

**Yatra Online, Inc.**

**Interim condensed consolidated statement of profit or loss and other comprehensive loss  
for the three months ended June 30, 2016**

(Amount in thousands, except per share data and number of shares)

	<b>Three months Ended June 30,</b>		
	<b>Unaudited</b>		
	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>INR</b>	<b>USD</b>	<b>INR</b>
	(refer to Note 2.3)		
<b>Revenue</b>			
Rendering of services	2,572,770	38,143	2,340,852
Other revenue	47,448	703	38,241
<b>Total revenue</b>	<b>2,620,218</b>	<b>38,846</b>	<b>2,379,093</b>
<b>Other income</b>	6,124	91	3,440
Service cost	1,424,769	21,123	1,419,716
Personnel expenses	370,641	5,495	355,511
Marketing and sales promotion expenses	330,607	4,901	302,859
Other operating expenses	490,914	7,278	423,249
Depreciation and amortisation	65,300	968	56,474
<b>Results from operations</b>	<b>(55,889)</b>	<b>(828)</b>	<b>(175,276)</b>
Share of loss of joint venture	(2,569)	(38)	(2,895)
Finance income	25,526	378	21,276
Finance costs	(34,163)	(506)	(27,718)
<b>Loss before income taxes</b>	<b>(67,095)</b>	<b>(994)</b>	<b>(184,613)</b>
Income tax expense	(13,870)	(206)	(1,688)
<b>Loss for the period</b>	<b>(80,965)</b>	<b>(1,200)</b>	<b>(186,301)</b>
<b>Other comprehensive loss</b>			
<b>Items to be reclassified to profit or loss in subsequent periods (net of taxes)</b>			
Foreign currency translation differences	(19,964)	(296)	3,308
<b>Items not to be reclassified to profit or loss in subsequent periods (net of taxes)</b>			
Remeasurement of defined benefit (asset) liability	(5,930)	(88)	(2,434)
<b>Other comprehensive loss for the period, net of tax</b>	<b>(25,894)</b>	<b>(384)</b>	<b>874</b>
<b>Total comprehensive loss for the period, net of tax</b>	<b>(106,859)</b>	<b>(1,584)</b>	<b>(185,427)</b>
<b>Loss attributable to:</b>			
Owners of the Company	(79,049)	(1,172)	(184,717)
Non-controlling interest	(1,916)	(28)	(1,584)
<b>Loss for the period</b>	<b>(80,965)</b>	<b>(1,200)</b>	<b>(186,301)</b>
<b>Total comprehensive loss attributable to:</b>			
Owners of the Company	(104,812)	(1,554)	(183,811)
Non-controlling interest	(2,047)	(30)	(1,616)
<b>Total comprehensive loss for the period</b>	<b>(106,859)</b>	<b>(1,584)</b>	<b>(185,427)</b>
<b>Loss per share</b>			
Basic	(1.70)	(0.03)	(4.09)
Diluted	(1.70)	(0.03)	(4.09)

The accompanying notes are an integral part of the interim condensed consolidated financial statements

**Yatra Online, Inc.**

**Interim condensed consolidated statement of financial position as at June 30, 2016**

(Amount in thousands, except per share data and number of shares)

	Unaudited		Audited
	June 30, 2016	June 30, 2016	March 31, 2016
	INR	USD	INR
	(refer to Note 2.3)		
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	126,095	1,869	126,563
Intangible assets and goodwill	1,454,569	21,565	1,411,104
Other financial assets	101,022	1,498	110,558
Other non financial assets	42,219	626	43,783
Deferred tax asset	35,833	531	40,443
<b>Total non-current assets</b>	<b>1,759,738</b>	<b>26,089</b>	<b>1,732,451</b>
<b>Current assets</b>			
Inventories	16,838	250	11,933
Trade and other receivables	1,678,470	24,884	1,513,307
Prepayments and other assets	444,595	6,591	409,224
Income tax receivable	288,025	4,269	266,879
Other financial assets	1,037,578	15,383	1,030,569
Cash and cash equivalents	312,003	4,626	389,664
<b>Total current assets</b>	<b>3,777,509</b>	<b>56,003</b>	<b>3,621,576</b>
<b>Total assets</b>	<b>5,537,247</b>	<b>82,092</b>	<b>5,354,027</b>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	27	0	27
Share premium	121,203	1,797	121,203
<b>Preference Share</b>			
Share capital	196	3	196
Share premium	6,179,568	91,615	6,179,568
Other capital reserve	178,417	2,645	174,820
Accumulated deficit	(6,108,538)	(90,562)	(6,023,690)
Foreign currency translation reserve	(42,616)	(632)	(22,652)
<b>Total equity attributable to equity holders of the company</b>	<b>328,257</b>	<b>4,866</b>	<b>429,472</b>
<b>Total Non-controlling Interest</b>	<b>9,539</b>	<b>141</b>	<b>11,586</b>
<b>Total equity</b>	<b>337,796</b>	<b>5,007</b>	<b>441,058</b>
<b>Non current liabilities</b>			
Borrowings	375,296	5,564	368,859
Trade and other payables	217,178	3,220	214,606
Employee benefits	48,791	723	42,605
Deferred revenue	621,748	9,218	711,329
Other financial liabilities	36,959	548	36,997
Other non financial liabilities	48,599	721	49,504
<b>Total non-current liabilities</b>	<b>1,348,571</b>	<b>19,994</b>	<b>1,423,900</b>
<b>Current liabilities</b>			
Borrowings	91,912	1,363	100,574
Trade and other payables	2,387,948	35,402	2,051,539
Employee benefits	38,990	578	33,416
Deferred revenue	649,872	9,635	647,518
Other financial liabilities	129,203	1,915	123,248
Other current liabilities	552,955	8,198	532,774
<b>Total current liabilities</b>	<b>3,850,880</b>	<b>57,091</b>	<b>3,489,069</b>
<b>Total liabilities</b>	<b>5,199,451</b>	<b>77,085</b>	<b>4,912,969</b>
<b>Total equity and liabilities</b>	<b>5,537,247</b>	<b>82,092</b>	<b>5,354,027</b>

The accompanying notes are an integral part of the interim condensed consolidated financial statement

**Yatra Online, Inc.**

**Interim condensed consolidated statement of changes in equity for the three months ended June 30, 2016**

(Amount in thousands, except per share data and number of shares)

	Attributable to shareholders of the company									
	Equity share capital	Equity share premium	Preference share capital	Preference share premium	Accumulated Deficit	Other capital reserve	Foreign Currency Translation Reserve	Total	Non Controlling Interest	Total Equity
<b>Balance as at April 1, 2016</b>	27	121,203	196	6,179,568	(6,023,690)	174,820	(22,652)	429,472	11,586	441,058
<b>Loss for the period</b>	-	-	-	-	(79,049)	-	-	(79,049)	(1,916)	(80,965)
<b>Other comprehensive loss</b>	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	-	-	-	(19,964)	(19,964)	-	(19,964)
Remeasurement of defined benefit (asset) liability	-	-	-	-	(5,799)	-	-	(5,799)	(131)	(5,930)
<b>Total other comprehensive loss</b>	-	-	-	-	(5,799)	-	(19,964)	(25,763)	(131)	(25,894)
<b>Total comprehensive loss</b>	-	-	-	-	(84,848)	-	(19,964)	(104,812)	(2,047)	(106,859)
Share based payments	-	-	-	-	-	3,597	-	3,597	-	3,597
<b>Balance as at June 30, 2016</b>	<u>27</u>	<u>121,203</u>	<u>196</u>	<u>6,179,568</u>	<u>(6,108,538)</u>	<u>178,417</u>	<u>(42,616)</u>	<u>328,257</u>	<u>9,539</u>	<u>337,796</u>

	Attributable to shareholders of the company									
	Equity share capital	Equity share premium	Preference share capital	Preference share premium	Accumulated Deficit	Other capital reserve	Foreign Currency Translation Reserve	Total	Non Controlling Interest	Total Equity
<b>Balance as at April 1, 2015</b>	27	121,203	179	5,351,710	(4,896,326)	155,450	(4,037)	728,206	6,752	734,958
<b>Loss for the period</b>	-	-	-	-	(184,717)	-	-	(184,717)	(1,584)	(186,301)
<b>Other comprehensive loss</b>	-	-	-	-	-	-	-	-	-	-
Foreign currency translation differences	-	-	-	-	-	-	3,308	3,308	-	3,308
Remeasurement of defined benefit (asset) liability	-	-	-	-	(2,402)	-	-	(2,402)	(32)	(2,434)
<b>Total other comprehensive income/(loss)</b>	-	-	-	-	(2,402)	-	3,308	906	(32)	874
<b>Total comprehensive income/(loss)</b>	-	-	-	-	(187,119)	-	3,308	(183,811)	(1,616)	(185,427)
Share based payments	-	-	-	-	-	5,032	-	5,032	-	5,032
Issuance of shares	-	-	10	519,035	-	-	-	519,045	-	519,045
Transaction with non controlling interest	-	-	-	-	109,201	-	-	109,201	20,975	130,176
<b>Balance as at June 30, 2015</b>	<u>27</u>	<u>121,203</u>	<u>189</u>	<u>5,870,745</u>	<u>(4,974,244)</u>	<u>160,482</u>	<u>(729)</u>	<u>1,177,673</u>	<u>26,111</u>	<u>1,203,784</u>

The accompanying notes are an integral part of the interim condensed consolidated financial statements

**Yatra Online, Inc.**

**Interim condensed consolidated statement of cash flows for the three months ended June 30, 2016**

(Amount in thousands, except per share data and number of shares)

	<b>Three months Ended June 30,</b>		
	<b>Unaudited</b>		
	<b>2016</b>	<b>2016</b>	<b>2015</b>
	<b>INR</b>	<b>USD</b>	<b>INR</b>
	(refer to Note 2.3)		
<b>Cash flows from operating activities:</b>			
Loss before tax	(67,095)	(995)	(184,613)
Adjustment to reconcile loss before tax to net cash flows:			
Depreciation and amortisation	65,300	968	56,474
Finance income	(25,091)	(372)	(20,572)
Finance costs	22,423	332	16,319
Unrealized foreign exchange loss / (gain)	(401)	(6)	2,711
Profit on disposal of property, plant and equipment	-	-	(1)
Change in fair value of warrants	(154)	(2)	(25)
Excess provision written back	(5,086)	(75)	(1,462)
Trade and other receivables written-off	17,672	262	29,198
Share of loss of a joint venture	2,569	38	2,895
Share-based payment expense	3,597	53	5,032
<b>Working capital changes:</b>			
(Increase)/decrease in trade and other receivables	(148,316)	(2,199)	12,326
(Increase)/decrease in inventories	(4,582)	(68)	763
Increase/(decrease) in trade and other payables	219,531	3,255	(430,827)
Direct taxes paid (net of refunds)	(30,340)	(450)	(11,531)
<b>Net cash from/(used in) operating activities</b>	<b><u>50,027</u></b>	<b><u>741</u></b>	<b><u>(523,313)</u></b>
<b>Cash flows from investing activities:</b>			
Investment in joint venture	-	-	(1,000)
Purchase of property, plant and equipment	(14,947)	(222)	(12,937)
Proceeds from sale of property, plant and equipment	-	-	4,916
Increase in intangible assets	(85,776)	(1,272)	(49,182)
Investment in term deposits	(12,309)	(182)	(3,711,662)
Proceeds from term deposits	-	-	3,430,262
Interest received	27,073	401	794
<b>Net cash used in investing activities</b>	<b><u>(85,959)</u></b>	<b><u>(1,275)</u></b>	<b><u>(338,809)</u></b>
<b>Cash flows from financing activities:</b>			
Proceeds from issue of preference shares	-	-	519,108
Acquisition by non controlling interest	-	-	130,176
Proceeds from borrowings	-	-	400,000
Repayment of borrowings	(24,421)	(362)	(424,089)
Repayment of vehicle loan	(3,526)	(52)	1,593
Interest paid on term loan	(6,871)	(102)	(8,602)
Interest paid on vehicle loan	(853)	(13)	(552)
Interest paid on bank overdraft	(2,117)	(31)	(1,458)
<b>Net cash (used in)/ from financing activities</b>	<b><u>(37,788)</u></b>	<b><u>(560)</u></b>	<b><u>616,176</u></b>
<b>Net decrease in cash and cash equivalents</b>	<b>(73,720)</b>	<b>(1,094)</b>	<b>(245,946)</b>
Effect of exchange differences on cash & cash equivalents	(19,786)	(293)	168,761
Cash and cash equivalents at the beginning of the year	389,664	5,777	221,025
<b>Closing Cash and cash equivalents at the end of the year</b>	<b><u>296,158</u></b>	<b><u>4,390</u></b>	<b><u>143,840</u></b>

**Components of cash and cash equivalents:**

Cash on hand	2,892	43	7,311
Balances with banks			
On current account	201,844	2,992	254,891
Credit card collection in hand	<u>107,267</u>	<u>1,590</u>	<u>113,976</u>
Cash and bank balances as per consolidated statement of financial position	<b>312,003</b>	<b>4,625</b>	<b>376,178</b>
Less: Bank overdrafts	<u>(15,845)</u>	<u>(235)</u>	<u>(232,338)</u>
<b>Total cash and cash equivalents</b>	<b><u>296,158</u></b>	<b><u>4,390</u></b>	<b><u>143,840</u></b>

The accompanying notes are an integral part of the interim condensed consolidated financial statements

**Yatra Online, Inc.**

**Notes to interim condensed consolidated financial statements for the three months ended June 30, 2016**

**(Amount in INR thousands, except per share data and number of shares)**

**1. Corporate information**

Yatra Online, Inc (the “Parent Company”) together with its subsidiaries (collectively, “the Company” or the “Group”) and equity accounted investee is primarily engaged in the business of selling travel products and solutions in India, the United States and Singapore. The Group offers its customers the entire range of travel services including ticketing, tours and packages and reservations for hotels. The Parent Company is domiciled and incorporated in Cayman Islands; the registered office is located at Maples Corporate Services Limited, PO Box-309, Ugland House, Grand Cayman, KYI-1104 Cayman Islands.

**2. Significant accounting policies**

**2.1 Basis of preparation**

The interim condensed consolidated financial statements for the three months ended June 30, 2016 have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements of “the Company” and its subsidiaries for the three months ended June 30, 2016 were authorized for issuance by the Group’s Board of Directors on October 31, 2016.

The interim condensed consolidated financial statements do not include all the information and disclosure required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statement as at March 31, 2016, except for the adoption of new standards and interpretations effective as of April 1, 2016.

**Amendments to IAS 1: Amendments Resulting from the Disclosure Initiative**

In December 2014, IASB issued amendments to IAS 1 “*Presentation of Financial Statements*” with respect to disclosure requirements. The amendments aim at clarifying IAS 1 to address perceived impediments to preparers exercising their judgement in presenting their financial reports.

The Group has evaluated the amendments and believes that the adoption of the amendments does not have any significant impact on the interim condensed consolidated financial statements.

**IAS 34 Interim Financial Reporting**

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. The Group believes that the amendment does not have any impact on the Company’s interim condensed financial statements.

**2.2 Basis of consolidation**

The interim condensed consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries.

A subsidiary is an entity controlled by the Group. Control exists when the parent has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity’s returns.

Subsidiaries are fully consolidated from the date on which the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies and accounting period in line with those used by the Group. All intra-group transactions, balances, income and expenses and cash flows are eliminated on consolidation.

Non-controlling interests is the equity in a subsidiary not attributable, directly or indirectly, to a parent. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group’s equity therein. Non-controlling interests consist of the amount of those interests at the date of the business combination and the non-controlling interests’ share of changes in equity since that date.

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**Yatra Online, Inc.****Notes to interim condensed consolidated financial statements for the three months ended June 30, 2016****(Amount in INR thousands, except per share data and number of shares)**

Profit or loss and each component of Other Comprehensive Income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

**2.3 Foreign currencies**

The Group's reporting currency is the Indian national rupee (INR). The Parent Company's functional currency is the United States dollar (USD). The Company's operations are conducted through the subsidiaries and equity accounted investee where the local currency is the functional currency and the financial statements of such entities are translated from their respective functional currencies into INR.

**Group companies**

On consolidation, the assets and liabilities of foreign operations are translated into presentation currency at the rate of exchange prevailing at the reporting date and their statement of profit or loss and other comprehensive loss are translated at average exchange rates prevailing during the three months ended June 30, 2016. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

**Transactions and balances**

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

**Convenience Translation**

The interim condensed consolidated financial statements are stated in thousands of INR. However, solely for the convenience of the readers, the interim condensed consolidated statement of financial position as at June 30, 2016, the interim condensed consolidated statement of profit or loss and other comprehensive loss, and consolidated statement of cash flows for the three months ended June 30, 2016 were converted into U.S. dollars at the exchange rate of 67.45 INR per USD. This arithmetic conversion should not be construed as representation that the amounts expressed in INR may be converted into USD at that or any other exchange rate as well as that such numbers are in compliance as per the requirements of IFRS.

**2.4 Summary of significant accounting policies****Joint ventures**

The Group's investment in its joint venture is accounted for using the equity method.

Under the equity method, the investment in the joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date. The statement of profit or loss and other comprehensive loss reflects the Group's share of the results of operations of the joint venture. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group.

At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of loss of a joint venture' in the statement of profit or loss.

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**Yatra Online, Inc.**

**Notes to interim condensed consolidated financial statements for the three months ended June 30, 2016**

**(Amount in INR thousands, except per share data and number of shares)**

**Business combinations and goodwill**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. Acquisition-related costs are expensed as incurred in profit or loss.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for Non Controlling Interest over the fair value of the identifiable net assets acquired and liabilities assumed. If the fair value of the identifiable net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in statement of profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's Cash Generating Units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

**Revenue recognition**

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment. The Group assesses its revenue arrangement against specific criteria in order to determine if it is acting as principal or agent. The Group has concluded that it is acting as agent in case of sale of airline tickets, hotel bookings, sale of rail and bus tickets and as principal in case of sale of holiday packages.

The Group provides travel products and services to leisure, corporate travelers and B2B2C (Business to Business to Consumer) agents in India and abroad. The revenue from rendering these services is recognized in the statement of profit or loss once the services are rendered. This is generally the case 1) on the issuance of the ticket in the case of sale of airline tickets 2) on date of hotel booking and 3) on the date of departure for outbound tours and packages and on completion of tour for inbound tours.

*Air ticketing*

Income from the sale of airline tickets is recognized as an agent on a net commission earned basis. Incomes from service fee are recognized on earned basis.

Incentives from airlines are recognized when the performance thresholds under the incentive schemes are achieved or are probable to be achieved at the end of periods.

*Hotels and Packages*

Income from hotel reservation is recognized as an agent on a net commission earned basis.

Income from packages are accounted for on a gross basis as the Group is determined to be the primary obligor in the arrangement, that is the risks and responsibilities are taken by the Group including the responsibility for delivery of services. Cost of delivering such services includes cost of hotel, airlines and package services and is disclosed as service cost.

Income from hotels and packages is disclosed together as Income from Hotel and packages.

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**Yatra Online, Inc.****Notes to interim condensed consolidated financial statements for the three months ended June 30, 2016****(Amount in INR thousands, except per share data and number of shares)***Other Services*

Income from other sources, primarily comprising advertising revenue, income from sale of rail and bus tickets and fees for facilitating website access to travel insurance companies are being recognized as the services are being performed. Income from the sale of rail and bus tickets is recognized as an agent on a net commission earned basis.

Revenue is recognized net of cancellations received during the period, refunds, and service taxes.

Revenue is allocated between the loyalty programme and the other components of the sale. The amount allocated to the loyalty programme is deferred, and is recognized as revenue when the Group fulfills its obligations to supply the products/services under the terms of the programme or when it is no longer probable that the points under the programme will be redeemed.

The Group receives upfront fee from Global Distribution System (“GDS”) provider for facilitating the booking of airline tickets on its Website or other distribution channels to travel agents for using their system which is recognized as revenue for actual airline tickets sold over the total number of airline tickets to be sold over the term of the agreement and the balance amount is recognized as deferred revenue.

**Marketing and sales promotion expenses**

Marketing and sales promotion expenses primarily comprise of online, television, radio and print media advertisement costs as well as event driven promotion cost for the Group’s products and services. Such costs are the amount paid to or accrued towards advertising agencies or direct service providers for advertising on websites, television, print formats, search engine marketing and any other media. Advertising and business promotion costs are recognized when incurred.

Additionally, the Group also incurs customer inducement and acquisition costs for acquiring customers and promoting transactions across various booking platforms such as upfront cash incentives, which when incurred are recorded as marketing and sales promotion costs.

**Finance Income and Expenses**

Finance income comprises interest income on term deposits and net gain on change in fair value of derivatives. Interest income is recognized as it accrues in profit or loss, using the effective interest method (EIR).

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, and impairment losses recognized on financial assets. Interest expense is recognized in profit or loss using EIR.

**Taxes****Current tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generate taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the income statement. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and any unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

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**Yatra Online, Inc.**

**Notes to interim condensed consolidated financial statements for the three months ended June 30, 2016**

**(Amount in INR thousands, except per share data and number of shares)**

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxation authority.

**Property, plant and equipment**

Property, plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. All repair and maintenance costs are recognised in profit or loss as incurred.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Depreciation is calculated on straight line basis using the rates arrived at based on the estimated useful lives of the assets as follows:

Computer and Peripherals	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Vehicles	Term of lease or useful life (5-7 years as applicable) whichever is shorter

Leasehold improvements are amortised over the lower of primary lease period or economic useful life.

**Intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation (calculated on a straight-line basis over their useful lives) and accumulated impairment losses, if any.

Technology related development costs incurred by the Group are measured at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenses incurred during the application development stage. The costs related to planning and post implementation phases of development are expensed as incurred.

Internally generated intangibles, excluding capitalised development costs, are not capitalised. Instead, the related expenditure is recognised in the statement of profit or loss and other comprehensive income in the period in which the expenditure is incurred.

Goodwill is initially recognised at cost and is subsequently measured at cost less any accumulated impairment losses.

On disposal of a subsidiary, the attributable amount of goodwill is included in the determination of the profit or loss recognised in the statement of comprehensive income on disposal.

Intangible assets are amortised over the useful economic life on straight line basis and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognized in the statement of profit or loss.

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**Yatra Online, Inc.****Notes to interim condensed consolidated financial statements for the three months ended June 30, 2016****(Amount in INR thousands, except per share data and number of shares)**

Intangible assets are amortised as below:

Agent Relationship	/	Supplier	2.5 - 10 years
Non compete agreement			6.5 years
Trademarks			10 - 20 years
Intellectual property rights			3 years
Computer software	and		3 to 10 years or license period, whichever is shorter
Websites			

**Leases***Group as a lessee*

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership by the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**i) Financial assets***Initial recognition and measurement*

Financial assets are classified at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale (AFS), as appropriate.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

*Subsequent measurement*

Financial assets measured at amortised cost

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss.

This category applies to trade and other receivables, term deposits, security deposits and employee loans.

*Impairment of financial assets*

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events has occurred since the initial recognition of the asset (an incurred 'loss event'), that has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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**Yatra Online, Inc.**

**Notes to interim condensed consolidated financial statements for the three months ended June 30, 2016**

**(Amount in INR thousands, except per share data and number of shares)**

*Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

**ii) Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings or payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, interest-bearing borrowings including bank overdrafts and share warrants.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include share warrants for which fair value is routed through profit or loss.

*Loans and borrowing*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. The EIR amortisation is included as finance costs in the statement of profit or loss. This category applies to interest-bearing borrowings, trade and other payables.

**Cash and cash equivalents**

Cash and short-term deposits in the statement of financial position comprise cash at banks, payment gateways and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

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**Yatra Online, Inc.****Notes to interim condensed consolidated financial statements for the three months ended June 30, 2016****(Amount in INR thousands, except per share data and number of shares)****Inventories**

Inventories are valued at the lower of cost and net realisable value. Cost is determined on FIFO (First in First out) basis and net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. Inventories include tickets for amusement parks.

**Impairment of non-financial assets**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested at least annually or when there are indicators that an asset may be impaired, for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment, whenever events or changes in circumstances indicate that the carrying amount may not be recoverable or when annual impairment testing for an asset is required. Such circumstances include, though are not limited to, significant or sustained decline in revenues or earnings and material adverse changes in the economic environment.

Impairment test for goodwill is performed at the level of each CGU or groups of CGUs expected to benefit from acquisition-related synergies and represent the lowest level within the entity at which the goodwill is monitored for internal management purposes. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of an asset is the greater of its fair value less costs to sell and value in use. To calculate value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Fair value less costs to sell is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants, less the costs of disposal. Impairment losses, if any, are recognised in profit or loss as a component of depreciation and amortisation expense.

An impairment loss in respect of goodwill is not reversed. Other impairment losses are only reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

**Compound instruments**

Compound financial instruments issued by the group comprise of non redeemable convertible preference share that can be converted to equity shares at the option of the holder.

The Group classifies financial instrument as equity if the instrument includes no contractual obligation to deliver cash or other financial asset to the holder and will be settled in the Parent companies own equity instruments.

**Provisions and contingencies**

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of a past event, that is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in the statement of profit or loss.

Contingent liabilities are recognised at their fair value only, if they were assumed as part of a business combination. Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset. Information on contingent liabilities is disclosed in the notes to the interim condensed consolidated financial statements, unless the possibility of an outflow of resources embodying economic benefits is remote.

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**Yatra Online, Inc.**

**Notes to interim condensed consolidated financial statements for the three months ended June 30, 2016**

**(Amount in INR thousands, except per share data and number of shares)**

**Employment benefit plan**

The Group's post-employment benefits include defined benefits plan and defined contribution plans. The Group also provides other benefits in the form of deferred compensation and compensated absences.

Under the defined benefit retirement plan, the Group provides obligation in the form of Gratuity under the Indian Payment of Gratuity Act 1972. Under the plan, a lumpsum payment is made to eligible employees at retirement or termination of employment based on respective employee's salary and years of service with the group.

For defined benefit retirement plans, the difference between the fair value of the plan assets and the present value of the plan liabilities is recognised as an asset or liability in the statement of financial position. Scheme liabilities are calculated using the projected unit credit method and applying the principal actuarial assumptions as at the date of statement of financial position. Plan assets are assets that are qualifying insurance policies.

All expenses excluding remeasurements of the net defined benefit liability (asset), in respect of defined benefit plans are recognised in the profit or loss as incurred. Remeasurement, comprising actuarial gains and losses and the return on the plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)), are recognised immediately in the statement of financial position with a corresponding debit or credit to retained earnings through OCI (Other comprehensive income) in the period in which they occurred. The remeasurement are not re-classified to profit or loss in subsequent years. The amount charged to the income statement in respect of these plans is included within personnel expenses.

The Group's contribution's to defined contribution plans are recognised in profit & loss as and when the services are rendered by employees. The Group has no further obligations under these plans beyond its periodic contributions.

The employees of the Group are entitled to compensated absences. The employees can carry forward up to the specified portion of the unutilized accumulated compensated absences and utilize it in future periods or receive cash at retirement or termination of employment. The Group records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Group measures the expected cost of compensated absences as the additional amount that the Group expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Group recognizes accumulated compensated absences based on actuarial valuation. Non-accumulating compensated absences are recognized in the period in which the absences occur. The Group recognizes actuarial gains and losses arising from liability for compensated absence are immediately recorded in the statement of profit or loss.

**Share-based payments**

Employees (including senior executives) of the Group receive part of their remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using black-scholes valuation model.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (other capital reserves), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

No expense is recognised for awards that do not ultimately vest because service conditions have not been met.

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**Yatra Online, Inc.**

**Notes to interim condensed consolidated financial statements for the three months ended June 30, 2016**

**(Amount in INR thousands, except per share data and number of shares)**

**Earnings (loss) per share**

The Group's Earnings (Loss) per Share ('EPS') is determined based on the net profit attributable to the shareholders' of the parent company. Basic EPS is computed using the weighted average number of shares outstanding during the year.

Diluted EPS is computed using the weighted average number of common and dilutive common equivalent shares outstanding during the year including convertible preference shares, share options and warrants (using the treasury stock method for options), except where the result would be anti-dilutive.

**3. Standards and interpretations issued but not effective**

The new standards, interpretations and amendments to Standards that are issued to the extent relevant to the Group, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these Standards, if applicable, when they become effective.

**IFRS 9 *Financial Instruments***

In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments* which reflects all phases of the financial instruments project and replaces IAS 39 *Financial Instruments: Recognition and Measurement* and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting.

The effective date of IFRS 9 is annual periods beginning on or after January 1, 2018, with early adoption permitted. Retrospective application is required, but comparative information is not compulsory. The Group is required to adopt the standard by the financial year commencing April 1, 2018. The Group is currently evaluating the requirements of IFRS 9, and has not yet determined the impact on the interim condensed consolidated financial statements.

**IFRS 15 *Revenue from Contracts with Customers***

In May 2014, IASB issued standard, IFRS 15 *Revenue from Contracts with Customers*. The Standard establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS.

The effective date of IFRS 15 is annual periods beginning on or after January 1, 2018, with early adoption permitted. The Group is required to adopt the standard by the financial year commencing April 1, 2018. The Group is currently evaluating the requirements of IFRS 15, and has not yet determined the impact on the interim condensed consolidated financial statements.

**IFRS 16 *Leases***

In January 2016, IASB issued standard, IFRS 16 *Leases*. IFRS 16 supersedes IAS 17 *Leases*; IFRIC 4 *Determining whether an Arrangement contains a Lease*; SIC-15 *Operating Leases—Incentives*; and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The previous accounting model for leases required lessees and lessors to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The effective date of IFRS 16 is annual periods beginning on or after January 1, 2019. Earlier adoption of the Standard is permitted if IFRS 15 *Revenue from Contracts with Customers* is adopted at or before the date of initial application of IFRS 16. The Group is required to adopt the standard by the financial year commencing April 1, 2019. The Group is currently evaluating the requirements of IFRS 16, and has not yet determined the impact on the interim condensed consolidated financial statements.

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**Yatra Online, Inc.**

**Notes to interim condensed consolidated financial statements for the three months ended June 30, 2016**

**(Amount in INR thousands, except per share data and number of shares)**

**4. Significant accounting judgments, estimates and assumptions**

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities in future periods.

**4.1 Significant judgements in applying the Group's accounting policies**

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the interim condensed consolidated financial statements:

**Determination of functional currency**

Each entity in the Group determines its own functional currency (the currency of the primary economic environment in which the entity operates) and items included in the financial statements of each entity are measured using that functional currency. IAS 21, "*The Effects of Changes in Foreign Exchange Rates*" prescribes the factors to be considered for the purpose of determination of functional currency. However, in respect of parent company and certain intermediary foreign operations of the Group, the determination of functional currency might not be very obvious due to mixed indicators like the source of financing, the functional currency of the shareholders, the currency in which the borrowings have been raised and the extent of autonomy enjoyed by the foreign operation. In such cases management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

**4.2 Significant accounting estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. Actual results could differ from these estimates.

a) Impairment reviews

An impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount. Recoverable amount is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. In calculating the value in use, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA (Earnings before interest, taxes depreciation and amortisation), long term growth rates; and the selection of discount rates to reflect risks involved. Also, judgement is involved in determining the CGU and grouping of CGUs for goodwill allocation and impairment testing.

The Group prepares and internally approves formal five year plans, as applicable, for its businesses and uses these as the basis for its impairment reviews. The consistent use of such robust five year information for management reporting purpose, the Group uses five year plans for the purpose of impairment testing. Since the value in use exceeds the carrying amount of CGU, the fair value less costs to sell is not determined.

The Group tests goodwill for impairment annually on March 31 and whenever there are indicators of impairment.

b) Allowance for uncollectible trade receivables and advances

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible.

c) Loyalty Programs

The Group estimates revenue allocation between the loyalty programme and the other components of the sale with assumptions about the expected redemption rates. The amount allocated to the loyalty programme is deferred, and is recognized as revenue when the Group fulfils its obligations to supply the services under the terms of the programme or when it is no longer probable that the points under the programme will be redeemed.

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**Yatra Online, Inc.**

**Notes to interim condensed consolidated financial statements for the three months ended June 30, 2016**

**(Amount in INR thousands, except per share data and number of shares)**

d) Taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments. The Group has not recognized deferred tax asset on unused tax losses and temporary differences in most of the subsidiaries of the Group.

e) Defined benefit plans

The costs of post retirement benefit obligation under the Gratuity plan are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increase, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

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**Yatra Online, Inc.****Notes to interim condensed consolidated financial statements for the three months ended June 30, 2016  
(Amount in INR thousands, except per share data and number of shares)****5. Segment information**

For management purposes, the Group is organised into Lines of Business (LOBs) based on its products and services and has following reportable segments. The LOBs offer different products and services, and are managed separately because the nature of products and methods used to distribute the services are different. For each of these LOBs, Chief Executive Officer (CEO) reviews internal management reports. Accordingly, the Chief Executive Officer (CEO) is construed to be the Chief Operating Decision Maker (CODM). Segment revenue less service cost from each LOB's are reported and reviewed by the CODM on a monthly basis.

1. Air ticketing: Through internet and mobile based platform and call-centers, the Group provides the facility to book and service international and domestic air tickets to ultimate customer through B2C (Business to Consumer) and B2B2C (Business to Business to Consumer) channel. Both these channels share similar characteristics as they are engaged in facilitation of air tickets. Management believes that it is appropriate to aggregate these two channels as one reporting segment due to the similarities in the nature of business.
2. Hotels and packages: Through an internet and mobile based platform, call-centers and branch offices, the company provides holiday packages and hotel reservations. For internal reporting purposes, the revenue related to airline tickets issued as a component of a group developed tour and package is assigned to the hotels and packages segment and is recorded on a gross basis. The hotel reservations form integral part of the holiday packages and accordingly management believes that it is appropriate to aggregate these services as one reporting segment due to the similarities in the nature of services.
3. Other operations primarily include the advertisement income from hosting advertisements on its internet web-sites, income from sale of rail and bus tickets and income from facilitating website access to a travel insurance companies. The operations do not meet any of the quantitative thresholds to be a reportable segment for any of the periods presented in these consolidated financial statements.

**Information About Reportable Segments:**

	<b>Air ticketing</b>		<b>Hotels and packages</b>		<b>Others</b>		<b>Total</b>	
	<b>June 30, 2016</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>	<b>June 30, 2016</b>	<b>June 30, 2015</b>
Revenue	847,462	651,215	1,715,824	1,682,801	56,932	45,078	<b>2,620,218</b>	<b>2,379,093</b>
Service cost	-	-	(1,424,769)	(1,419,716)	-	-	<b>(1,424,769)</b>	<b>(1,419,716)</b>
<b>Segment results</b>	<b>847,462</b>	<b>651,215</b>	<b>291,055</b>	<b>263,085</b>	<b>56,932</b>	<b>45,078</b>	<b>1,195,449</b>	<b>959,377</b>
Other Income							6,124	3,440
Unallocated expenses							(1,192,162)	(1,081,619)
<b>Operating gain/(loss)</b>							<b>9,411</b>	<b>(118,802)</b>
Finance costs							(34,163)	(27,718)
Depreciation and amortisation							(65,300)	(56,474)
Finance income							25,526	21,276
Share of loss of joint venture							(2,569)	(2,895)
<b>Loss before tax</b>							<b>(67,095)</b>	<b>(184,613)</b>
Income tax expense							(13,870)	(1,688)
<b>Net loss</b>							<b>(80,965)</b>	<b>(186,301)</b>

Revenue includes other revenue

The CODM does not monitor the assets and liabilities of the LOB's separately, consequently the segment disclosure relating to assets and liabilities are not required.

**Yatra Online, Inc.**

**Notes to interim condensed consolidated financial statements for the three months ended June 30, 2016**

**(Amount in INR thousands, except per share data and number of shares)**

**Geographical Information:**

Given that company's products and services are available on a technology platform to customers globally, consequently the necessary information to track accurate geographical location of customers is not available.

Non-current assets are disclosed based on respective physical location of the assets

	<b>Non Current Assets*</b>	
	<b>June 30, 2016</b>	<b>March 31, 2016</b>
USA	3,900	6,135
India	1,552,886	1,507,892
Others	23,878	23,640
<b>Total</b>	<b><u>1,580,664</u></b>	<b><u>1,537,667</u></b>

\*Non-current assets presented above represent property, plant and equipment and intangible assets and goodwill.

**Major Customers:**

Considering the nature of business, customers normally include individuals. Further, none of the corporate and other customers account for more than 10% or more of the Group's revenues.

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**Yatra Online, Inc.**

**Notes to interim condensed consolidated financial statements for the three months ended June 30, 2016**

**(Amount in INR thousands, except per share data and number of shares)**

**6. Fair value measurement**

Set out below is a comparison by class of the carrying amounts and fair value of the Group's financial instruments that are carried in the financial statements.

	<u>Carrying value</u>		<u>Fair value</u>	
	<u>June 30,</u>	<u>March 31,</u>	<u>June 30,</u>	<u>March 31,</u>
	<u>2016</u>	<u>2016</u>	<u>2016</u>	<u>2016</u>
<b>Financial assets</b>				
<b>Assets carried at amortised cost</b>				
Trade and other receivables	1,678,470	1,513,307	1,678,470	1,513,307
Cash and cash equivalents	312,003	389,664	312,003	389,664
Term deposits	1,032,041	1,024,890	1,032,041	1,024,890
Other financial assets	109,767	119,866	109,767	119,866
<b>Total</b>	<b><u>3,132,281</u></b>	<b><u>3,047,727</u></b>	<b><u>3,132,281</u></b>	<b><u>3,047,727</u></b>
<b>Financial liabilities</b>				
<b>Liabilities carried at fair value through profit or loss</b>				
Share warrants	6,959	6,997	6,959	6,997
<b>Total</b>	<b><u>6,959</u></b>	<b><u>6,997</u></b>	<b><u>6,959</u></b>	<b><u>6,997</u></b>
<b>Liabilities carried at amortised cost</b>				
Trade and other payables	2,605,126	2,266,145	2,605,126	2,266,145
Borrowings	467,208	469,433	467,208	469,433
Other liabilities	299,074	235,321	299,074	235,321
<b>Total</b>	<b><u>3,371,408</u></b>	<b><u>2,970,899</u></b>	<b><u>3,371,408</u></b>	<b><u>2,970,899</u></b>

*Fair values*

The management assessed that the fair values of trade receivables, cash and cash equivalent, term deposits, trade payables, borrowings and other liabilities approximates their carrying amounts largely due to the short-term maturities of these instruments.

**Fair value hierarchy**

The table below analysis financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
  - Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
  - Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).
-

Yatra Online, Inc.

Notes to interim condensed consolidated financial statements for the three months ended June 30, 2016

(Amount in INR thousands, except per share data and number of shares)

	As at June 30, 2016			
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value is disclosed</b>				
Term deposits	-	1,032,041	-	1,032,041
Other financial assets	-	109,767	-	109,767
<b>Total assets</b>	<b>-</b>	<b>1,141,808</b>	<b>-</b>	<b>1,141,808</b>
<b>Liabilities carried at fair value through profit or loss</b>				
Warrants	-	-	6,959	6,959
<b>Liabilities carried at amortised cost</b>				
Borrowings	-	467,208	-	467,208
<b>Total Liabilities</b>	<b>-</b>	<b>467,208</b>	<b>6,959</b>	<b>474,167</b>
	As at March 31, 2016			
	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value is disclosed</b>				
Term deposits	-	1,024,890	-	1,024,890
Other financial assets	-	119,866	-	119,866
<b>Total assets</b>	<b>-</b>	<b>1,144,756</b>	<b>-</b>	<b>1,144,756</b>
<b>Liabilities carried at fair value through profit or loss</b>				
Warrants	-	-	6,997	6,997
<b>Liabilities carried at amortised cost</b>				
Borrowings	-	469,433	-	469,433
<b>Total Liabilities</b>	<b>-</b>	<b>469,433</b>	<b>6,997</b>	<b>476,430</b>

There were no transfers between Level 1, Level 2 and Level 3 during the three months ended June 30, 2016.

**Yatra Online, Inc.**

**Notes to interim condensed consolidated financial statements for the three months ended June 30, 2016**

**(Amount in INR thousands, except per share data and number of shares)**

**Valuation Techniques and significant unobservable inputs**

The following tables show the valuation techniques used in measuring Level 3 fair values at June 30, 2016 & March 31, 2016 as well as the significant unobservable inputs used.

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
<b>A. Financial Instruments measured at fair value:</b>			
Warrants	Black- Scholes model: The valuation model considers the share price on measurement date, expected term of the instrument, risk free rate (based on government bonds), expected volatility and expected dividend rate.	Expected term : 1.5 years Risk free rate : 0.67%	The estimated fair value would increase (decrease) if : • the expected term were higher (lower) • the risk free rate were higher (lower)
<b>B. Financial Instruments for which fair value is disclosed:</b>			
Borrowings	Discounted cash flows	Prevailing interest rate in market, future payouts	-
Term deposits	Discounted cash flows	Prevailing interest rate to discount future cash flows	-
Other financial assets	Discounted cash flows	Prevailing interest rate to discount future cash flows	-

**Reconciliation of fair value measurements categorised within level 3 of the fair value hierarchy**

	April 1, 2015	Charge to profit or loss	Effects of movements in foreign exchange rates	March 31, 2016	Charge to profit or loss	Effects of movements in foreign exchange rates	June 30, 2016
Silicon Valley Bank - Convertible Preference shares - Series D	2,029	(64)	122	2,087	(16)	34	2,105
Silicon Valley Bank - Convertible Preference shares - Series E	1,536	(38)	93	1,591	(11)	27	1,607
Macquarie Corporate Holdings Pty Limited - Ordinary shares	-	3,269	50	3,319	(127)	55	3,247
<b>Total</b>	<b>3,565</b>	<b>3,167</b>	<b>265</b>	<b>6,997</b>	<b>(154)</b>	<b>116</b>	<b>6,959</b>

**Yatra Online, Inc.**

**Notes to interim condensed consolidated financial statements for the three months ended June 30, 2016**

**(Amount in INR thousands, except per share data and number of shares)**

**7. Commitment and contingencies**

***a) Capital & Other commitments:***

Contractual commitments for capital expenditure pending execution were INR 15,013 as at June 30, 2016 (INR 1,921 as at March 31, 2016). Contractual commitments for capital expenditure are relating to acquisition of furniture and fixture and equipment.

Contractual commitments for revenue expenditure pending execution were INR 100,140 as at June 30, 2016 (INR 109,179 as at March 31, 2016). Contractual commitments for revenue expenditure are relating to advertisement services.

***b) Contingent Liabilities***

i) Claims not recognised as liability were INR 34,976 as at June 30, 2016 (INR 34,976 as at March 31, 2016).

These represents claim made by the customers due to service related issues, which are contested by the Group and are pending in various district consumer redressal forums in India. The management of the Group does not expect these claims to succeed and accordingly no provision has been recognised in the financial statements

ii) INR 2,249 as at June 30, 2016 (INR 2,249 as at March 31, 2016), represents show cause cum demand notices raised by Service tax authorities over one of the subsidiary in India. Based on the Group's evaluation, it believes that it is not probable that the demand will materialise and therefore no provision has been recognised.

**8. Subsequent events (Unaudited)**

On July 13, 2016, the Company entered into a definitive agreement with NASDAQ-listed Terrapin 3 Acquisition Corporation (TRTL), which agreement was amended on September 28, 2016, to combine in a transaction that values the Company at an enterprise value of INR 14,459,940 (USD 218,000). TRTL is a special purpose acquisition company formed for the purpose of effecting a merger, acquisition, or similar business combination and had raised INR 14,111,708 (USD 212,750) in its IPO in July 2014. The parent Company will be the surviving company in the transaction and intends to be listed on the NASDAQ Stock Market under the symbol "YTRA" following completion of the transaction.