

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

To the members / Management / Board of Directors

OYO Hotel Management (Shanghai) Co., Ltd.

We have audited the accompanying Special purpose standalone financial statements of **OYO Hotel Management (Shanghai) Co., Ltd.** ("the Company") comprise the Balance sheet as at December 31, 2020, the Statement of Profit and Loss, including the statement of changes in Equity, the Cash Flow Statement and the Statement of Changes in Equity for the period from January 01, 2020 to December 31, 2020, 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 the financial statements including Basis for Opinion paragraph below.

Basis for Opinion

The underlying Standalone Financial Statements of the Company for the year ended December 31, 2020 has been prepared in accordance with the applicable Accounting Standards for Business Enterprises ("ASBES") in China and converted into Indian rupee (INR) as per IND-AS 21 – "The Effects of Changes in Foreign Exchange Rates". We have not audited the financial statements as per the local GAAP; and have relied upon the report from the local auditor in China used for the purpose of converting the balances from local currency into Indian rupee (INR) which is the Group company's (Oravel Stays Private Limited) functional and presentation currency.

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. Further, management opts not to disclose comparative numbers in the financial statements.

Responsibilities of Management for the Standalone Financial Statements

The Company's Management / Board of Directors is responsible for 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 of the Company. 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.

Restriction on Use and Distribution

As disclosed in 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: 21094837AAAKQ6919



Place: Delhi
Date: September 25, 2021

OYO Hotel Management (Shanghai) Co., Ltd
Balance sheet as at 31 December 2020
(Amount in Indian Rupees Millions, unless stated otherwise)

	Notes	As at 31 December 2020	As at 31 December 2019
ASSETS			
Current assets			
Currency funds	1	335.00	1,881.97
Receivable and accounts receivable	2	9.56	32.24
Prepayments	3	210.05	1,967.74
Other receivables	4	89.89	668.85
Inventories	5	30.00	108.13
Other current assets	6	559.90	566.45
Total current assets		1,234.40	5,225.38
Non-current assets			
Fixed assets	7	1.01	2.28
Intangible assets	8	172.91	247.14
Development expenditures	9	-	-
Long-term prepaid expenses	10	-	49.52
Total non-current assets		173.92	298.94
Total assets		1,408.32	5,524.32
EQUITY AND LIABILITIES			
Current liabilities			
Accounts payable		82.39	106.49
Receipts in advance		4.67	1.64
Employee benefits payable	13	210.89	1,958.50
Taxes and surcharges payable	14	26.76	86.49
Other payables		18,498.36	11,644.21
Other current liability		25.35	-
Total current liabilities		18,848.41	13,797.33
Total liabilities		18,848.41	13,797.33
Equity			
Paid-in capital	15	20,767.50	17,146.45
Capital Reserve	16	54.06	31.18
Uncompensated losses	17	-36,895.87	-25,181.87
Other Comprehensive Reserve		-1,365.79	-268.77
Total equity		-17,440.10	-8,273.01
Total liabilities and equity		1,408.32	5,524.32

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. : 094837

Place: New Delhi
Date: September 25, 2021



For and on behalf of
OYO Hotel Management (Shanghai) Co., Ltd


Rakesh Kumar
Authorized signatory

Place: Gurugram
Date: September 25, 2021

YO Hotel Management (Shanghai) Co., Ltd
Statement of Profit and Loss for the period ended 31 December 2020
(Amount in Indian Rupees Millions, unless stated otherwise)

	Notes	For the year ended December 31, 2020	For the year ended December 31, 2019
REVENUE	18	5,183.28	2,039.11
Less: Cost of sales		5,658.43	3,240.71
Taxes and surcharges		1.89	5.88
Selling expenses		6,008.07	16,758.87
Administrative expenses		3,053.44	2,729.25
Research and development expenses		480.26	2,571.06
Finance income (net of finance expenses)	19	700.99	-80.07
Add: Other income	20	103.04	47.36
Less: Impairment losses	21	992.68	1,509.43
Loss before tax		(11,609.43)	(24,648.66)
Add: Non-operating income	22	-	0.01
Less: Non-operating expenses	23	104.56	533.22
Loss before income taxes		(11,714.00)	(25,181.87)
Other Comprehensive Income			
Foreign Currency Translation Reserve		-1,097.02	-268.77
Less: Income tax expenses	25	-	-
Loss		(12,811.02)	(25,450.64)
Total comprehensive loss of the year, net of tax		(12,811.02)	(25,450.64)

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. : 094837

Place: New Delhi
Date: *September 25, 2021*



For and on behalf of
YO Hotel Management (Shanghai) Co., Ltd

RK
Rakesh Kumar
Authorized signatory

Place: Gurugram
Date: *September 25, 2021*

OYO Hotel Management (Shanghai) Co., Ltd
Statement of changes in equity for the period ended 31 December 2020
(Amount in Indian Rupees Millions, unless stated otherwise)

2019

	Paid-in capital	Capital Reserve	Uncompensated losses	FCTLR	Total equity
Loss for the period	-	-	(25,181.87)	-	(25,181.87)
Amount of share-based payments recognised in equity	-	31.18	-	-	31.18
Foreign Currency Translation Reserve	-	-	-	(268.77)	(268.77)
Capital contribution by owners	17,146.45	-	-	-	17,146.45
At 31 December 2019	17,146.45	31.18	(25,181.87)	(268.77)	(8,273.01)
Loss for the period	-	-	(11,714.00)	-	(11,714.00)
Amount of share-based payments recognised in equity	-	22.88	-	-	22.88
Foreign Currency Translation Reserve	-	-	-	(1,097.02)	(1,097.02)
Capital contribution by owners	3,621.05	-	-	-	3,621.05
At 31 December 2020	20,767.50	54.06	(36,895.87)	(1,365.79)	(17,440.10)

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. : 094837

Place: New Delhi

Date: *September 25, 2021*



For and on behalf of
OYO Hotel Management (Shanghai) Co., Ltd

Rakesh Kumar
Rakesh Kumar
Authorized signatory

Place: Gurugram

Date: *September 25, 2021*

OYO Hotel Management (Shanghai) Co., Ltd
Statement of Cash Flows for the period ended 31 December 2020
(Amount in Indian Rupees Millions, unless stated otherwise)

	For the year ended December 31, 2020	For the year ended December 31, 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from the sale of goods and the rendering of services	5,244.49	1,776.82
Other cash receipts relating to operating activities	185.32	15.22
Receipts of taxes and surcharges refunds	103.04	47.36
Total cash inflows from operating activities	<u>5,532.85</u>	<u>1,839.40</u>
 Cash payments for goods and services	6,870.35	2,329.25
Cash payments to and on behalf of employees	7,958.53	13,183.55
Payments of all types of taxes and surcharges	2.53	3.49
Other cash payments relating to operating activities	1,848.43	6,527.33
Total cash outflows from operating activities	<u>16,679.83</u>	<u>22,043.62</u>
 Net cash flows from operating activities	(A)	(11,146.98)
 Investing activities		(20,204.22)
 Cash payments to acquire fixed assets, intangible assets and other long-term assets	-38.00	-1,019.90
Other cash payments relating to investing activities	-525.83	-1,057.86
 Net cash flows from investing activities	(B)	-563.83
		-2,077.76
 Financing activities		
Cash proceeds from investments by others	3,881.96	16,920.83
Cash receipts from borrowings	1,406.33	7,220.75
Cash receipts relating to financing activities	4,875.55	-
 Total cash outflows from financing activities	(C)	10,163.84
		24,141.58
 Net foreign exchange difference	(D)	22.37
Add: Cash and cash equivalents at beginning of the year	1,881.97	
Cash and cash equivalents at the end of the year	(A+B+C+D)	335.00
Add: Cash and cash equivalents at beginning of the year		1,881.97
 Components of cash and cash equivalents		
Balances with banks		
- Current accounts	335.00	1,881.97
 Total cash and cash equivalents	335.00	1,881.97

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. : 094837

Place: New Delhi

Date: *September 25, 2021*



For and on behalf of
OYO Hotel Management (Shanghai) Co., Ltd

Rakesh
Rakesh Kumar
Authorized signatory

Place: Gurugram

Date: *September 25, 2021*

OYO Hotel Management (Shanghai) Co., Ltd.
Notes to the financial statements for the year ended 31 December 2020
Amount in Indian Rupees Millions, unless stated otherwise

I. Corporate information

OYO Hotel Management (Shanghai) Co., Ltd. (the "Company") is a limited liability company registered in Shanghai, Guangzhou. The company was established on December 11, 2018. The company is located at No. 12, NO. 1021, Sanshuang Road, Gangxi Town, Chongming District, Shanghai, Chongming District, Shanghai.

The scope of company business is: information, computer, software technology in the field of technology development, technology transfer, technology consulting, consulting services, business management consulting, Hotel management, ticketing agency services.

The immediate holding company of the company is OYO Technology and Hospitality (China) PTE. Ltd. established in Singapore, and the ultimate holding company is Oravel Stays PTE Ltd. established in India.

II. Basis of preparation of the financial statements

The preparation of financial statements in conformity with the China adopted applicable Accounting Standards for Business Enterprises ("ASBEs") in China requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. These financials have been audited by local auditor under Local GAAP and have issued audit report dated September 24, 2021 on the financial statements.

The audited financial denominated in local currency "pound" have been converted by the management into India Rupees (INR) ad per Local GAAP "The effect of changes in foreign exchange rates" for the purpose of proposed Initial Public Offer (IPO) of Oravel Stays Private Limited (the Group Company) in India.

The financial statements have been prepared under the historical cost convention.

Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present truly and completely the financial positions of the Company as at 31 December 2019, and the financial performance and the cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.



III. Significant accounting policies and estimates

The financial information presented as at 31 December 2020 financial statements was prepared based on the following significant accounting policies and estimates under ASBEs.

1. Accounting year

The accounting year of the Group is a calendar year, i.e., from 1 January to 31 December of each year.

2. Functional currency

The Company's functional and presentation currency is Renminbi ("RMB"). The currency unit is RMB Yuan except for special instructions.

3. Cash and cash equivalents

Cash comprises the Company's cash on hand and bank deposits that can be readily withdrawn on demand. Cash equivalents are short-term, highly liquid investments that are readily convertible into known amounts of cash, and are subject to an insignificant risk of changes in value.

4. Foreign currency transactions

The Group translates foreign currency transactions into its functional currency.

Foreign currency transactions are initially recorded, on initial recognition in the functional currency using the spot exchange rates prevailing at the dates of transactions occur. Monetary items denominated in foreign currencies are translated at the spot exchange rates ruling at the balance sheet date. Differences arising on settlement or translation of monetary items are recognised in profit or loss. 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, and the amount denominated in the functional currency is not changed. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The resulting exchange differences are recognised in profit or loss or other comprehensive income depending on the nature of the non-monetary items.

Foreign currency cash flows are translated using the average exchange rates for the period during which the cash flows occur. The effect of exchange rate changes on cash is separately presented as an adjustment item in the statement of cash flows.

5. Financial instruments

Recognition and derecognition

The Company recognises a financial asset or a financial liability when it becomes a party to the contractual provisions of a financial instrument.



III. Significant accounting policies and estimates (continued)

6. Financial instruments (continued)

Recognition and derecognition (continued)

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's account and balance sheet) when:

- (1) the rights to receive cash flows from the financial asset have expired; or
- (2) the Company has transferred its rights to receive cash flows from the financial asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) has transferred substantially all the risks and rewards of the financial asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the financial asset.

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 a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Regular way purchases and sales of financial assets are recognised and derecognised using trade date accounting. The trade date is the date that the Group committed to purchase or sell a financial asset.

Classification and measurement of financial instruments

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recorded at fair value plus any directly attributable transaction costs that are attributable to the acquisition of the financial assets, and are subsequently measured at amortised cost using the effective interest method. Gains or losses arising from amortisation or impairment are recognised in profit or loss.

The Company recognises a loss for impairment where there is objective evidence that an impairment loss on a financial asset has been incurred. The Company assesses whether impairment exists individually for financial assets that are individually significant. If there is objective evidence that an impairment has been incurred, an impairment loss is recognised in profit or loss. The Company assesses whether impairment exists for financial assets that are not individually significant, collectively on the basis of groups of financial assets with similar credit risk characteristics. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.



III. Significant accounting policies and estimates (continued)

5. Financial instruments (continued)

Classification and measurement of financial instruments (continued)

The carrying amount of the financial asset is reduced to the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred) through the use of an allowance account and the loss is recognised in profit or loss. If there is objective evidence of a recovery in the value of the financial asset and the recovery is related to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed and recognised in profit or loss.

Other financial liabilities

Such financial liabilities are initially recognised at fair value less any directly attributable transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Transfer of financial assets

A financial asset is derecognised when the Company has transferred substantially all the risks and rewards of the financial asset to the transferee. A financial asset is not derecognised when the Company retains substantially all the risks and rewards of the financial asset.

When the Company has neither transferred nor retained substantially all the risks and rewards of the financial asset, it either (i) derecognises the financial asset and recognises the assets and liabilities created in the transfer when it has not retained control of the asset; or (ii) continues to recognise the financial asset to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability.

Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the carrying amount of the financial asset and the guarantee amount. The guarantee amount is the maximum amount of consideration that the Company could be required to repay.

6. Inventories

Inventories are initially carried at cost. Cost of inventories are mainly costs of purchase. Cost is determined on the first-in, first-out basis. Turnover materials include low value consumables and packing materials, which are on the immediate write-off basis.



III. Significant accounting policies and estimates (continued)

6. Inventories (continued)

At the balance sheet date, inventories are stated at the lower of cost and net realisable value. The inventories are written down below cost to net realisable value and the write-down is recognised in profit or loss if the cost is higher than the net realisable value. When the circumstances that previously caused the inventories to be written down below cost no longer exist, in which case the net realisable value of inventories becomes higher than the carrying amount, the amount of the write-down is reversed. The reversal is limited to the amount of the original write-down, and is recognised in profit or loss.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. Raw materials and finished goods are written down item by item when the reserve for stock price reduction is calculated.

Inventories include using materials. The using materials purchased by our company for hotels in operation are mainly cotton fabrics, including towels and bedding which need to be replaced periodically. Using materials shall be amortized according to the actual service life after they are taken over, and the amortization life shall be one year. Using materials are reported as purchasing cost deducts amortized amount.

7. Fixed assets

A fixed asset is recognised only when the economic benefits associated with the asset will probably flow into the Company and the cost of the asset can be measured reliably. Subsequent expenditures incurred for a fixed asset that meets the recognition criteria shall be included in the cost of the fixed asset, and the carrying amount of the component of the fixed asset that is replaced shall be derecognised. Otherwise, such expenditures are recognised in profit or loss as incurred.

Fixed assets are initially measured at cost. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use.

Depreciation is calculated using the straight-line method. The useful lives, estimated residual value rates and annual depreciation rates of each category of the fixed assets areas follows:

	Useful life	Estimated residual value rate	Annual depreciation rate
Computer Equipment	3 years	0%	33.33%
Office Equipment and Furniture	3 years	0%	33.33%

The Company reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each year end, and make adjustments if necessary.



OYO Hotel Management (Shanghai) Co., Ltd.

Notes to the financial statements for the year ended 31 December 2020 (Continued)
Amount in Indian Rupees Millions, unless stated otherwise

III. Significant accounting policies and estimates (continued)

8. Intangible assets

An intangible asset shall be recognised only when it is probable that the economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. And intangible assets are measured initially at cost.

The useful life of an intangible asset is determined according to the period over which it is expected to generate economic benefits for the Company. An intangible asset is regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Company.

The useful lives of the intangible assets are as follows:

	Useful life
Software	3 years

An intangible asset with a finite useful life is amortised using the straight-line method over its useful life. For an intangible asset with a finite useful life, the Company reviews the useful life and amortisation method at least at each year end and makes adjustment if necessary.

9. Research and development expenditures

The Company classifies the expenditures on an internal research and development project into expenditure on the research phase and expenditure on the development phase. Expenditure on the research phase is recognised in profit or loss as incurred.

Expenditure on the development phase is capitalised only when the Company can demonstrate all of the following: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) the intention to complete the intangible asset and use or sell it; (iii) how the intangible asset will generate probable future economic benefits (among other things, the Company can demonstrate the existence of a market for the output of the intangible asset or the intangible asset itself or, if it is to be used internally, the usefulness of the intangible asset); (iv) the availability of adequate technical, financial and other resources to complete the development and the ability to use or sell the intangible asset; and (v) the ability to measure reliably the expenditure attributable to the intangible asset during the development phase. Expenditure on the development phase which does not meet these above criteria is recognised in profit or loss when incurred.

10. Long-term prepaid expenses

Long-term prepaid expenses are amortised using the straight-line method as follows:

	Amortisation period
Expenditure on decoration and renovation of operating hotels	2-3 years



III. Significant accounting policies and estimates (continued)

11. Impairment of assets

The Company determines the impairment of assets, other than the impairment of inventories, financial assets, using the following methods:

The Company assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Company estimates the recoverable amount of the asset and performs impairment testing.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. The Company estimates the recoverable amount on an individual basis unless it is not possible to estimate the recoverable amount of the individual asset, in which case the recoverable amount is determined for the asset group to which the asset belongs. Identification of an asset group is based on whether major cash inflows generated by the asset group are largely independent of the cash inflows from other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount by the Company. The reduction in the carrying amount is treated as an impairment loss and recognised in profit or loss. A provision for impairment loss of the asset is recognised accordingly.

Once the above impairment loss is recognised, it cannot be reversed in subsequent accounting periods.

12. Employee benefits

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for services rendered by employees or for termination of employment. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits given by the Company to an employee's spouse, children and dependents, family members of deceased employees and other beneficiaries are also employee benefits.

Post-employment benefits (defined contribution plan)

The employees of the Company participate in a pension scheme and unemployment insurance managed by the local government, the corresponding expenses shall be included in the cost of related assets or profit or loss.

13. Revenue

Revenue is recognised when it is probable that the associated economic benefits will flow into the Company and when the revenue can be measured reliably, on the following bases:



III. Significant accounting policies and estimates (continued)

13. Revenue (continued)

Revenue from the rendering of services

Where the Company provides hotel room service to a directly operated hotel, revenue is recognized when the hotel room service has been provided and the right to receive a service fee has been obtained.

Franchise fee income

According to relevant contracts or agreements, revenue is recognized on an accrual basis. Interest income

Interest income is recognised on a time proportion basis for which the Company's currency funds are used by others and by the effective interest rate.

14. Income tax

Income tax comprises current and deferred tax. Income tax is recognised as income or expense in profit or loss, or recognised directly in equity if it arises from a business combination or relates to a transaction or event which is recognised directly in equity.

Current tax liabilities or assets arising from the current and prior periods at the amount expected to be paid by the Company or returned by the tax authority calculated according to related tax laws.

Deferred tax is provided using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the tax bases and the carrying amounts of the items, which have a tax base according to related tax laws but are not recognised as assets and liabilities.

Deferred tax liabilities are recognised for all taxable temporary differences, except: when the taxable temporary difference arises from a transaction that is not a business combination and, at the time of transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax losses and any unused tax credits. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax losses and unused tax credits can be utilised, except: when the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.



OYO Hotel Management (Shanghai) Co., Ltd.

Notes to the financial statements for the year ended 31 December 2020 (Continued)

Amount in Indian Rupees Millions, unless stated otherwise

III. Significant accounting policies and estimates (continued)

14. Income tax (continued)

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, in accordance with the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the balance sheet date, to recover the assets or settle the liabilities.

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

Deferred tax assets and deferred tax liabilities are offset if and only if the Company has a legally enforceable right to set off current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

15. Leases

A finance lease is a lease that transfers substantially all the risks and rewards of ownership of an asset. An operating lease is a lease other than a finance lease.

As lessee of an operating lease

Lease payments under an operating lease are recognised by a lessee on a straight-line basis over the lease term, and either included in the cost of the related asset or charged to profit or loss.

16. Significant accounting judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities at the balance sheet date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.



YO Hotel Management (Shanghai) Co., Ltd
Notes to financial statements for the period ended 31 December 2020
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7. Fixed Assets

Particulars	Computer Equipment	Office equipment and Furniture	Total
Gross block (At cost)			
At January 01 ,2019	-	-	-
Add: Additions	0.54	2.16	2.70
Less: Disposals	-	-	-
As at December 31, 2019	0.54	2.16	2.70
Add: Additions	0.03	-	0.03
Less: Disposals	-0.07	-0.98	-1.04
As at December 31, 2020	0.50	1.18	1.69
Accumulated Depreciation			
At January 01 ,2019	-	-	-
Add: Additions	0.09	0.33	0.42
Less: Disposals	-	-	-
As at December 31, 2019	0.09	0.33	0.42
Add: Additions	0.21	0.79	1.00
Less: Disposals	-0.01	-0.53	-0.54
Adjustment of FCTR	-0.07	-0.13	-0.20
As at December 31, 2020	0.22	0.46	0.68
Net carrying value			
As at December 31, 2020	0.29	0.72	1.01
As at December 31, 2019	0.45	1.83	2.28



OYO Hotel Management (Shanghai) Co., Ltd
Notes to financial statements for the period ended 31 December 2020
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8. Intangible assets

Particulars	Software from Purchase	Software of internal R&D	Total
Gross block (At cost)			
At January 01, 2019	-	-	-
Add: Additions	8.26	-	8.26
Add: Transfers from development expenditures	-	333.81	333.81
Less: Disposals	-	-	-
As at December 31, 2019	8.26	333.81	342.07
Add: Additions	37.98	-	37.98
Add: Transfers from development expenditures	-	-	-
Less: Disposals	-	-	-
As at December 31, 2020	46.24	333.81	380.05
Accumulated Depreciation			
At January 01, 2019	-	-	-
Add: Charge	2.20	92.73	94.93
Adjustment of FCTR	-	-	-
As at December 31, 2019	2.20	92.73	94.93
Add: Charge	14.03	116.43	130.46
Adjustment of FCTR	-3.57	-14.68	-18.25
As at December 31, 2020	12.66	194.48	207.14
Net carrying value			
As at December 31, 2020	33.58	139.33	172.91
As at December 31, 2019	6.06	241.08	247.14



OYO Hotel Management (Shanghai) Co., Ltd
Notes to financial statements for the period ended 31 December 2020
(Amount in Indian Rupees Millions, unless stated otherwise)

IV. Taxes

The Company is mainly subject to the following taxes and the respective tax rates of the Company for the current year as follow:

Valuee-added tax

VAT payable is the difference between VAT output and less deductible VAT input for the current period. VAT output has been calculated by applying a rate of % to the taxable value.

Corporate income tax

it is levied a 25% on taxable profit.

Withholding Personal Income Tax

The Salaries paid by the company to employees shall be withheld by the company in accordance with the Tax Law.

V. Notes to Key items of the financial Statements

1. Currency funds

	As at 31 December 2020	As at 31 December 2019
Cash at banks	331.21	1,881.97
Others	3.79	-
	335.00	1,881.97

*At 31 December 2020, the company has INR 331.21 Million (equivalent to RMB 29.55 Million) restricted currency funds. (At 31 December 2019, the company had no restricted currency funds.)

2. Receivable and accounts receivable

	As at 31 December 2020	As at 31 December 2019
Accounts receivable	408.20	393.39
Less: Provision for bad debts	398.64	361.15
	9.56	32.24

At 31 December 2020 and At 31 December 2019, the company had no restricted accounts receivable. The credit period of accounts receivable is usually 1-3 months, Accounts receivable are not interest-bearing.

An ageing analysis of accounts receivable is as follows:

Within 1 year	9.56	393.39
1 to 2 years	398.64	-
Less: Provision for bad debts	398.64	361.15
	9.56	32.24

The movements in provision for bad debts of accounts receivable are as follows:

Opening Provision	361.15	-
Provision for the year	43.19	361.15
Reversal	-	-
Write-off	-5.70	-
Closing Balance	398.64	361.15

3. Prepayments

	As at 31 December 2020	As at 31 December 2019
Prepayments	210.05	1,967.74
	210.05	1,967.74

An ageing analysis of prepayments is as follows:

Within 1 year	210.05	1,967.74
	210.05	1,967.74



YO Hotel Management (Shanghai) Co., Ltd
Notes to financial statements for the period ended 31 December 2020
(Amount in Indian Rupees Millions, unless stated otherwise)

4. Other receivables

	As at 31 December 2020	As at 31 December 2019
Other receivables	89.89	668.85
	89.89	668.85

An ageing analysis of other receivables is as follows:

Within 1 year	560.73	962.67
1 to 2 years	812.07	-
	1,372.80	962.67
Less: Provision for bad debts	1.282.91	293.82
	89.89	668.85

The movements in provision for bad debts of other receivable are as follows:

Opening Provision	293.82	-
Provision for the year	1,007.66	293.82
Reversal	-	-
Write-off	-18.57	-
Closing Balance	1,282.91	293.82

5. Inventories

	As at 31 December 2020	As at 31 December 2019
Using materials	82.39	108.13
Less: Inventory falling price reserves	-52.39	-
	30.00	108.13

The movements in provision for inventory are as follows:

Opening Provision	-	-
Provision for the year	52.39	-
Reversal	-	-
Write-off	-	-
Closing Balance	52.39	-

6. Other current assets

	As at 31 December 2020	As at 31 December 2019
Expenditure on decoration and renovation of franchised hotels	-	616.40
Input VAT to be credited	535.29	387.36
Others	24.61	11.13
	559.90	1,014.89
Less: Provision for impairment of other current assets	-	448.44
	559.90	566.45

The movements in provision for impairment of other current assets are as follows:

Opening Provision	448.44	-
Provision for the year	-	448.44
Reversal	-	-
Write-off	-448.44	-
Closing Balance	-	448.44

9. Development expenditures

	As at 31 December 2020	As at 31 December 2019
Opening Balance	-	-
Increase	-	333.81
Recognised as intangible assets	-	-333.81
Closing Balance	-	-

10. Long-term prepaid expenses

	As at 31 December 2020	As at 31 December 2019
Expenditure on decoration and renovation of direct-operated hotels	-	49.52
	-	49.52



OYO Hotel Management (Shanghai) Co., Ltd

Notes to financial statements for the period ended 31 December 2020

(Amount in Indian Rupees Millions, unless stated otherwise)

11. Assets with restricted ownership

	As at 31 December 2020	As at 31 December 2019
Currency Funds	331.21	

By the end of 2020, the company's monetary funds were frozen due to litigation, INR 331.21 Million (equivalent to RMB 29.55 Million) (2019: Nil)

12. Provision for impairment of assets

	As at 31 December 2020	As at 31 December 2019
Provision for impairment of fixed assets	-	654.97
Provision for impairment of other current assets	-	448.44
Provision for impairment of long-term deferred assets	-	296.36
	-	1,399.77

13. Employee benefits payable

	As at 31 December 2020	As at 31 December 2019
Salaries, bonuses, allowances and subsidies	188.52	1,851.69
Staff welfare	0.14	10.64
Social security Including:		
(i) Medical insurance	5.60	25.78
(ii) Work injury insurance	0.14	0.69
(iii) Maternity insurance	-	2.71
(iv) Guarantee for the Disabled	3.52	3.19
Housing funds	3.72	19.02
	(A)	201.64
		1,913.72
Defined contribution plan:		
Including: Basic pension insurance	-	-
Unemployment insurance	8.97	43.42
	0.28	1.36
	(B)	9.25
		44.78
Total	(A+B)	210.89
		1,958.50

14. Taxes and surcharges payable

	As at 31 December 2020	As at 31 December 2019
Individual income tax	1.98	84.08
Stamp tax	24.79	2.41
	26.76	86.49

15. Paid-in capital

As at 31 December 2020	US\$	Percentage (%)
Registered capital		
OYO Technology and Hospitality (China) PTE. LTD	400.00	100%
Paid in Capital	US\$	Equivalent to INR
OYO Technology and Hospitality (China) PTE. LTD	292.10	20,767.50
As at 31 December 2019	US\$	Percentage (%)
Registered capital		
OYO Technology and Hospitality (China) PTE. LTD	400.00	100%
Paid in Capital	US\$	Equivalent to INR
OYO Technology and Hospitality (China) PTE. LTD	242.60	17,146.45



16. Capital reserves

	As at 31 December 2020	As at 31 December 2019
Opening balance	31.18	-
The amount of share-based payments recorded in owners' equity	22.88	31.18
	<u>54.06</u>	<u>31.18</u>

17. Uncompensated losses

	As at 31 December 2020	As at 31 December 2019
Balance at beginning of the current year	-25,181.87	-
Add: net loss in current period	-11,714.00	-25,181.87
Balance at end of the current year	<u>-36,895.87</u>	<u>-25,181.87</u>

18. Revenue

	As at 31 December 2020	As at 31 December 2019
Primary business	5,150.79	1,232.51
Other businesses	32.49	806.60
	<u>5,183.28</u>	<u>2,039.11</u>
Rendering of services	5,183.3	2,039.11

19. Finance expense/(income)

	As at 31 December 2020	As at 31 December 2019
Bank service charge	-	1.78
Interest expenses	667.60	1.56
Interest income	-1.17	-15.21
Foreign exchange differences	33.32	-68.50
Others	1.23	0.30
	<u>700.99</u>	<u>-80.07</u>

20. Other income

	As at 31 December 2020	As at 31 December 2019
Fees refunded for individual income tax withheld	85.40	47.36
Job stabilization subsidies, etc	17.64	-
	<u>103.04</u>	<u>47.36</u>

21. Impairment losses

	As at 31 December 2020	As at 31 December 2019
Loss from impairment of other current assets	-	446.12
Loss from write-down of inventories	50.08	116.90
Loss from bad debts	942.60	651.58
Loss from impairment of long-term deferred assets	-	294.83
	<u>992.68</u>	<u>1,509.43</u>

22 Non-operating income

	As at 31 December 2020	As at 31 December 2019
Others	-	0.01
	<u>-</u>	<u>0.01</u>

23 Non-operating expenses

	As at 31 December 2020	As at 31 December 2019
Termination payments of operating hotels	104.12	35.55
Losses arising from damage and obsolescence of assets	0.45	497.67
	<u>104.56</u>	<u>533.22</u>



OYO Hotel Management (Shanghai) Co., Ltd

Notes to financial statements for the period ended 31 December 2020

(Amount in Indian Rupees Millions, unless stated otherwise)

24. Expenses by nature

	As at 31 December 2020	As at 31 December 2019
Depreciation and amortization	733.88	955.65
Travel Fee	136.04	681.57
Advertising promotion expenditure	1,973.42	4,446.56
Transfer of asset usage rights fees	4,665.33	-
Employee benefits	6,056.21	15,131.93
Outsourcing service fees	219.80	419.10
Communications fee	371.41	219.86
Recruitment fee	221.72	823.20
Rental fee	150.96	423.27
Others	671.45	2,198.75
	15,200.20	25,299.89

25. Income tax expenses

The reconciliation between income tax expenses and loss before income taxes is as follows:

	As at 31 December 2020	As at 31 December 2019
Current Tax	-	-
	-	-
	As at 31 December 2020	As at 31 December 2019
Total loss	-11,714.00	-25,181.87
Tax at the statutory tax rate (Note 1)	-2,928.38	-6,295.47
Expenses not deductible for tax	33.30	3.12
Unrecognized deductible loss	-2,895.08	-6,292.35

Note 1: The income tax of the Company has been provided at the applicable rate on the estimated assessable taxable profits arising in Mainland China.

26. Cash flows from operating activities

	As at 31 December 2020	As at 31 December 2019
Net loss	-11,714.00	-25,181.87
Add: Provisions for asset impairment	992.68	1,509.43
Depreciation of fixed assets	1.00	0.42
Amortization of intangible assets	130.47	94.43
Amortization of long-term prepaid expenses	52.01	124.34
Losses from the disposal of assets	0.45	497.67
Share payment fee	21.87	30.77
Finance expenses	700.92	-12.65
Increase in inventories	36.41	-224.47
Increase in operating receivables	2,212.64	-2,894.97
Increase in operating payables	-3,641.89	5,852.67
Net cash flows from operating activities	-11,207.45	-20,204.23

27. Cash and cash equivalents

	As at 31 December 2020	As at 31 December 2019
Cash	335.00	1,881.97
Including: bank deposits on demand		
Closing balance of cash	335.00	1,881.97
Less: Opening balance of cash	-	-
Net increase in cash and cash equivalents	335.00	1,881.97



OYO Hotel Management (Shanghai) Co., Ltd
Notes to financial statements for the period ended 31 December 2020
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VI. Financial instruments and related risks:

	As at 31 December 2020	As at 31 December 2019
1. Financial instruments by category		
Financial assets		
Currency funds	335.00	1,881.97
Accounts receivable	9.56	32.24
Other receivables	89.89	668.85
	434.45	2,583.06
Financial liabilities		
Accounts payable	82.39	106.49
Other payables	18,498.36	11,644.21
	18,580.7	11,750.70

2. Risks of financial instruments

The main risks arising from the Company's financial instruments are credit risk, liquidity risk and market risk. The Group's policies are summarised below

Credit risk

For each balance sheet date, the term of each financial asset is analyzed as follows as at December 2020

	Total	Not overdue	Overdue		
			Not Impair	1 month	1-3 month
Accounts receivable				-	-
Other receivables				-	-
	99.45	99.45		-	-

At 31 December 2020, accounts receivable and other receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default

At 31 December 2020, accounts receivable and other receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Company. Based on past experience, the Company considers that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable. The Company does not hold any collateral or other credit enhancements over these receivables.

For each balance sheet date, the term of each financial asset is analyzed as follows as at December 2019

	Total	Not overdue	Overdue		
			Not Impair	1 month	1-3 month
Accounts receivable				-	-
Other receivables				-	-
	701.09	701.09		-	-

At 31 December 2019, accounts receivable and other receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default

At 31 December 2019, accounts receivable and other receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Company. Based on past experience, the Company considers that no provision for impairment is necessary in respect of these balances as there has not been a significant change in the credit quality and the balances are still considered fully recoverable. The Company does not hold any collateral or other credit enhancements over these receivables



OYO Hotel Management (Shanghai) Co., Ltd
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Liquidity risk

The Company aims to maintain sufficient cash and credit lines to meet its liquidity requirements. The Company finances its working capital requirements through a combination of funds generated from operations and other borrowings.

The following table summarizes the maturity analysis of financial liabilities based on nondiscounted contract cash flows:

At 31 December 2020	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Accounts payable	82.39	-	-	-	82.39
Other payables	18,498.36	-	-	-	18,498.36
	18,580.75	-	-	-	18,580.75
At 31 December 2019	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Accounts payable	106.49	-	-	-	106.49
Other payables	11,644.21	-	-	-	11,644.21
	11,750.70	-	-	-	11,750.70

Market risk

Currency risk

The Company has currency exposures arising from sales or purchases by operating units in currencies other than the units' functional currencies.

3. Capital management

The primary objectives of the Company's capital management are to safeguard the Company's ability to continue as a going concern in order to provide returns for owners and to maintain an optimal capital structure to reduce the cost of capital.

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 the dividend payment to owners, return capital to owners, issue new shares.

VII. Fair value

Management has assessed currency funds, accounts receivable, other receivables, accounts payable, other payables and other similar instruments. Given the short term maturities, the fair values approximate to the carrying values.

VIII. Related party relationships and transactions

1. Parent

Name of the parent	Registered address	Nature of business	Proportion of ownership interest in the Company (%)	Proportion of voting power in the Company (%)	Registered capital
OYO Technology and Hospitality (China) PTE. LTD	Singapore	Services	100%	100%	US\$2,200,000.00

2. Other related party

Name

Related party relationships

OYO Stays Private Limited	Other entities controlled by the ultimate holding company
Beijing Shell Space Technology Co., Ltd	Other entities controlled by the ultimate holding company
Beijing Jiayoulewan Technology Co., Ltd	Other entities controlled by the ultimate holding company
OYO Stays Singapore Pte Ltd	Other entities controlled by the ultimate holding company
OYO Hospitality and Technology (Shenzhen) Co., Ltd	Other entities controlled by the ultimate holding company
OYO corporate service (Shanghai) Co., Ltd.	Other entities controlled by the ultimate holding company
OYO Investment (Shanghai) Co., Ltd	Other entities controlled by the ultimate holding company
OYO Rooms Hospitality SDN BHD Malaysia	Other entities controlled by the ultimate holding company
OYO Hotel LLC USA	Other entities controlled by the ultimate holding company
OYO Rooms Indonesia	Other entities controlled by the ultimate holding company
OYO Room Japan	Other entities controlled by the ultimate holding company
OYO Technology and Hospitality (China) PTE LTD	Other entities controlled by the ultimate holding company
OYO Hotels (Singapore) Pte Ltd.	Other entities controlled by the ultimate holding company



OYO Hotel Management (Shanghai) Co., Ltd
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3. Major transactions between the Group and its related parties

	As at 31 December 2020	As at 31 December 2019
(1) Selling		
OYO Hospitality and Technology (Shenzhen) Co, Ltd	2.20	
The price of the company's sales of products to related parties is determined by the transaction parties with reference to market prices.		
(2) Reception of services		
OYO Technology and Hospitality (China) PTE LTD.	2.58	
The price at which the company accepts services from related parties shall be negotiated and determined by both parties to the transaction with reference to the market price.		
(3) Provision of services		
OYO Hospitality and Technology (Shenzhen) Co., Ltd.	727.76	
The price charged by the company for the services provided by the affiliated companies shall be determined by the method of cost plus		
(4) Expense paid on behalf of a related party		
OYO Hotels (Singapore) Pte. Ltd.	16.37	
OYO Technology and Hospitality (China) PTE. LTD.	16.37	
Beijing Shell Space Technology Co.,Ltd	7.41	425.00
OYO Hotel LLC USA	6.78	5.97
OYO Hospitality and Technology (Shenzhen) Co., Ltd.	-	420.65
OYO Room Japan	-	25.07
OYO Rooms Indonesia	-	2.49
OYO Rooms Hospitality SDN BHD Malaysia	-	1.27
(5) A related party paid on behalf of the company		
OYO Hospitality and Technology(Shenzhen) Co., Ltd	1,192.21	
OYO Investment (Shanghai) Co. Ltd	363.24	0.39
OYO corporate service (Shanghai) Co., Ltd.	-	2,380.06
OYO Technology and Hospitality (China) PTE. LTD.	-	87.20
Oravel Stays Singapore Pte Ltd.	-	10.74
Oravel Stays Private Limited	-	0.46
(6) Financing	As at 31 December 2020	As at 31 December 2019
Borrowing		
OYO Technology and Hospitality(China) PTE. LTD.	1,406.33	7%
OYO corporate service (Shanghai) Co., Ltd.	2,700.10	0%
OYO Hospitality and Technology (Shenzhen) Co., Ltd.	247.68	0%
OYO Investment (Shanghai) Co. Ltd	2.24	0%
Loan/reception)		
Beijing Shell Space Technology Co.,Ltd	484.93	0%
Beijing Jiayoulewan Technology Co., Ltd.	8.76	0%
4. Balance of receivables and payables with related parties		
(1) Other receivables		
OYO Hotels (Singapore) Pte. Ltd	40.29	
OYO Hotel LLC USA	13.69	6.00
OYO Room Japan	4.68	25.20
OYO Rooms Indonesia	2.75	2.50
OYO Rooms Hospitality SDN BHD	1.40	1.27
Beijing Shell Space Technology Co.,Ltd	-	427.21
(2) Other payables		
OYO Technology and Hospitality (China) PTE LTD	10,174.56	7,345.91
OYO corporate service (Shanghai) Co.,	5,328.70	2,392.42
OYO Hospitality and Technology (Shenzhen) Co., Ltd	1,879.52	44.03
OYO Investment (Shanghai) Co. Ltd	365.91	0.39
Oravel Stays Singapore Pte Ltd	11.86	10.79
Oravel Stays Private Limited	-	0.46



OPYO Hotel Management (Shanghai) Co., Ltd
 Notes to financial statements for the period ended 31 December 2020
 (Amount in Indian Rupees Millions, unless stated otherwise)

	As at 31 December 2020	As at 31 December 2019
IX. Contingency	292.86	-

Contingent liabilities formed by paying value-added tax based on total income*

*Due to the change of the company's business model, the company's service income in 2020 is recognized according to the gross method, but the value-added tax is declared and paid according to the net amount of the total income after deducting the transfer of the asset use right fee, which forms the difference between tax revenue and accounting income. The management of the company believes that the possibility of the economic benefits flowing out of the company due to the tax authorities requiring the company to declare and pay value-added tax on the total income does not exceed 50%, and therefore the obligations related to the contingency do not meet the conditions for recognition as estimated liabilities.

X. Leases

As lessee

Significant operating leases: According to the leases entered into with the lessors, the minimum lease payments under non-cancellable leases are as follows:

	As at 31 December 2020	As at 31 December 2019
Within 1 year, inclusive	38.37	106.17
1-2 years	1.08	-
2-3 years	1.08	-
3 years above	0.79	-

X. Events after the balance sheet date

Up to the date of approval of this financial statement, the company has no events after the balance sheet date that need to be disclosed.

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. : 094837



Place: New Delhi
 Date: September 25, 2021

For and on behalf of
 OYO Hotel Management (Shanghai) Co., Ltd

Rakesh Kumar
 Authorized signatory

Place: Gurugram
 Date: September 25, 2021