

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

To the members / Management / Board of Directors

OYO Hospitality and Technology (Shenzhen) Co., Ltd.

We have audited the accompanying Special purpose standalone financial statements of **OYO Hospitality and Technology (Shenzhen) Co., Ltd.** ("the Company") comprise the Balance sheet as at December 31, 2019, 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 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 the financial statements including Basis for Opinion paragraph below.

Basis for Opinion

The underlying Standalone Financial Statements of the Company for the financial year ended December 31, 2019 has been prepared in accordance with the applicable Accounting Standards for Business Enterprises ("ASBEs") in China and converted into to 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: 21094837AAAAJK2758



Place: Delhi

Date: September 21, 2021

OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Balance Sheet
31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

ASSETS	Note V	2019	2018
Current assets			
Currency funds	1	98.62	1,658.91
Accounts receivable	2	40.03	226.32
Prepayments	3	-	441.95
Other receivables	4	478.36	191.03
Inventories	5	-	331.04
Other current assets	6	417.43	2,154.21
Total current assets		1,034.44	5,003.46
Non-current assets			
Fixed assets	7	4.34	3.26
Intangible assets	8	202.37	286.66
Development expenditures	9	-	1.50
Long-term prepaid expenses	10	13.59	17.45
Total non-current assets		220.30	308.87
Total assets		1,254.74	5,312.33



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Balance Sheet (continued)
31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

LIABILITIES AND EQUITY	Note V	2019	2018
Current liabilities			
Accounts payable		-	67.17
Receipts in advance		-	0.29
Employee benefits payable	12	37.46	666.07
Taxes and surcharges payable	13	5.63	48.24
Other payables		762.86	2,170.40
Total current liabilities		805.95	2,952.17
Total liabilities		805.95	2,952.17
Equity			
Paid-in capital	14	15,425.10	10,589.37
Uncompensated losses	15	(14,918.30)	(7,966.54)
Foreign currency translation		(58.01)	(262.67)
Total equity		448.79	2,360.16
Total liabilities and equity		1,254.74	5,312.33

The accompanying notes are an integral part of the 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



For and on behalf of
OYO Hospitality and Technology (Shenzhen) Co. Ltd.



Rakesh Kumar
Authorised signatory

Place: New Delhi
Date: September 21, 2021

Place: Gurugram
Date: September 21, 2021

OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Income Statement
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

	Note V	2019	From 25 January 2018 (date of incorporation) to 31 December 2018
Revenue	16	1,552.05	571.36
Less: Cost of sales		2,677.69	956.40
Taxes and surcharges		3.78	2.67
Selling expenses		1,410.99	5,417.20
Administrative expenses		1,439.74	1,826.01
Research and development expenses		116.64	267.72
Finance income	17	21.56	(10.03)
Add: Other income	18	8.68	
Investment income	19	0.63	
Impairment losses	20	(2,369.91)	17.38
Operating loss		(6478.93)	(7905.99)
Add: Non-operating income	21	0.60	0.00
Less: Non-operating expenses	22	210.78	(60.55)
Loss before income taxes		(6,689.10)	(7966.54)
Less: Income tax expenses	24	-	-
Loss		(6,689.10)	(7966.54)
Other comprehensive income			
Other comprehensive income/(expense) to be reclassified to profit or loss in subsequent periods			
Exchange differences on translation of foreign operations		(58.00)	(262.66)
Total comprehensive loss		(6,747.11)	(8229.20)

The accompanying notes are an integral part of the 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 21, 2021

For and on behalf of

OYO Hospitality and Technology (Shenzhen) Co. Ltd.

Rakesh Kumar

Rakesh Kumar

Authorised signatory

Place: Gurugram

Date: September 21, 2021

OYO Hospitality and Technology (Shenzhen) Co.. Ltd.
Statement of Changes in Equity
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

2019

	Paid-in capital	Uncompensated losses	Total equity
I. Balance at end of prior year	<u>10589.37</u>	<u>(8,229.20)</u>	<u>2,360.18</u>
II. Changes for the year			
1. Total comprehensive income	-	(6,689.10)	(6,689.10)
2. Owners' contributions and reduction in capital			
3. Foreign currency translation reserve		(58.00)	(58.00)
(1) Capital contributions by owners	<u>4,835.72</u>	-	<u>4,835.72</u>
III. Balance at end of year	<u>15,425.10</u>	<u>(14,976.30)</u>	<u>448.79</u>

From 25 January 2018 (date of incorporation) to 31 December 2018

	Paid-in capital	Uncompensated losses	Total equity
I. Balance at end of prior year	-	-	-
II. Changes for the year			
1. Total comprehensive income	-	(7,966.54)	(7966.54)
2. Owners' contributions and reduction in capital			
3. Foreign currency translation reserve		(262.66)	(262.66)
(1) Capital contributions by owners	<u>10589.37</u>	-	<u>10589.37</u>
III. Balance at end of year	<u>10589.37</u>	<u>(8,229.20)</u>	<u>2360.18</u>

The accompanying notes are an integral part of the 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 21, 2021

For and on behalf of
OYO Hospitality and Technology (Shenzhen) Co. Ltd.

Rakesh Kumar
Authorised signatory

Place: Gurugram
Date: September 21, 2021

OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Statement of Cash Flows
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

	Note V	2019	From 25 January 2018 (date of incorporation) to 31 December 2018
1. CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from the sale of goods and the rendering of services		1,578.79	352.66
Receipts of taxes and surcharges refunds		8.73	-
Other cash receipts relating to operating activities		31.63	0.37
Total cash inflows from operating activities		1,619.15	353.03
Cash payments for goods and services		2,483.32	1,021.78
Cash payments to and on behalf of employees		1,197.15	4,430.64
Payments of all types of taxes and surcharges		2.33	0.38
Other cash payments relating to operating activities		2,544.73	1,754.24
Total cash outflows from operating activities		6,227.53	7,207.04
Net cash flows from operating activities	25	(4,608.38)	(6,854.01)
2. CASH FLOWS FROM INVESTING ACTIVITIES			
Cash receipts from returns of investments		183.61	-
Cash receipts from returns on investments		0.63	-
Total cash inflows from investing activities		184.24	-
Cash payments to acquire fixed assets, intangible assets and other long-term assets		115.66	320.07
Cash payments for investments		183.61	-
Other cash payments relating to investing activities		1,624.36	1,592.65
Total cash outflows from investing activities		1,923.63	1,912.72
Net cash flows from investing activities		(1,739.39)	(1,912.72)



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

		From 25 January 2018 (date of incorporation) to 31 December	
	Note-V	2019	2018
3. CASH FLOWS FROM FINANCING ACTIVITIES			
Cash proceeds from investments by others	4789.40	10,386.45	
Cash receipts from borrowings	-	28.07	
Total cash inflows from financing activities	4789.40	10414.52	
Cash repayments for debts	28.35	-	
Total cash outflows from financing activities	28.35	-	
Net cash flows from financing activities	4761.05	10414.52	
4. EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	10.22	11.12	
Add: Cash and cash equivalents at beginning of year	1675.12		
5. NET INCREASE IN CASH AND CASH EQUIVALENTS	26	98.62	1658.91
6. CASH AND CASH EQUIVALENTS AT END OF YEAR	98.62	1658.91	

The accompanying notes are an integral part of the 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



For and on behalf of

OYO Hospitality and Technology (Shenzhen) Co. Ltd.

Rakesh Kumar

Authorised signatory

Place: New Delhi

Date: September 21, 2021

Place: Gurugram

Date: September 21, 2021

OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

I. Corporate information

OYO Hospitality and Technology (Shenzhen) Co., Ltd. (the "Company") is a limited liability company registered in Shenzhen, Guangzhou. The company was established on January 25, 2018. The company is located on the 4th floor of Huafuyang Building, No. 1 Kewen Road, Yuehai Street, Nanshan District, Shenzhen.

The company established the first branch in June 2018: OYO Hospitality and Technology (Shenzhen) Co., Ltd. Shanghai First Branch ("Shanghai Branch"). Shanghai Branch is located in Room 166, Area I, Block 3, Xiushan Road, Chengqiao Town, Chongming County, 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 July 20, 2020 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.



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

III. Significant accounting policies and estimates

The financial information presented as at 31 December 2019 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.



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

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.



YO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

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.



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

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 are as 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 Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(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	3 years



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

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:



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

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 Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(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.



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

III. Significant accounting policies and estimates (continued)

16. Significant accounting judgements and estimates (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the future accounting periods, are described below.

Impairment of non-current assets other than financial assets

The Company assesses whether there are any indications of impairment for all non-current assets other than financial assets at the balance sheet date. Other non-current assets other than financial assets are tested for impairment when there are indications that the carrying amounts may not be recoverable. An impairment exists when the carrying amount of an asset or asset group exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from it. The calculation of the fair value less costs of disposal based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the assets. When the calculations of the present value of the future cash flows expected to be derived from an asset or asset group are undertaken, management must estimate the expected future cash flows from the asset or asset group and choose a suitable discount rate in order to calculate the present value of those cash flows.

Development expenditures

Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash flows from the assets, discount rates to be applied and the expected period of benefits.

17. Other changes in accounting policies and accounting estimates

Changes in presentation of financial statements

To meet the requirements of the Notice on Revising and Issuing Format of 2019 Financial Statements for General Business Enterprises (Cai Kuai [2019] No.6) and the Notice on Revising and Issuing Format of Consolidated Financial Statements (2019 edition) (Cai Kuai [2019] No.16), in the balance sheet, the amount previously presented in "accounts receivable" shall be presented separately in "accounts receivable"; the amount previously presented in "accounts payable" shall be presented separately in "accounts payable". In the income statement, the amount presented in "research and development expenses" not only include the expenditures incurred and directly charged to profit or loss during the research and development process, but also the amortisation of self-developed intangible assets previously presented in "administrative expenses". The Company has retrospectively adjusted the comparative amounts correspondingly. The changes in accounting policies have had no impact on the net profit and equity.



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(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 are as follows:

Value-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 6% to the taxable value.
Corporate income tax	–	It is levied at 25% on the 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

	2019	2018
Cash at banks	<u>98.62</u>	<u>1,658.91</u>

At 31 December 2019, the company had no restricted currency funds.

2. Accounts receivable

	2019	2018
Accounts receivable	285.78	243.83
Less: Provision for bad debts	<u>245.75</u>	<u>17.51</u>
	<u>40.03</u>	<u>226.32</u>

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:

	2019	2018
Within 1 year	285.78	243.83
Less: Provision for bad debts	<u>245.75</u>	<u>17.51</u>
	<u>40.03</u>	<u>226.32</u>



YO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

IV. Notes to key items of the financial statements (continued)

2. Accounts receivable (continued)

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

	Opening balance	Provision	Reversal	Write-off	Closing balance
2019	17.69	228.06	-	-	245.75
From 25 January 2018 (date of incorporation) to 31 December 2018	<u>Opening balance</u> - <u>17.69</u>	<u>Provision</u> - <u>17.69</u>	<u>Reversal</u> - <u>17.69</u>	<u>Write-off</u> - <u>17.69</u>	<u>Closing balance</u> 17.69

3. Prepayments

An ageing analysis of prepayments is as follows:

	2019	2018
Within 1 year	-	441.95

4. Other receivables

An ageing analysis of other receivables is as follows:

	2019	2018
Within 1 year	418.21	191.03
1 to 2 years	75.09	-
	493.30	191.03
Less: Provision for bad debts	14.94	-
Within 1 year	478.36	191.03

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

	Opening balance	Provision	Reversal	Write-off	Closing balance
2019	-	14.94	-	-	14.94



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

V. Notes to key items of the financial statements (continued)

4. Other receivables (continued)

A classification by nature of other receivables is as follows:

	2019	2018
Due from related parties	279.31	-
Office rental deposit	59.14	86.42
Operating hotels deposit	39.35	63.18
Computer rental deposit	36.72	22.22
Business travel platform deposit	10.20	10.10
Others	9.60	9.10
	<hr/> 434.33	<hr/> 191.03

5. Inventories

	2019	2018
Using materials	<hr/> -	<hr/> 331.04

At 31 December 2019, the company had no restricted inventory.

6. Other current assets

	2019	2018
Expenditure on decoration and renovation of franchised hotels	1,784.53	1,993.49
Input VAT to be credited	348.35	160.72
Others	69.08	-
	<hr/> 2,201.96	<hr/> 2,154.21
Less: Provision for impairment of other current assets	1,784.53	-
	<hr/> 417.43	<hr/> 2,154.21

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

	Opening balance	Provision	Reversal	Write-off	Closing balance
2019	<hr/> -	<hr/> 1,784.53	<hr/> -	<hr/> -	<hr/> 1,784.53



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

V. Notes to key items of the financial statements (continued)

7. Fixed assets

2019

	Computer Equipment	Office Equipment and Furniture	Total
Cost			
Opening balance	2.97	0.65	3.62
Purchases	1.42	3.95	5.37
Disposals or retirements	(0.24)	(0.11)	(0.34)
Closing balance	4.16	4.49	8.65
Accumulated depreciation			
Opening balance	0.31	0.01	0.32
Depreciation provided during the year	1.36	0.68	2.04
Disposals or retirements	(0.11)	(0.01)	(0.13)
Closing balance	1.56	0.68	2.23
Provision for impairment			
Opening balance	-	-	-
Impairment	-	2.08	2.08
Disposals or retirements	-	-	-
Closing balance	-	2.08	2.08
Carrying amount			
At end of year	2.60	1.74	4.34
At beginning of year	2.63	0.63	3.26



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

VI. Notes to key items of the financial statements (continued)

7. Fixed assets (continued)

Period from 25 January 2018 (date of incorporation) to 31 December 2018

	Computer Equipment	Office Equipment and Furniture	Total
Cost			
Opening balance	-	-	
Purchases	2.94	0.64	3.59
Closing balance	2.94	0.64	3.59
Accumulated depreciation			
Opening balance	-	-	
Depreciation provided during the year	0.31	0.01	0.32
Closing balance	0.31	0.01	0.32
Carrying amount			
At end of year	2.63	0.63	3.26
At beginning of year	-	-	-



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
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V. Notes to key items of the financial statements (continued)

8. Intangible assets

2019

	Software from purchase	Software of internal R&D	Total
Cost			
Opening balance	1.28	296.50	297.80
Purchases	16.18	0.00	16.18
Transfers from development expenditures	0.00	1.52	1.52
FCTR	0.00	2.87	2.87
Closing balance	17.47	298.02	315.49
Accumulated depreciation			
Opening balance	0.10	8.16	8.26
Depreciation provided during the year	5.45	99.34	104.79
	0.00	0.07	0.07
FCTR			
Closing balance	5.54	107.58	113.12
Accounting amount			
At end of year	<u>11.93</u>	<u>190.44</u>	<u>202.37</u>
At beginning of year	<u>1.18</u>	<u>285.48</u>	<u>286.66</u>

Period from 25 January 2018 (date of incorporation) to 31 December 2018

	Software from purchase	Software of internal R&D	Total
Cost			
Opening balance	-	-	-
Purchases	1.28	-	1.28
Transfers from development expenditures	-	293.64	293.64
Closing balance	1.28	293.64	294.92
Accumulated depreciation			
Opening balance	-	-	-
Depreciation provided during the year	0.10	8.16	8.26
Closing balance	0.10	8.16	8.26
Accounting amount			
At end of year	<u>1.18</u>	<u>285.48</u>	<u>286.66</u>
At beginning of year	-	-	-



YO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

V. Notes to key items of the financial statements (continued)

9. Development expenditures

2019

	Opening balance	Increase	Decrease	Closing balance
		Recognised as intangible assets	Included in profit or loss	
Software	1.50	-	1.50	-

Period from 25 January 2018 (date of incorporation) to 31 December 2018

	Opening balance	Increase	Decrease	Closing balance
		Recognised as intangible assets	Included in profit or loss	
Software	-	295.14	293.64	1.50

10. Long-term prepaid expenses

2019 2018

Expenditure on decoration and renovation of direct-operated hotels	13.59	17.45
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11. Provision for impairment of assets

2019

	Opening balance	Provision for the year	Decrease for the year		Closing balance
			Reversal	Transfer/Write-off	
Provision for bad debts	17.69	243.00	-	-	260.68
Provision for impairment of other current assets	-	1,784.53	-	-	1,784.53
Provision for write-down of inventories	-	352.61	-	(352.61)	-
Provision for impairment of fixed assets	-	2.08	-	-	2.08
	17.69	2,382.22	-	(352.61)	2,047.29

2018

	Opening balance	Provision for the year	Decrease for the year		Closing balance
			Reversal	Transfer/Write-off	
Provision for bad debts	-	17.51	-	-	17.51



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
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V. Notes to key items of the financial statements (continued)

12. Employee benefits payable

	2019	2019	From 25 January 2018 (date of incorporation) to 31 December 2018	31 December 2018
	Amount payable	Outstanding amount	Amount payable	Outstanding amount
Salaries, bonuses, allowances and subsidies	(A) 450.52	37.14	4,198.89	452.61
Staff welfare	(B) 18.30	-	106.26	1.03
Social security	(C) 22.48	0.12	276.85	56.68
Including: Medical insurance	19.88	0.08	226.79	46.81
Work injury insurance	0.47	0.00	10.55	2.05
Maternity insurance	1.98	0.01	20.59	4.24
Guarantee for the Disabled	0.15	0.02	18.91	3.58
Housing funds	(D) 19.10	0.06	240.61	49.76
E=(A+B+C+D)	510.40	37.32	4,822.61	560.09
Defined contribution plan	(F) 48.74	0.14	529.11	105.98
Including: Basic pension insurance	48.17	0.14	513.72	102.83
Unemployment insurance	0.58	0.00	15.38	3.15
(E+F)	559.14	37.46	5,351.71	666.07

13. Taxes and surcharges payable

	2019	2018
Stamp tax	3.78	2.31
Individual income tax	1.85	45.93
	5.63	48.24



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

V. Notes to key items of the financial statements (continued)

14. Paid-in capital

Registered capital

	<u>2019</u>		<u>2018</u>	
	US\$	Percentage	US\$	Percentage
OYO Technology and Hospitality (China) PTE. LTD	<u>300,000,000.00</u>	<u>100%</u>	<u>300,000,000.00</u>	<u>100%</u>

Paid-in capital

	<u>2019</u>		<u>2018</u>	
	US\$	Translated into INR	US\$	Translated into INR
OYO Technology and Hospitality (China) PTE. LTD	219.00	15,425.10	150.00	10,589.37

15. Uncompensated losses

	2019	From 25 January 2018 (date of incorporation) to 31 December 2018
Balance at beginning of the current year/ period	(8,229.20)	-
Add: net loss in current year/ period	(6,689.10)	(7,966.54)
Add: Foreign currency translation reserve	(58.00)	(262.66)
Balance at end of the current year/ period	(14,918.30)	(8,229.20)



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

V. Notes to key items of the financial statements (continued)

16. Revenue

Revenue is as follows:

	From 25 January 2018 (date of incorporation) to 31 December 2019	2018
Primary business	1,352.44	535.84
Other businesses	199.61	35.52
	<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>
	1,552.05	571.36

Revenue is as follows:

	From 25 January 2018 (date of incorporation) to 31 December 2019	2018
Rendering of services	1,552.05	571.36

17. Finance income

	From 25 January 2018 (date of incorporation) to 31 December 2019	2018
Foreign exchange differences	24.05	(11.04)
Bank service charge	3.50	-
Interest income	(7.71)	(0.36)
Others	1.71	1.37
	<hr/>	<hr/>
	21.56	(10.03)



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

V. Notes to key items of the financial statements (continued)

18. Other income

	From 25 January 2018 (date of incorporation) to 31 December 2019	From 25 January 2018 (date of incorporation) to 31 December 2018
Fees refunded for individual income tax withheld	8.68	-

19. Investment income

	From 25 January 2018 (date of incorporation) to 31 December 2019	From 25 January 2018 (date of incorporation) to 31 December 2018
Interest income from financial assets held	0.63	-

20. Impairment losses

	From 25 January 2018 (date of incorporation) to 31 December 2019	From 25 January 2018 (date of incorporation) to 31 December 2018
Loss from impairment of other current assets	1,775.31	-
Loss from write-down of inventories	350.79	-
Loss from bad debts	241.74	17.38
Loss from impairment of fixed assets	2.07	-
	<u>2,369.91</u>	<u>17.38</u>

21. Non-operating income

	From 25 January 2018 (date of incorporation) to 31 December 2019	From 25 January 2018 (date of incorporation) to 31 December 2018
Others	<u>5,828.33</u>	<u>384.76</u>



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

V. Notes to key items of the financial statements (continued)

22. Non-operating expenses

	From 25 January 2018 (date of incorporation) to 31 December 2019	2018
Termination payments of operating hotels	102.04	35.72
Losses arising from damage and obsolescence of assets	91.28	20.60
Fine	0.11	-
Others	<u>17.35</u>	<u>4.23</u>
	<u>210.78</u>	<u>60.55</u>

23. Expenses by nature

The company's operating costs, sales expenses, R&D expenses and management expenses are classified according to their nature as follows:

	From 25 January 2018 (date of incorporation) to 31 December 2019	2018
Depreciation and amortization	1,200.49	274.45
Related party service charges	870.84	135.65
Advertising promotion expenditure	702.39	761.44
Hotel material consumption	658.78	273.42
Employee benefits	559.14	5,058.77
Fixed income	489.61	156.07
Outsourcing labor costs	222.80	339.26
Communications	168.90	75.83
Recruitment fee	77.15	581.33
Rental fee	57.46	307.56
Others	<u>637.49</u>	<u>503.53</u>
	<u>5,645.06</u>	<u>8,467.34</u>



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

V. Notes to key items of the financial statements (continued)

24. Income tax expenses

	From 25 January 2018 (date of incorporation) 2019	to 31 December 2018
Current tax		
Total loss	(6,850.09)	(7,966.54)
Tax at the statutory tax rate (Note 1)	(1,712.52)	(1,991.63)
Expenses not deductible for tax	0.37	5.05
Unrecognized deductible loss	1,712.15	1,986.58

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.

25. Cash flows from operating activities

Reconciliation of net profit to net cash flows from operating activities:

	From 25 January 2018 (date of incorporation) to 31 December 2018
Net loss	(6,689.10)
Add: Provisions for asset impairment	2,369.91
Depreciation of fixed assets	2.03
Amortization of intangible assets	104.25
Amortization of long-term prepaid expenses	52.24
Losses from the disposal of assets	91.28
Finance incomes	(10.17)
Increase in inventories	(18.33)
Investment income	(0.63)
Increase in operating receivables	814.13
Increase in operating payables	(1,323.98)
Net cash flows from operating activities	(4,608.38)
	(6,794.55)



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

V. Notes to key items of the financial statements (continued)

26. Cash and cash equivalents

	2019	2018
Cash		
Including: bank deposits on demand	<u>98.62</u>	<u>1,658.91</u>
		From 25 January 2018 (date of incorporation) 2019 to 31 December 2018
Closing balance of cash	98.62	1,658.91
Less: Opening balance of cash	<u>1,675.12</u>	-
Net increase in cash and cash equivalents	<u>(1,576.50)</u>	<u>1,658.91</u>

VI. Financial instruments and related risks

1. Financial instruments by category

Carrying amounts of each category of financial instruments at the balance sheet date are as follows:

2019

Financial assets

Loans and receivables

Currency funds	98.62
Accounts receivable	40.03
Other receivables	<u>478.36</u>
	<u>617.01</u>

Financial liabilities

Other financial liabilities

Other payables	<u>762.86</u>
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OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

VI. Financial instruments and related risks (continued)

1. Financial instruments by category (continued)

2018

Financial assets

	Loans and receivables
Currency funds	1,658.91
Accounts receivable	226.32
Other receivables	191.03
	<hr/>
	2,076.26

Financial liabilities

	Other financial liabilities
Accounts payable	67.17
Other payables	2,170.40
	<hr/>
	2,237.57

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

The Company has policies in place to evaluate credit risk when accepting new businesses and to limit its credit exposure to individual customers. The Company does not have a significant concentration of credit risk.

The maximum exposure to credit risk of the Group's financial assets is equal to the carrying amounts.



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

VI. Financial instruments and related risks (continued)

2. Risks of financial instruments (continued)

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

	Total	Not overdue	Overdue		
			Within 1 month	1-3 month	Over 3 month
Accounts receivable	40.03	Not impare 40.03	-	-	-
Other receivables	478.36	478.36	-	-	-
	<u>518.39</u>	<u>518.39</u>	-	-	-

2018

	Total	Not overdue	Overdue		
			Within 1 month	1-3 month	Over 3 month
Accounts receivable	226.32	Not impare 206.46	4.34	0.55	14.96
Other receivables	191.03	191.03	-	-	-
	<u>417.34</u>	<u>397.49</u>	<u>4.34</u>	<u>0.55</u>	<u>14.96</u>

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.

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 non-discounted contract cash flows:



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

VI. Financial instruments and related risks (continued)

2. Risks of financial instruments (continued)

Liquidity risk (continued)

2019	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Other payables	658.88	103.97	-	-	762.86
2018					
Accounts payable	67.17	-	-	-	67.17
Other payables	2,170.40	-	-	-	2,170.40
	2,237.57	-	-	-	2,237.57

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.

At 31 December 2019, if the exchange rate of RMB/USD had weakened/strengthened by 5%, with all other variables held constant, the Group's net profit would have been decreased/(increased) by INR 0.45 (2018: INR- 56.22).

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.



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

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

The ultimate controller of the company is Oravel Stays Private Limited.

2. Other related party

Related party relationships

Oravel Stays Private Limited	Ultimate holding company
Oravel Stays Singapore Pte Ltd	Other entities controlled by the ultimate holding company
OYO Hotel Management (Shanghai) Co. Ltd	Other entities controlled by the ultimate holding company
OYO corporate service (Shanghai) Co., Ltd.	Other entities controlled by the ultimate holding company
Beijing Shell Space Technology Co.,Ltd	Other entities controlled by the ultimate holding company
OYO Investment (Shanghai) Co. Ltd	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 Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

VIII. Related party relationships and transactions (continued)

3. Major transactions between the Group and its related parties

(1) Receipts of services

	2019	From 25 January 2018 (date of incorporation) to 31 December 2018
OYO Hotel Management (Shanghai) Co. Ltd	727.76	-
Oravel Stays Private Limited	143.09	135.65
	<hr/> 870.84	<hr/> 135.65

(2) Expense paid on behalf of a related party

	2019	From 25 January 2018 (date of incorporation) to 31 December 2018
OYO Hotel Management (Shanghai) Co. Ltd	1,192.91	-
OYO corporate service (Shanghai) Co., Ltd.	149.12	-
Beijing Shell Space Technology Co.,Ltd	129.95	-
OYO Hotel LLC USA	1.47	-
Oravel Stays Singapore Pte Ltd	1.43	-
OYO Rooms Indonesia	0.88	-
OYO Room Japan	<hr/> 0.12	<hr/> -
	<hr/> 1,475.18	<hr/> -



OYO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

VIII. Related party relationships and transactions (continued)

3. Major transactions between the Group and its related parties (continued)

(3) A related party paid on behalf of the company

	2019	From 25 January 2018 (date of incorporation) to 31 December 2018
OYO Hotel Management (Shanghai) Co. Ltd	420.65	-
Oravel Stays Singapore Pte Ltd	106.82	103.76
Oravel Stays Private Limited	87.74	-
OYO Technology and Hospitality (China) PTE. LTD	8.77	29.64
OYO corporate service (Shanghai) Co., Ltd.	5.10	-
OYO Investment (Shanghai) Co. Ltd	<u>5.07</u>	<u>-</u>
	<u>634.15</u>	<u>133.40</u>

4. Balance of receivables and payables with related parties

(1) Other receivables

	31 December 2019	31 December 2018
Ouyou Enterprise Services (Shanghai) Co., Ltd.	144.77	-
Beijing Shell Space Technology Co.,Ltd	130.62	-
OYO Hotel Management (Shanghai) Co. Ltd	0.00	-
OYO Hotel LLC USA	44.03	-
Oravel Stays Singapore Pte Ltd	1.48	-
OYO Rooms Indonesia	1.44	-
OYO Room Japan	<u>0.88</u>	<u>-</u>
	<u>323.35</u>	<u>-</u>



YO Hospitality and Technology (Shenzhen) Co., Ltd.
Notes to Financial Statements (continued)
Year ended 31 December 2019
(Amount in Indian Rupees Millions, unless stated otherwise)

VIII. Related party relationships and transactions (continued)

4. Balance of receivables and payables with related parties (continued)

(2) Other payables

	31 December 2019	31 December 2018
Oravel Stays Private Limited	232.03	-
Oravel Stays Singapore Pte Ltd	212.15	103.76
YO Technology and Hospitality (China) PTE. LTD	10.39	29.64
YO Investment (Shanghai) Co. Ltd	5.10	-
	<hr/>	<hr/>
	444.18	133.40

There is no interest bearing, no mortgage and no fixed repayment period for the payables to related parties.

IX. 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:

	2019	2018
Within 1 year, inclusive	-	247.73
1 to 2 years, inclusive	-	61.40
2 to 3 years, inclusive	-	19.38
	<hr/>	<hr/>
	-	328.51

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 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



For and on behalf of

YO Hospitality and Technology (Shenzhen) Co. Ltd.

Rakesh Kumar

Rakesh Kumar

Authorised signatory

Place: New Delhi

Date: September 21, 2021

Place: Gurugram

Date: September 21, 2021