

**OYO HOSPITALITY NETHERLANDS B.V.**  
**Standalone Financial Statements for the year ending**  
**March 31, 2020**

## Independent Auditor's report on Special purpose IND-AS Financial Statements

To the members / Management / Board of Directors

### **OYO Hospitality Netherlands B.V.**

We have audited the accompanying Special purpose Standalone financial Statements of OYO Hospitality Netherlands B.V. ("the Company") comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (together herein referred to as "Special Purpose Standalone Financial Statements" or "financial statements" or "Standalone Financial Statements"). This Special purpose financial information has been prepared solely in connection with the proposed Initial Public Offer ("IPO") of Oravel Stays Private Limited (the "Group Company") in India.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Special Purpose Standalone Financial Statements are in compliance with the basis of preparation explained in Note 2 of the financial statements including Basis for Opinion paragraph below.

### **Basis for Opinion**

The Special Purpose Standalone Financial Statements do not include all the information and disclosures normally included in annual financial statements. Only those disclosures as considered appropriate by the Management have been considered in these Standalone Financial Statements.

Items included in the Special Purpose Standalone Financial Statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Special Purpose Standalone Financial Statements are presented in Indian rupee (INR), which is the Group company's (Oravel Stays Private Limited) functional and presentation currency.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the standalone Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.



## **Emphasis of Matter**

We draw attention to Note 24 in the Standalone Financial Statements, which describes the possible effect of uncertainties relating to COVID-19 pandemic on the Company's financial performance as assessed by the management. Our opinion is not modified in respect of this matter.

## **Responsibilities of Management for the standalone Financial Statements**

The Company's Management / Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Management / Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **Auditor's Responsibilities for the Audit of the standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



### **Restriction on Use and Distribution**

As disclosed in the basis of opinion paragraph these Special Purpose Standalone Financial Statements have been prepared solely for management's internal financial reporting purpose and is intended solely for the information and use of the Management / Board of directors of the Company or Group Company. Accordingly, this report should not be used, referred to or distributed for any other purpose without our prior written consent.

**For and on behalf of**

**Mukesh Raj & Co.**

*Chartered Accountants*

**Firm Registration No. 016693N**



**Mukesh Goel**

Partner

Membership no: 094837

UDIN: 21094837AAAAJC1982



**Place: Delhi**

**Date: September 15, 2021**

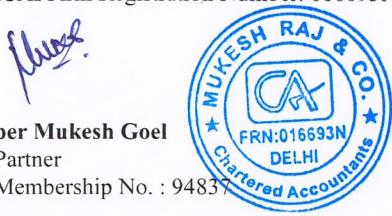
**OYO Hospitality Netherlands B.V.**  
**Balance sheet as at 31 March 2020**  
**(All amounts in INR million, unless otherwise stated)**

Particulars	Notes	As at March 31, 2020
<b>ASSETS</b>		
<b>I. Non-current assets</b>		
Financial assets:		
Investments	3(a)	26,248.08
Loans	3(b)	5,310.31
Deferred tax assets	4	32.31
		<b>31,590.70</b>
<b>II. Current assets</b>		
Financial assets:		
Other financial assets	3(c)	349.91
Cash and cash equivalents	3(d)	114.02
Other current assets	5	29.54
		<b>493.47</b>
<b>Total Assets (I+II)</b>		<b>32,084.17</b>
<b>EQUITY AND LIABILITIES</b>		
<b>III. Equity</b>		
Equity share capital	6	0.01
Other equity		
Retained earnings	7(a)	(2,112.22)
Other comprehensive income	7(b)	(69.47)
Other reserve	7(c)	17.82
<b>Equity attributable to equity holders of the Company</b>		<b>(2,163.86)</b>
<b>Total equity</b>		<b>(2,163.86)</b>
<b>LIABILITIES</b>		
<b>IV. Non- current liabilities</b>		
Financial liabilities:		
Borrowings	8(a)	33,718.26
<b>Total non- current liabilities</b>		<b>33,718.26</b>
<b>V. Current liabilities</b>		
Financial liabilities		
Other financial Liabilities	8(b)	483.51
Other current liabilities	9	46.26
		<b>529.77</b>
<b>Total liabilities</b>		<b>34,248.03</b>
<b>Total equity and liabilities (III+IV+V)</b>		<b>32,084.17</b>

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

**For Mukesh Raj & Co.**  
Chartered Accountants  
ICAI Firm Registration Number: 016693N



per Mukesh Goel  
Partner  
Membership No. : 94837

Place: New Delhi  
Date: *September 15, 2021*

For and on behalf of the Board of Director's of  
**OYO Hospitality Netherlands B.V.**



Rakesh Kumar  
Authorised signatory

Place: Gurugram  
Date: *September 15, 2021*

**OYO Hospitality Netherlands B.V.**  
**Statement of profit and loss for the year ended 31 March 2020**  
**(All amounts in INR million, unless otherwise stated)**

Particulars	Notes	For the year ended March 31, 2020
<b>REVENUE</b>		
Other income	10	148.73
<b>Total income (I)</b>		<b>148.73</b>
<b>EXPENSES</b>		
Employee benefits expense	11	17.25
Finance costs	12	1,785.13
Other expenses	13	489.84
<b>Total expenses (II)</b>		<b>2,292.21</b>
<b>Loss before tax (III) = (I-II)</b>		<b>(2,143.49)</b>
<b>Tax expense:</b>		
Current tax		-
Deferred tax credit	14	(31.27)
<b>Total tax expense (IV)</b>		<b>(31.27)</b>
<b>Loss for the year after tax (V) = (III-IV)</b>		<b>(2,112.22)</b>
<b>Other Comprehensive Income</b>		
<b>Items that will not be reclassified to profit or loss in subsequent periods:</b>		
- Re-measurement gains/ (loss) on exchange differences on translation of foreign operations	15	(69.47)
- Income tax credit/(charge) of above item		-
<b>Other comprehensive loss for the year, net of tax (VI)</b>		<b>(69.47)</b>
<b>Total comprehensive loss of the year, net of tax (VII) = (V+VI)</b>		<b>(2,181.69)</b>
<b>Loss per share:</b>		
Basic/Diluted, computed on the basis of loss attributable to equity holders	16	<b>(21.82)</b>

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

**For Mukesh Raj & Co.**

Chartered Accountants

ICAI Firm Registration Number: 016693N

*Mukesh*  
 per Mukesh Goel  
 Partner  
 Membership No. : 94837



Place: New Delhi  
 Date: *September 15, 2021*

For and on behalf of the Board of Director's  
**OYO Hospitality Netherlands B.V.**

*Rakesh*  
 Rakesh Kumar  
 Authorised signatory

Place: Gurugram  
 Date: *September 15, 2021*

**OYO Hospitality Netherlands B.V.**  
**Cash flow statement for the year ended 31 March 2020**  
**(All amounts in INR million, unless otherwise stated)**

Particulars	For the year ended March 31, 2020
<b>A. Cash flow from operating activities</b>	
Loss before tax	(2,143.49)
<b>Adjustments to reconcile profit before tax to net cash flows:</b>	
Employee stock option expenses	17.82
Interest expense	1,785.13
Interest income	(148.73)
<b>Operating profit before working capital changes</b>	<b>(489.26)</b>
<b>Movements in working capital:</b>	
Increase in trade payables	482.48
Increase in other current liabilities	0.54
Increase in other financial assets	(349.91)
Increase in loans	(5,310.31)
Increase in other current assets	(29.54)
<b>Net change in working capital</b>	<b>(5,206.74)</b>
<b>Cash generated/(used) from operations</b>	<b>(5,696.01)</b>
Direct taxes paid (net of refunds)	-
<b>Net cash flow from operating activities (A)</b>	<b>(5,696.01)</b>
<b>B. Cash flow from investing activities</b>	
Purchase of property, plant and equipment on acquisition	-
Investment in subsidiaries	(26,248.08)
Interest received	148.73
<b>Net cash generated/(used) from investing activities (B)</b>	<b>(26,099.35)</b>
<b>C. Cash flow from financing activities</b>	
Proceeds from issue of share capital including securities premium	0.01
Proceeds from borrowings	33,718.26
Interest paid	(1,739.42)
<b>Net cash generated/ (used) from financing activities (C)</b>	<b>31,978.85</b>
<b>Net increase in cash and cash equivalents (A + B +C)</b>	<b>183.49</b>
Net foreign exchange difference	(69.47)
Cash and cash equivalents at the beginning of the year	-
<b>Cash and cash equivalents at the end of the year</b>	<b>114.02</b>
<b>Components of cash and cash equivalents</b>	
Balances with banks	
- Current accounts	114.02
<b>Total cash and cash equivalents</b>	<b>114.02</b>

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

**For Mukesh Raj & Co.**  
Chartered Accountants  
ICAI Firm Registration Number: 016693N

*Mukesh*  
per Mukesh Goel  
Partner  
Membership No. : 94837



Place: New Delhi  
Date: *September 15, 2021*

For and on behalf of the Board of Director's of  
**OYO Hospitality Netherlands B.V.**

Rakesh Kumar  
Authorised signatory

Place: Gurugram  
Date: *September 15, 2021*

**OYO Hospitality Netherlands B.V.**  
**Statement of changes in equity for the year ended 31 March 2020**  
**(All amounts in INR million, unless otherwise stated)**

**(a) Ordinary Share Capital**

Particulars	Number of shares	Amount in INR mn
Balance as at April 01, 2019	-	-
Add : Issued during the year	100	0.01
<b>Balance as at March 31, 2020</b>	<b>100</b>	<b>0.01</b>

**(b) Other Equity**

Particulars	Attributable to the equity holders			Total other equity	
	Reserves and surplus		Other reserve		
	Foreign currency translation reserve	Retained earnings			
<b>As at April 01, 2019</b>	-	(2,112.22)	-	(2,112.22)	
Loss for the year after tax	(69.47)		17.82	(51.65)	
Additions during the year					
<b>As at March 31, 2020</b>	<b>(69.47)</b>	<b>(2,112.22)</b>	<b>17.82</b>	<b>(2,163.87)</b>	

The accompanying notes are an integral part of the standalone financial statements

As per our report of even date

**For Mukesh Raj & Co.**

Chartered Accountants

ICAI Firm Registration Number: 016693N

  
 per Mukesh Goel  
 Partner  
 Membership No. : 94837



Place: New Delhi  
 Date: September 15, 2021

For and on behalf of the Board of Director's of  
**OYO Hospitality Netherlands B.V.**

  
 Rakesh Kumar  
 Authorised signatory

Place: Gurugram  
 Date: September 15, 2021

## **OYO Hospitality Netherlands B.V.**

**Notes to Special purpose standalone financial statements for the year ended March 31, 2020**

**(All amounts are in millions of Indian Rupees, unless stated otherwise)**

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### **1. Corporate information**

OYO Hospitality Netherlands B.V. ("The Company") (Chamber of commerce no: 74373196), incorporated on March 25<sup>th</sup>, 2019, having its legal seat in Mr. Treublaan 7, 1097 DP, Amsterdam, the Netherlands, is a private limited liability company under Dutch law. The Company is a wholly owned subsidiary of OYO Vacation Homes UK Ltd. (UK). Oravel Stays Private Limited (India) is the Ultimate Holding company.

These financial statements are authorized for issue by the Company's Board of directors on September 15, 2021.

### **2. Basis of preparation of Standalone financial statements**

#### **2.1 Basis of preparation**

The company's management has prepared these Special purpose standalone financial Statements comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (together herein referred to as "Special Purpose Standalone Financial Statements" or "financial statements" or "Standalone Financial Statements").

This Special purpose financial information has been prepared solely in connection with the proposed Initial Public Offer ("IPO") of Oravel Stays Private Limited (the "Group Company") in India. The Company has followed the accompanied accounting policies for the purpose of preparing these financial statements.

The Special Purpose Financial Statements do not include all the information and disclosures normally included in annual financial statements. Only those disclosures as considered appropriate by the Management have been considered in these Standalone Financial Statements.

#### **2.2 Functional and presentation currency**

Items included in the Standalone financial statements of each of the company entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Standalone financial statements are presented in Indian rupee (INR), which is the Parent Company's / Group Company presentation currency.

#### **Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following items:



**YO Hospitality Netherlands B.V.****Notes to Special purpose standalone financial statements for the year ended March 31, 2020****(All amounts are in millions of Indian Rupees, unless stated otherwise)**

Items	Measurement basis
Financial assets and liabilities- Refer accounting policy regarding financial instrument)	Fair Value
Share based payments	Fair value in accordance with Ind AS 102

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these Standalone financial statements is determined on this basis.

### **2.3 Use of estimates and judgements**

In preparing these Standalone financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Management believes that the estimates used in the preparation of the Standalone financial statements are prudent and reasonable. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

The areas involving critical estimates and judgements are described.

#### **Measurement of fair values**

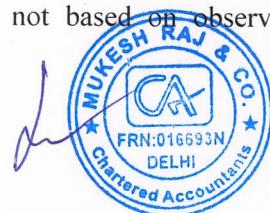
A number of the company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in most advantageous market for the asset or liability

All assets and liabilities for which fair value is measured or disclosed in the Standalone financial statements are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in 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).



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When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the respective notes.

## **2.4 Significant accounting policies**

### **a. Current / non-current classification**

All the assets and liabilities required to be classified as either current or non-current.

The Company presents assets and liabilities in the statement of assets and liabilities based on current / non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realised in, or is intended for sale or consumption in, the Company normal operating cycle
- It is expected to be realised within twelve months from the reporting date
- It is held primarily for the purposes of being traded; or
- It is Cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets are classified as non-current

A liability is classified as current when it satisfies any of the following criteria :

- It is expected to be settled in the Company normal operating cycle
- It is due to be settled within twelve months from the reporting date
- It is held primarily for the purposes of being traded
- It is the Company does not have an unconditional right to defer settlement of the liability for at least twelve months from the reporting date

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current assets and liabilities respectively.

### **Operating cycle**

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Based on the nature of operations and the time between the acquisition of



**YO Hospitality Netherlands B.V.**

**Notes to Special purpose standalone financial statements for the year ended March 31, 2020**

**(All amounts are in millions of Indian Rupees, unless stated otherwise)**

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assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as twelve months for the purpose of current vs non-current classification of assets and liabilities.

**b. Foreign currency transactions**

In preparing the Standalone financial statements of Company, transactions in currencies other than the functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items are recognised in statement of profit and loss in the period in which they arise except for:

- Exchange differences arising on monetary items that forms part of a reporting entity's net investment in a foreign operation are recognised in statement of profit and loss in the separate statements of the reporting entity or the individual statements of the foreign operation, as appropriate. In the statements that include the foreign operation and the reporting entity (e.g., Standalone financial statements when the foreign operation is a subsidiary), such exchange differences are recognised initially in OCI. These exchange differences are reclassified from equity to profit and loss on disposal of the net investment.
- Exchange differences arising on monetary items that are designated as part of the hedge of the Company net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to statement of profit and loss.
- Tax charges and credits attributable to exchange differences and above items are also recorded in OCI

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognized in OCI or profit or loss are also recognized in OCI or profit or loss, respectively).

**c. Foreign operations**

The assets and liabilities of foreign operations including goodwill and fair value adjustments arising on consolidation, are translated into INR, the functional currency of the company, at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into INR at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Exchange differences on conversion of foreign operations are recognised in OCI and accumulated in equity (as exchange differences on translating the financial statements of a foreign operation).

When a foreign operation is disposed of in its entirety or partially, the cumulative amount of exchange differences related to that foreign operation recognised in OCI is reclassified to statement of profit and loss as part of the gain or loss on disposal.



**YO Hospitality Netherlands B.V.**

**Notes to Special purpose standalone financial statements for the year ended March 31, 2020**

**(All amounts are in millions of Indian Rupees, unless stated otherwise)**

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**d. Financial instruments**

**i. Recognition and initial measurement**

Financial assets and financial liabilities are initially recognised when the company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

**ii. Classification and subsequent measurement**

**Financial assets**

On initial recognition, a financial asset is classified as measured at

- Amortised cost
- Fair value through other comprehensive income (FVOCI) – debt investment;
- Fair value through other comprehensive income (FVOCI) – equity investment; or
- Fair value through profit and loss

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the company changes its business model for managing financial assets.

A financial asset is measured at amortised cost, if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI, if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.



**Financial assets: Subsequent measurement and gains and losses**

Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Any gain or loss on derecognition is recognised in statement of profit and loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit and loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to statement of profit and loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.
Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit and loss.

**Financial liabilities: Classification, subsequent measurement and gains and losses**

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are Standalone statement of profit and loss. Any gain or loss on derecognition is also recognised in Standalone statement of profit and loss.

**iii. Derecognition**

**Financial assets**

The company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the company enters into transactions whereby it transfers assets recognised on its statement of asset and liabilities, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.



**OYO Hospitality Netherlands B.V.**  
**Notes to Special purpose standalone financial statements for the year ended March 31, 2020**  
**(All amounts are in millions of Indian Rupees, unless stated otherwise)**

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### **Financial liabilities**

The company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in Standalone statement of profit and loss.

#### **iv. Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the Standalone statement of asset and liabilities when, and only when, the company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

#### **v. Derivative financial instruments**

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in statement of profit and loss.

#### **vi. Financial guarantee contracts**

Financial guarantee contracts issued by the company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 115.

#### **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

#### **vii. Property, plant and equipment**

##### **a. Recognition and measurement**

Items of property, plant and equipment, capital work in progress are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

The cost comprises purchase price, freight, duties, taxes and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of plant, property and equipment which take substantial period of time to get ready for use are included to the



extent they relate to the period till such assets are ready for intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. It also includes estimated costs of dismantling and removing the item and restoring the site on which it is located.

Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Above cost also includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in statement of profit and loss as incurred. The cost and related accumulated depreciation and amortization of assets disposed of or retired are removed from the accounts, and any resulting gain or loss is reflected in the statement of profit and loss.

Items of stores and spares that meet the definition of plant, property and equipment are capitalized at cost and depreciated over their useful life. Otherwise, such items are classified as inventories.

The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. Each component is separately depreciated over its useful life.

Assets retired from active use and held for disposal are stated at their estimated net realizable values or net book values, whichever is lower.

Gains or losses arising from derecognition of plant, property and equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

**b. Subsequent expenditure**

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only if it is probable that the future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably.

**viii. Depreciation**

Depreciation on plant, property and equipment is calculated on straight-line basis using the useful lives prescribed under Schedule II to the Companies Act, 2013.



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**(All amounts are in millions of Indian Rupees, unless stated otherwise)**

<b>Asset</b>	<b>Useful life</b>
Computers	3 to 6 years
Hotel on site equipment	5 years
Board & Signage	2 years
Furniture and fittings	8 years
Vehicles	8 years
Lease hold improvements	Over the unexpired period of lease or useful lives, whichever is lower.

The management has estimated the useful lives and residual values of all the property, plant and equipment and adopted useful lives based on management's technical assessment of their respective economic useful lives. Depreciation method, useful lives and residual values are reviewed at each financial period-end and prospectively if appropriate.

**ix. Intangible assets**

**a. Recognition and measurement**

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

**b. Amortisation**

Intangible assets are amortized on a straight-line basis using the useful lives which are as follows;

<b>Asset</b>	<b>Useful life</b>
Trademark	3 years
Non-compete agreements	3 years
Internally generated software	3 years
Software	1.5 years to 5 years
Franchise Agreement	5 years to 11 years
Brand	5 years or indefinite

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.



**YO Hospitality Netherlands B.V.**

**Notes to Special purpose standalone financial statements for the year ended March 31, 2020**

**(All amounts are in millions of Indian Rupees, unless stated otherwise)**

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**x. Research and development costs**

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset,
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. It is amortised on a straight line basis over the period of expected future benefit from the related project, i.e., the estimated useful life of 3 years. Amortisation expense is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

During the period of development, the asset is tested for impairment annually.

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**xi. Impairment**

**a. Impairment of financial instruments**

The company recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost; and
- financial assets measured at FVOCI- debt investments.

At each reporting date, the company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer
- a breach of contract such as a default or being past due for 90 days or more
- the restructuring of a loan or advance by the company on terms that the company would not consider otherwise
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.



## **OYO Hospitality Netherlands B.V.**

### **Notes to Special purpose standalone financial statements for the year ended March 31, 2020 (All amounts are in millions of Indian Rupees, unless stated otherwise)**

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the company historical experience and informed credit assessment and including forward looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the company in full, without recourse by the company to actions such as realising security (if any is held); or
- the financial asset is 90 days or more past due.

#### **Measurement of expected credit losses**

For trade receivables and contract assets, the company applied simplified approach in calculating Expected Credit Loss (ECLs). Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factor specific to the debtors and economic environment.

#### **Presentation of allowance for expected credit losses in the statement of assets and liabilities**

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as expense/income in the statement of profit and loss.

#### **Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off. However, financial assets that are written



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off could still be subject to enforcement activities in order to comply with the Company procedures for recovery of amounts due.

**b. Impairment of non-financial assets**

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists or when annual impairment assessment is required, then the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows which are based on the budget of five years are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

**xii. Employee benefits**

**Short-term employee benefits**

All employee benefits payable wholly within twelve months of rendering the service are classified as short term employee benefits and they are recognized in the period in which the employee renders the related service. The Company recognizes the undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered as a liability (accrued expense) after deducting any amount already paid.

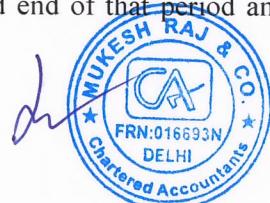
**Share-based payment transactions**

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

**Equity-settled transactions**

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

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. 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 Company best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.



Service and non-market performance 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 Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through statement of profit and loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### **Cash-settled transactions**

The cost of cash-settled transactions is measured initially at fair value at the grant date using a binomial model. This fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The liability is re-measured to fair value at each reporting date up to, and including the settlement date, with changes in fair value recognised in employee benefits expense.

#### **Termination benefits**

Termination benefits are expensed at the earlier of when the company can no longer withdraw the offer of those benefits and when the company recognises costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted.

#### **xiii. Provisions (other than for employee benefits)**

A provision is recognised if, as a result of a past event, the company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.



**YO Hospitality Netherlands B.V.**

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**(All amounts are in millions of Indian Rupees, unless stated otherwise)**

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**xiv. Revenue**

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration that we expect to receive in exchange for those products or services.

The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognized will not occur.

Judgment is required in determining whether the Company is the principal or agent in transactions with hotel partners and end-users. The Company evaluates the presentation of revenue on a gross or

net basis based on whether it controls the service provided to the end-user and is the principal (i.e. "Gross"), or the Company arranges for other parties to provide the service to the end-user and is an agent (i.e. net").

The company collects indirect taxes on behalf of the government and, therefore, it is not an economic benefit flowing to the Company. Hence, it is excluded from revenue.

**Commission from booking**

Revenue in the form of commission from booking is recognized on net basis as the company does not gain control on stay services before it gets passed to customer. The company acts as an agent, and earns commission income, in the sale of rooms/homes. Commission income (net of cancellations) are recognized on completion of booking of room nights by end customers, on accrual basis to the extent that it is probable that the economic benefit will flow to the company and it can be reliably measured. In these arrangements, the company does not recognize the gross amount as revenue but only the fee consideration it expects to be entitled to.

**Subscription Income**

The company provides wizard membership programs under which participating customers are eligible to earn discounts on qualifying transactions in future bookings. Revenue earned under wizard membership programs is recorded systematically over the period of membership. Invoicing in excess of revenues are classified as contract liabilities (which we refer to as deferred revenue).

**Interest Income**

Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

**Dividend Income**

Dividend is recognized as income when the unconditional right to receive the payment is established.



**Trade receivables and contractual balances**

The company classifies the right to receive consideration in exchange for services as either trade receivable or unbilled revenue. Accommodation revenue in excess of invoicing are classified as contract assets (which we refer to as unbilled revenue).

**Unbilled revenue**

Unbilled revenue represents the gross unbilled amount expected to be realised from customers for services rendered upto the reporting date, and is measured as per the contractual terms under arrangements entered with the customers.

**Contractual liabilities**

Contract liabilities are primarily from customer advance for which services are yet to be rendered on the reporting date either in full or in parts. Revenue is recognised when the service is rendered to the customer.

**xv. Leases**

**As a lessee**

**Identifying a lease**

At the inception of the contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The company assesses whether:

- The contract involves the use of an identified asset, specified explicitly or implicitly.
- The Company has the right to obtain substantially all the economic benefits from use of the asset throughout the period of use, and
- The Company has right to direct the use of the asset.

The Company recognizes lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

**Initial recognition of Right of use asset (ROU)**

The Company recognizes a ROU asset at the lease commencement date (i.e., the date the underlying asset is available for use). ROU assets are initially measured at cost less any accumulated depreciation and accumulated impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received.

**Subsequent measurement of Right of use asset (ROU)**

ROU assets are subsequently amortized using the straight-line method from the commencement date to the earlier of the end of the useful life of ROU asset or the end of the lease term. If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.



## OPYO Hospitality Netherlands B.V.

## Notes to Special purpose standalone financial statements for the year ended March 31, 2020

(All amounts are in millions of Indian Rupees, unless stated otherwise)

In addition, the right of use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurement of the lease liability.

### Initial recognition of lease liability

Lease liabilities are initially measured at the present value of the lease payments to be paid over the lease term. Lease payments included in the measurement of the lease liabilities comprise of the following:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or a rate
- Amounts expected to be payable under a residual value guarantee; and
- The exercise price under a purchase option, extension option and penalties for early termination only if the Company is reasonably certain to exercise those options.

### Subsequent measurement of lease liability

Lease liabilities are subsequently increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

### Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

### As a lessor

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognized on a straight-line basis over the term of the relevant lease.

## xvi. Income tax

Income tax comprises current and deferred tax. It is recognised in statement of profit and loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income

### Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.



### **Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. Deferred tax is not recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

### **xvii. Borrowing cost**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the year they occur.



**YO Hospitality Netherlands B.V.**

**Notes to Special purpose standalone financial statements for the year ended March 31, 2020**

**(All amounts are in millions of Indian Rupees, unless stated otherwise)**

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**xviii. Segment Reporting**

Operating segment are defined as components of an entity for which separate financial information is available and that is regularly reviewed by the Chief Operating Decision Maker (CODM) in deciding how to allocate resources to an individual segment and is assessing performance. The Chief Executive Officer (CEO) of YO Hospitality Netherlands B.V. is the Company's CODM. The CODM reviews financial information presented on a consolidated basis for purpose of making operating decisions, allocating resources and evaluating financial performance. As such, the Company has determined that it operates in one reportable segment

**xix. Common control business combinations**

Business combination arising from transfer of interests in entities that are under the control of the shareholder that control the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or if later, at the date that common control was established.

Business combinations involving entities that are controlled by the Company are accounted for using the pooling of interest methods as follows;

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- The identity of the reserved are preserved and the reserve of transferor become the reserve of the transferee.
- The difference, if any, between consideration and the amount of share capital of acquired entity is transferred to capital reserve

**xx. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and taxes applicable) by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue that have changed the number of outstanding and conversion of compulsorily convertible preference shares, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**xxi. Exceptional items**

Exceptional items refer to items of income or expense within the statement of profit and loss that are of such size, nature or incidence that their separate disclosure is considered necessary to explain the performance for the period.



**OYO Hospitality Netherlands B.V.**

**Notes to Special purpose standalone financial statements for the year ended March 31, 2020**

**(All amounts are in millions of Indian Rupees, unless stated otherwise)**

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**xxii. Cash and cash equivalents:**

Cash and cash equivalent in the statement of assets and liabilities comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the 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 Company's cash management.

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**OYO Hospitality Netherlands B.V.**  
 Notes to financial statements for the year ended on 31 March 2020  
 (All amounts in INR million, unless otherwise stated)

**3 Financial assets**

**(a) Investments**

	As at March 31, 2020
<b>Non current</b>	
<b>Investment in subsidiaries</b>	
OYO Vacation homes Holding B.V.*	26,248.08
	<u><u>26,248.08</u></u>

The Company holds 100% shareholding of OYO Vacation homes Holding B.V.

**(b) Loans (unsecured, considered good, unless otherwise stated) (at amortised cost)**

	As at March 31, 2020
<b>Non Current</b>	
Loan to subsidiary*	5,157.67
Prepaid Expense	152.64
- Considered good	-
- Considered doubtful	-
	<u><u>5,310.31</u></u>
Less: Credit impaired	-
	<u><u>5,310.31</u></u>
<b>Non Current</b>	<b>5,310.31</b>
<b>Current</b>	-

\* The receivables from OYO Vacation Homes Holding B.V. carry an interest rate based on the 3-months Euribor plus a spread of 3.6%.

**(c) Other financial assets**

	As at March 31, 2020
<b>Receivables:</b>	
- Receivables from related parties	349.91
- Receivables from others, considered good	-
- Credit impaired	-
	<u><u>349.91</u></u>
Less: Impairment Allowance (allowance for bad and doubtful debts)	-
- Credit impaired	-
	<u><u>349.91</u></u>

**(d) Cash and cash equivalents**

	As at March 31, 2020
Balances with banks:	
- On current account	114.02
	<u><u>114.02</u></u>

**4 Deferred tax assets (net)**

	As at March 31, 2020
Deferred tax assets (net)	32.31
	<u><u>32.31</u></u>

**5 Other current assets (unsecured, considered good, unless otherwise stated)**

	As at March 31, 2020
Prepaid expenses	29.54
Balances with statutory/government authorities	-
	<u><u>29.54</u></u>

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**OYO Hospitality Netherlands B.V.**

Notes to financial statements for the year ended on 31 March 2020  
(All amounts in INR million, unless otherwise stated)

**6 Equity Share Capital**

	As at March 31, 2020
<b>Ordinary Share</b>	
100 (March 31, 2020: 100) equity shares of Euro 1 each.	0.01 <b>0.01</b>

**(a) Reconciliation of ordinary shares at the end of the reporting year**

	As at March 31, 2020	
	No. of shares (Nos.)	Amount in INR mn
<b>As at the begining of the year</b>	100.00	0.01
Increase during the year	-	-
<b>As at the end of the year</b>	<b>100.00</b>	<b>0.01</b>

**(b) Details of shareholders holding more than 5% shares in the Company**

Equity Share Capital	As at	
	No. of shares	% holding in the equity shares
OYO Vacation Homes UK Limited	100	100%

**7 Other Equity**

<b>(a) Retained earnings</b>	<b>Amount</b>
As at April 01, 2019	-
Loss for the year after tax	(2,112.22)
<b>As at March 31, 2020</b>	<b>(2,112.22)</b>
<b>(b) Other comprehensive income</b>	<b>Amount</b>
As at April 01, 2019	-
Increase during the year	(69.47)
<b>As at March 31, 2020</b>	<b>(69.47)</b>
<b>(c) Other reserve</b>	<b>Amount</b>
As at April 01, 2019	-
Increase in Equity settled employee benefit reserve	17.82
<b>As at March 31, 2020</b>	<b>17.82</b>



**OYO Hospitality Netherlands B.V.**  
**Notes to financial statements for the year ended on 31 March 2020**  
**(All amounts in INR million, unless otherwise stated)**

**8 Financial Liabilities**

**(a) Borrowings**

	<b>As at March 31, 2020</b>
<b>Non-Current</b>	
Loan from banks (including loan amortisation fees of Rs 225.65mn) *	10,524.96
Loan from related parties**	23,193.30
	<b>33,718.26</b>
<b>Non-Current</b>	33,718.26
<b>Current</b>	

\*The Loan from Deutsche Bank have a maturity at May 31, 2025 and carries an interest rate of 5.25% p.a.

\*\* Loan from Oravel Stays Singapore PTE LTD (Indirect Holding Company) was provided to finance the acquisition of OYO Vacation Homes Holding B.V. (formerly known as @Leisure Holding B.V.) and its subsidiaries.

**Interest Rate:**

The rate of interest on the Loan for each Interest Period is 7.00 per cent. per annum unless an event of default has occurred and is continuing in which case the rate of interest on the Loan shall be increased to 14.00 per cent. per annum for the period from the occurrence of the Event of Default until such time as the Event of Default has ceased to be continuing.

The Borrower shall pay accrued interest on the Loan on the last day of each Interest period (Interest period is three months from June 03, 2019 and then after every three months). However, as per separate agreement, Lender has agreed that interest payment can be made only after approval of Senior Creditors (i.e. Deutsche Bank AG). No approval was sought in the period and no interest payment has been made.

**(b) Other financial Liabilities**

	<b>As at March 31, 2020</b>
Payable to related parties	483.51
<b>Total</b>	<b>483.51</b>

**9 Other current liabilities**

	<b>As at March 31, 2020</b>
Accrued interest on loan	45.72
Expenses payables	0.54
	<b>46.26</b>



**OYO Hospitality Netherlands B.V.**  
**Notes to financial statements for the year ended on 31 March 2020**  
**(All amounts in INR million, unless otherwise stated)**

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**10 Other income**

	<b>For the year ended March 31, 2020</b>
<b>Interest income on</b>	
- Loan to subsidiary	148.73
Foreign exchange gain	-
	<b><u>148.73</u></b>

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**YO Hospitality Netherlands B.V.**

Notes to financial statements for the year ended on 31 March 2020  
(All amounts in INR million, unless otherwise stated)

**11 Employee benefits expense**

	<u>For the year ended March 31, 2020</u>
Employee stock option expenses	17.25
	<u>17.25</u>

**12 Finance cost**

	<u>For the year ended March 31, 2020</u>
<b>Interest on:</b>	
- term loan from bank	521.98
- loan from related parties	1,263.15
	<u>1,785.13</u>

**13 Other expenses**

	<u>For the year ended March 31, 2020</u>
Insurance	26.22
Legal and professional expenses	46.79
Payments to auditors	1.21
Miscellaneous expenses	0.05
Foreign exchange loss	415.57
	<u>489.84</u>

**14 Deferred tax credit**

	<u>For the year ended March 31, 2020</u>
Deferred tax credit	(31.28)
	<u>(31.27)</u>

**15 Other Comprehensive Income**

	<u>For the year ended March 31, 2020</u>
Re-measurement gains/ (losses) on exchange differences on translation of foreign operations	(69.47)
Income tax credit/(charge) of above item	(69.47)



**YO Hospitality Netherlands B.V.**

**Notes to financial statements for the year ended on 31 March 2020**  
**(All amounts in INR million, unless otherwise stated)**

**16 Calculation of loss per share (EPS)**

	<b>For the year ended March 31, 2020</b>
The following reflects the loss and share data used in the basic and diluted EPS computation:	
Nominal value per equity share (in INR)	
Loss attributable to equity shareholders for computing basic and dilutive EPS (A)	(2,181.69)
Weighted average number of equity shares outstanding during the year for computing Basic EPS (B)	100.00
Dilutive effect of share based payments on weighted average number of equity shares outstanding during the year	
Weighted average number of equity shares outstanding during the year for computing Diluted EPS (C)	100.00
<b>Basic loss per share (A/B)</b>	<b>(21.82)</b>
<b>Diluted loss per share (A/C)</b>	<b>(21.82)</b>

Weighted average number of shares is the number of ordinary shares outstanding at the beginning of the period adjusted by the number of equity shares/options issued during year, multiplied by the time weighting factor. The time weighting factor is the number of days for which the specific shares/options granted are

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**OPYO Hospitality Netherlands B.V.**  
**Notes to financial statements for the year ended on 31 March 2020**  
**(All amounts in INR million, unless otherwise stated)**

**17 Related party transactions**

**(I) Names of related parties and related party**

**Description of relationship**

**Related parties under Ind AS 24:**

<b>(A) Ultimate holding company</b>	Oravel Stays Private Limited
Holding Company	OPYO Vacation Homes UK Limited
Subsidiary Company	OPYO Vacation homes Holding B.V.

**(C) Key Management Personnel ("KMP")**

Rakesh Prusti  
 Maninder Gulati  
 Rupendra Sharma

**(II) Details of related party transactions are given in table below:**

	<b>For the year ended March 31, 2020</b>
<b>Remuneration to key managerial personnel*</b>	
<b>Interest Income</b>	
OPYO Vacation homes Holding B.V.	148.73
<b>Interest expense</b>	
Oravel Stays Singapore PTE LTD	1263.15
 <b>Other payables:</b>	
OPYO Hotels Singapore PTE Ltd	215.23
OPYO Hospitality UK Ltd	268.28
 <b>Borrowing:</b>	
Oravel Stays Singapore PTE LTD	23,193.30
<b>Other receivables:</b>	
Belvilla Service	144.44
OPYO Vacation Homes Holding B.V.	107.95
Oyo Hotels Netherlands	19.76
Oravel Stays Singapore Pte Ltd	79.76

\*The company has three directors. However, the company does not pay remuneration to directors. Remuneration is paid by the Holding Company. Further, the same is not invoiced to the group and therefore no expense has been recognised in the books of the group.

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**OYO Hospitality Netherlands B.V.**

Notes to financial statements for the year ended on 31 March 2020  
(All amounts in INR million, unless otherwise stated)

**18 Contingent liabilities & Capital Commitment :****Fiscal unity:**

OYO Hospitality Netherlands B.V. forms a fiscal unity with OYO Vacation Homes Holding B.V.. Belvilla Services B.V.. AanZee VillaXL B.V. and Belvilla Nederland B.V. These group companies are jointly and severally liable for the total income tax liability. Each of the aforementioned group companies recognizes the portion of corporate income tax that the relevant company would owe as an independent taxpayer, taking into account the tax facilities applicable to the company. The company has issued downstream guarantees pursuant to Section 403 of Book 2 of the Dutch Civil Code for all Dutch group companies. The total liabilities of these group companies amount to EURO 56.2 Mn

**19 Segment Information**

During the year, the Company has reassessed the basis of segment reporting. This reassessment has been necessitated by the change in business strategy over the period, increased interdependency between various service lines, increased fungibility of resources/common cost, change in the way Board of Directors (Chief Operating Decision Maker "CODM") review the Group's performance etc. CODM reviews results of on Unconsolidated basis and considering the nature of business operations, these are reviewed as Hotel business. Accordingly, it has been assessed that Company operates in a single operating as well as Reportable Segment.

**20 Financial instruments - Financial risk management objectives and policies**

The Company's principal financial liabilities comprise trade payables, borrowings, and capital creditors. Further, the Company has given guarantee to various banks for providing loan to its subsidiaries. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets includes security deposits, trade receivables and cash and cash equivalents.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior level management oversees the management of these risks and is supported by team handling Treasury function that advises on the appropriate financial risk governance framework to mitigate potential adverse

**A. Credit risk**

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is not exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Company only deals with parties which has good credit rating/ worthiness given by external rating agencies or based on Company's internal assessment. Significant revenue is collected by the Company in advance before rendering the services to the retail customers.

The ageing analysis of trade receivables (net) as of the reporting date is as follows:

	Less than 6 months	More than 6 months	Total
Trade Receivables as of March 31, 2020	349.91	-	349.91

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**YOY Hospitality Netherlands B.V.****Notes to financial statements for the year ended on 31 March 2020****(All amounts in INR million, unless otherwise stated)****B. Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company closely monitors its liquidity position and deploys a robust cash management system. The Company manages liquidity risk by maintaining adequate reserves, borrowing liabilities, by continuously monitoring forecast and actual cash flows, profile of financial assets and liabilities. It maintains adequate sources of financing including loans from banks at an optimised cost. The table below provides the details regarding contractual maturities of financial liabilities

	As at March 31, 2020
<b>Less than 1 year</b>	
- Other financial liabilities	483.51
- Other current liabilities	46.26
<b>Total</b>	<b>529.76</b>
<b>More than 1 year</b>	
- Borrowings	33,718.26
<b>Total</b>	<b>33,718.26</b>

**21 Capital Management**

For the purpose of Company's capital management, capital includes issued equity capital, securities premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing borrowings, trade and other payables, less cash and cash equivalents.

**Company's adjusted net debt to equity ratio at March 31, 2020 are as follows:**  
Gearing ratio

	March 31, 2020
Trade payables	483.51
Borrowings	33,718.26
Other current liabilities	46.26
Less: cash and cash equivalents	(114.02)
<b>Adjusted Net debt</b>	<b>(A) 34,134.01</b>
Total Equity	(2,163.86)
<b>Total Equity</b>	<b>(B) (2,163.86)</b>
<b>Total Equity and net debt</b>	<b>(A+B) 31,970.16</b>
<b>Gearing ratio (Net Debt/ Total Equity)</b>	<b>106.77%</b>

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2020.

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**OYO Hospitality Netherlands B.V.****Notes to financial statements for the year ended on 31 March 2020****(All amounts in INR million, unless otherwise stated)****22 Fair values**

The management has assessed the fair value of all the financial assets and liabilities including cash and cash equivalents, trade receivable, security deposits, other financial assets, investments, trade payables and other financial liabilities, approximate their carrying amounts which is at amortised cost.

The carrying amounts of other items carried at amortised cost are reasonable approximation of their fair values.

Accordingly, the Company does not have any financial instruments to be classified under three levels of fair value measurement hierarchy in accordance with Ind AS 113. Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments.

	<b>As at March 31, 2020</b>		
	<b>FVTPL</b>	<b>FVTOCI</b>	<b>Amortized cost</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Financial assets</b>			
- Investments	-	-	26,248.08
- Loans	-	-	5,310.31
<b>Current assets</b>			
<b>Financial assets</b>			
- Trade receivables	-	-	349.91
- Cash and cash equivalents	-	-	114.02
Other current asset	-	-	29.54
<b>LIABILITIES</b>			
<b>Non- current liabilities</b>			
<b>Financial liabilities</b>			
- Borrowings	-	-	33,718.26
<b>Current liabilities</b>			
<b>Financial liabilities</b>			
- Trade payable	-	-	483.51
- Other financial liabilities	-	-	46.26



23 All financial instruments for which fair value is recognised or disclosed are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

Level 1: This level of hierarchy includes financial assets that are measured by reference to quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: This level of hierarchy includes financial assets that are measured using inputs, other than quoted prices included within level 1, that are observable for such items, directly or indirectly.

Level 3: This level of hierarchy includes items measured using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instruments nor based on available market data.

Specific valuation techniques used to value financial instruments is discounted cash flow analysis.

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

**Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2020:**

Loss before tax	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Financial assets measured at fair</b> Investments at fair value through profit or loss	-	-	-	-
	-	-	-	-

**24 Estimation uncertainty relating to the global health pandemic on COVID-19:**

The spread of the Coronavirus has caused an unprecedented health and economic crisis across the world. In the beginning of year 2020, governments globally implemented some form of lockdowns, and placed various restrictions for businesses relating to inter and intra country travel. These restrictions and requirements of social distancing have impacted various types of businesses worldwide particularly the Company's hospitality business. Basis impact of subsequent waves of virus spread, the Governments re-imposed and relaxed the restrictions but overall the sector noticed a muted response from customer.

The Company has responded to the crisis by taking several strategic and decisive actions including cost reduction and restructuring initiatives. Based on current progress, the management does not foresee any stress on the Company's liquidity, as the Company either has access to sufficient unutilized sanctioned borrowing facilities for working capital requirements including from their investors or has sufficient cash and cash equivalents and other bank balances as on 31 March 2020.

The management has been continuously assessing the potential impact of COVID-19 on the carrying value of property, plant & equipment, trade receivables, other financial assets, inventories and other assets appearing in the financial statements of the Company as on March 31, 2020. Based on current indicators of future economic conditions, the carrying amounts of these assets have been further adjusted to the extent required and the remaining carrying value is fully realizable.

The accompanying notes are an integral part of the standalone financial statements

**As per our report of even date**

**For Mukesh Raj & Co.**

*Chartered Accountants*

ICAI Firm Registration Number: 016693N



per Mukesh Goel

Partner

Membership No. : 94837



Place: New Delhi

Date: *September 15, 2021*

For and on behalf of the Board of Directors  
**OYO Hospitality Netherlands B.V.**



Rakesh Kumar  
Authorised signatory

Place: Gurugram

Date: *September 15, 2021*