth? And again, you really did a great job in terms of marketing spending as a percentage of gross bookings below 10%. The question out there is, is this because the growth was slowing in the sense that there -- you always knew that the impact of Jet is coming? And is this sustainable beyond sort of a slower growth in first half, i.e. could we see marketing spend as a percentage of gross booking continuing to stay sustainably below 10%? So that's first question. And second question is for Mohit. So Mohit, with debt here sort of a one-off in the quarter associated with impairment in respect to an equity account investee, I just wanted to understand what it is and if there are any other one-offs in the quarter.



**Deep Kalra** - *MakeMyTrip Limited - Founder, Group Chairman & Group CEO*

Sure, sure. Sachin, let me take the first part of the first question. So I think, as you know, cross-sell on the hotels side, cross sell of hotels on air funnel is not that high in the entire Indian market, and we have been all pushing it for a while. So we don't therefore expect a very high derivative or a consequent effect on the hotel side of the business. The hotel side of the business is largely still low, underpenetrated. There are some rationalization of commissions that has been happening, which is also evident. But other than that, we expect only domestic air to be taking the big hit. Our other lines of business, accommodations, both in the country, outside, as Mohit called out in his part of his script, that international air itself was able to grow handsomely and therefore pick up the overall booking. And I think, as you are aware, a lot of the flights launched now already have been taken and the others are also being allocated out. So even that, we expect that to come back to normal as soon as possible, but hotel impact we think will be minimal on this due to the season.

**Sachin Shrikant Salgaonkar** - *BofA Merrill Lynch, Research Division - Director*

Sorry, I just had 1 small follow-up for Deep. Possible to directionally help us with the mix between domestic and international air?

**Mohit Kabra** - *MakeMyTrip Limited - Group CFO*

Maybe I can kind of add color over there. So if you look at it in terms of revenue mix now, international here almost account for about 1/3 of the revenue mix. So it's been kind of growing steadily over the last couple of years, as we have been calling out, and the growth kind of continues to sustain in the [30s] for us. So therefore, I think really the whole point that Deep was making that while yes even in the reported quarter and more so in the forthcoming quarter, we'll see more and more impact of the capacity being -- capacity getting depleted on the domestic side, but hopefully, we can continue to shore up of growth with continued high growth in the international segments.

I think your second question, if I got it right, Sachin, was if we'll be able to kind of sustain the marketing and promotion expenses at, at least sub-10% level. Again, we -- while directionally yes, but I would kind of bake in a little bit of seasonality. As you know, even in the last fiscal like (inaudible) reported and the year before that, seasonality does tend to make a little bit of difference in terms of overall spend, and they're generally higher in Q1 and Q3 and slightly lower in Q2 and Q4. But yes, I think we'll just continue to keep the unit level efficiency on marketing and promotional expense going. And if they kind of closing at sub-10% levels by the end of this year, we would expect to close even better by the end of the next fiscal.

On the other one, the impairment question that you had asked, there's one investment in a company called HolidayIQ that we had kind of invested about 4 years back. A large part of the investment was more with the perspective of shoring up our entire user-generated content linked to growing the hotels business in a big way. Having this kind of fully leveraged direct investment [doing so] in the initial years of building the overall user-generated content on our platform, if you will recollect, we used to earlier likely have TripAdvisor ratings and very few reviews, and more importantly, very few Indian reviews per se or Indianized content per se on the hotels funnel. That changed significantly post the investment. However, considering that over the last year or 2, we have been going more and more organic and relying much lesser on [this] invested company in terms of maturing of the content going forward. I think that we're finding the going a little difficult, and therefore, keeping in their future focus on discounted cash flows, we've decided to take a haircut on the investment.

**Operator**

(Operator Instructions) And our next question comes from Gaurav Rateria from Morgan Stanley.

**Gaurav Rateria** - *Morgan Stanley, Research Division - Research Associate*

Congrats, guys, on a good execution in a challenging environment. Two questions. Firstly, we have seen a steady pace of increase in the number of customers every quarter by approximately 2 million. What really needs to happen for that to really accelerate and go to the next level? What would be that inflection point from your point of view?



**Rajesh Magow** - *MakeMyTrip Limited - Co-Founder & Director*

Gaurav, this is Rajesh here. Maybe I can take that. I think it's a fair observation. We've been trying to do, as probably we've also spoken and shared in the past, is that one focus area is to continuously keep acquiring customers, including penetrating deep into India into Tier 2, Tier 3 cities. And in fact, a lot of the users have been of late in the past year or so or 2 years, we've been actually acquiring from 2 various channels. But they've been coming from -- as the smartphone penetration is going deeper and deeper, they've been coming from Tier 2, Tier 3 cities. So that focus is likely to continue. We'll keep getting more and more growth coming from the smaller cities. And some of those drivers for that growth also is our focus on high-frequency use cases, both in travel as well as some of the non-travel but complementary areas that we have started focusing on even more. High-frequency use cases for travel would be transport use cases effectively, whether it is local bus, that was already focused, but even more on MakeMyTrip and Goibibo platform as well as train, which is like a bigger growth driver to acquire new users as well. And the last but not the least, we also launched the experiences section as you would have noticed. And there also the idea is to -- one, for our existing customers, we expand our offerings and get some more stickiness because of that and more frequency of the use of the app. And also, given that it also includes local activities, local experiences of different kinds, also acquiring new users. So I guess that has been the focus area just from a growth standpoint, and we'll continue to keep moving on that side -- on that front.

**Mohit Kabra** - *MakeMyTrip Limited - Group CFO*

Gaurav, just to add. One of -- the rationale for kind of not purely accelerating new customer acquisition over the last, say, 4 to 6 quarters, resulted in the fact that we have been wanting to drive repeats much better on the already largely acquired customer base of about 35 million plus a couple of quarters back. And as we're kind of continuously improving repeat rates over there for what various loyalty program, et cetera, once we believe we have done -- we have (inaudible) their desired escape in terms of driving repeat rates on the existing cohorts, that probably will be the time that we kind of again get into (inaudible) in a significant manner like we used to do probably about, I think, 2 years back. So I just thought I'd call that out.

**Gaurav Rateria** - *Morgan Stanley, Research Division - Research Associate*

Sure. Just 2 more questions. Firstly, if you can give an update on the competitive intensity in the various segments where we stand today, let's say, compared to last time when we spoke. And secondly, the India stand-alone business, for the full year, volume growth was pent up quite a bit in the second half. On a steady-state basis, how should we think about growth in volumes in India stand-alone on a sustainable basis given the penetration rates are still very low?

**Rajesh Magow** - *MakeMyTrip Limited - Co-Founder & Director*

Yes. So Gaurav, on the competition activity in the marketplace, I think I would say that it continues to be the same as it was in the past in the last quarter. I mean, there hasn't really been any unusual kind of activity that has happened or that we noticed, apart from within the quarter, sometimes you would see some kind of aggressive promotional activities and all of that, which I think in the overall scenario almost has become like business as usual now. But nothing out of the routine as compared to the last quarter. So it continues to be like that. Of course, there is new probably set of players who would be wanting to get into travel, some will be (inaudible) hotels et cetera, but that again, it's more focused on transport than anything else at least at this point in time. So that would be the comment on the competition activity. And now as far as the -- sorry, what was your second question, second part of this question?

**Gaurav Rateria** - *Morgan Stanley, Research Division - Research Associate*

The growth in the India stand-alone, yes.



**Rajesh Magow** - *MakeMyTrip Limited - Co-Founder & Director*

Yes. So like you rightly pointed out, I mean, there are many segments that are still at early stage of penetration. And so we definitely continue to keep -- we should hope that we will continue to keep seeing the growth come to a segment. I mean especially outbound segment is growing really fast now, definitely beginning to pick up in terms of just very robust rate of growth. Domestic hotels should continue to keep growing. And so whichever is the early-stage penetration, I think we should just continue to keep seeing the growth trends there.

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**Operator**

And our next question comes from Vijit Jain from Citi.

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**Vijit Jain** - *Citigroup Inc, Research Division - Research Analyst*

Mohit, I have just 2 questions. One is, could you in some way quantify the impact that cancellations, et cetera at Jet and Spice in 4Q would have had on your cost revenue? So was that material in any way? And my second question is, just like you broke air revenues, will you break hotel revenues into branded and budget?

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**Mohit Kabra** - *MakeMyTrip Limited - Group CFO*

Vijit, I'll take that. Just -- the first part of the question and then the impact of cancellation?

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**Vijit Jain** - *Citigroup Inc, Research Division - Research Analyst*

Yes, so -- yes.

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**Mohit Kabra** - *MakeMyTrip Limited - Group CFO*

You wanted to add something to it?

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**Vijit Jain** - *Citigroup Inc, Research Division - Research Analyst*

No, no, no. That was my question.

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**Mohit Kabra** - *MakeMyTrip Limited - Group CFO*

Yes. So Vijit, When it comes to the cancellations being on the higher side in the reported quarter and potentially it will be even higher in the forthcoming quarter. What we're kind of doing more as a customer gesture or customer-friendly gesture is not to levy any cancellation charges on flights which have kind of been canceled by the airline's fault. So clearly, there is some impact in terms of the revenue is kind of going down because we're not kind of picking up cancellation charges on these flights, et cetera by default. So much so that when it comes to the canceled flights on account of Jet Airways pulling down or suspending their operations, there, we have also kind of gone ahead and refunded the initial service fee collected at the time of booking (inaudible). So yes, there has been a little bit of softness in the fee revenue because of this impact. But we believe this is more like a temporal thing perhaps for a quarter or 2, but not really very significant to be called out separately. The other question that I probably -- if I got it right was if we can share some color in terms of room night growth in branded versus unbranded segment. Was that the question, Vijit?

**Vijit Jain** - Citigroup Inc, Research Division - Research Analyst

More like revenue growth in the branded versus budget segment?

**Mohit Kabra** - MakeMyTrip Limited - Group CFO

So we haven't really been calling out CAG, kind of because it's a little bit. Even more, it's not very harmonious in terms of being able to call out our revised target degree of our branded, unbranded in the way the market is structured on the hotels side. But needless to say, what we call out, if you recollect last quarter, was that on hotels, from a [unit] numbers point of view, you kind of turn positive across the hotel segment. And that is one of the two reasons that -- and this is across the board, including the unbranded or the budget segment. So that's a -- a healthy indicator and that is what has been driving a large part of the operational improvement as well.

**Operator**

Thank you. And I'm showing no further questions at this time. I'd like to turn the conference back over to Jonathan Huang for any further remarks.

**Jonathan Huang** - MakeMyTrip Limited - VP of IR

Thank you, everyone, for joining our conference call today. We look forward to speaking with all of you soon and hope you have a nice day. Thank you.

**Operator**

Ladies and gentlemen, thank you for participating in today's conference. This does conclude the program and you may all disconnect. Everyone, have a great day.

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