

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

To the members / Management / Board of Directors

### **OYO Hospitality UK Ltd..**

We have audited the accompanying Special purpose unconsolidated financial Statements of **OYO Hospitality UK Ltd.** ("the Company") comprise the Balance sheet as at March 31, 2020, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (together herein referred to as "Special Purpose Unconsolidated Financial Statements" or "financial statements" or "Unconsolidated 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 Unconsolidated Financial Statements are in compliance with the basis of preparation explained in Note 2 of the financial statements including Basis for Opinion paragraph below.

### **Basis for Opinion**

The underlying unconsolidated Financial Statements of the Company for the financial year ended March 31, 2020 has been prepared in accordance with IFRS 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 UK 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 Unconsolidated 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 Unconsolidated 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 Unconsolidated 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: 21094837AAAAJF9962**



**Place: Delhi**

**Date: September 21, 2021**

**OYO Hospitality UK Ltd.**

**Balance sheet as at 31 March 2020**

**(All amounts in INR million, unless otherwise stated)**

	Notes	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiaries	9	6,429.22	1,012.02
Loans	10	16,452.55	-
		<b>22,881.77</b>	<b>1,012.02</b>
<b>Current assets</b>			
Trade Receivables	11	198.87	160.35
Other assets	12	375.93	-
Cash and cash equivalents	13	2,042.75	53.36
		<b>2,617.55</b>	<b>213.71</b>
<b>Total assets</b>		<b>25,499.32</b>	<b>1,225.73</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital	14	6,481.49	1.31
Share application money pending allotment	14	348.58	1,252.51
Capital Contribution		54.68	-
other equitiy	14(a)	(869.40)	(57.04)
		<b>6,015.35</b>	<b>1,196.78</b>
<b>LIABILITIES</b>			
<b>Non Current liabilities</b>			
Borrowings	15	18,967.06	-
<b>Current liabilities</b>			
Trade and other payables	16	516.91	28.95
<b>Total liabilities</b>		<b>19,483.97</b>	<b>28.95</b>
<b>Total equity and liabilities</b>		<b>25,499.32</b>	<b>1,225.73</b>

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

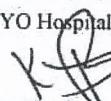
Place: New Delhi

Date: 21 September 2021



**For and on behalf of**

OYO Hospitality UK Ltd.

  
Rakesh Kumar

Director

Place: Gurugram

Date: 21 September 2021

**OYO Hospitality UK Ltd.**

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

Particulars	Notes	For the year ended 31 March 2020	For the period from 28 August 2018 to 31 March 2019
<b>REVENUE</b>			
Revenue from operations	3	-	1.78
Other income	4	237.24	-
<b>Total revenue (I)</b>		<b>237.24</b>	<b>1.78</b>
<b>EXPENSES</b>			
Operating expenses	5	-	2.92
Finance cost	6	812.74	-
Other expenses	7	161.25	27.44
<b>Total expenses (II)</b>		<b>973.99</b>	<b>30.36</b>
<b>Loss before tax (III)=(I-II)</b>		<b>(736.75)</b>	<b>(28.58)</b>
<b>Total expense:</b>			
Current tax		-	-
Deferred tax credit		-	-
<b>Total tax expense (IV)</b>		<b>-</b>	<b>-</b>
<b>Loss for the year/period after tax (V) = (III-IV)</b>		<b>(736.75)</b>	<b>(28.58)</b>
<b>Other Comprehensive Income (VI)</b>	8	<b>(75.61)</b>	<b>(28.46)</b>
<b>Total comprehensive loss of the year/period, net of tax (VII) = (V+VI)</b>		<b>(812.36)</b>	<b>(57.04)</b>

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. : 094337

*Mukesh*



Place: New Delhi  
 Date: 21 September 2021

For and on behalf of  
 OYO Hospitality UK Ltd.

*Rakesh Kumar*  
 Director

Place: Gurugram  
 Date: 21 September 2021

OPYO Hospitality UK Ltd.  
 Cash flow statement for the year ended 31 March 2020  
 (All amounts in INR million, unless otherwise stated)

	For the year ended 31 March 2020	For the period from 28 August 2018 to 31 March 2019
<b>Operating activities</b>		
Loss before tax	(736.75)	(28.58)
Non-cash adjustment to reconcile loss before tax to net cash flows		
Finance cost	812.74	-
<b>Movements in working capital :</b>		
(Decrease) / increase in trade receivables other current financial assets	(16,867.75)	(160.35)
Increase in trade payables	487.12	28.95
<b>Net cash used in operating activities (A)</b>	<b>(16,304.64)</b>	<b>(159.98)</b>
<b>Investing activities</b>		
Investment in subsidiaries	(5,415.61)	(1,012.02)
<b>Net cash flow used in investing activities (B)</b>	<b>(5,415.61)</b>	<b>(1,012.02)</b>
<b>Financing activities</b>		
Borrowings	18,967.06	-
Interest on borrowings	(812.74)	-
Proceeds from the issue of ordinary shares	5,227.67	1.31
Proceeds from Corporate guarantee cost	54.68	-
Proceeds from share capital to be issued	348.58	1,252.51
Foreign exchange movement in financing activities (net)	(75.61)	(28.46)
<b>Net cash flow from financing activities 'C)</b>	<b>23,709.64</b>	<b>1,225.36</b>
Net increase in cash and cash equivalents	1,989.39	53.36
Cash and cash equivalents at the beginning of the year/period	53.36	
<b>Cash and cash equivalents at the end of the year/period</b>	<b>2,042.75</b>	<b>53.36</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand		-
Balances with banks	2,042.75	53.36
<b>Total cash and cash equivalents (refer note 13)</b>	<b>2,042.75</b>	<b>53.36</b>

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: 21 September 2021



For and on behalf of  
 OYO Hospitality UK Ltd.  
  
 Rakesh Kumar  
 Director

Place: Gurugram  
 Date: 21 September 2021

OPYO Hospitality UK Ltd.  
 Statement of changes in equity for the year ended 31 March 2020  
 (All amounts in INR million, unless otherwise stated)

	Share Capital	Shares application money pending for allotment	Capital Contribution	Retained Earnings	Foreign Currency Translation Reserve	Total Equity
<b>At 28 August 2018</b>	-	-	-	-	-	-
Share issued during the period	1.31	-	-	-	-	-
Shares to be issued	-	1,252.51	-	-	-	1,31
Corporate guarantee cost	-	-	-	-	-	1,252.51
Loss for the period	-	-	-	(28.58)	-	-
Foreign Currency Translation Reserve	-	-	-	(28.58)	-	(28.58)
<b>At 31 March 2019</b>	<b>1.31</b>	<b>1,252.51</b>	<b>-</b>	<b>(28.58)</b>	<b>(28.46)</b>	<b>(28.46)</b>
<b>At 01 April 2019</b>	<b>1.31</b>	<b>1,252.51</b>	<b>-</b>	<b>(28.58)</b>	<b>(28.46)</b>	<b>(28.46)</b>
Share issued during the year	6,480.18	(1,252.51)	-	-	-	5,227.67
Shares to be issued	-	348.58	-	-	-	348.58
Corporate guarantee cost	-	-	54.68	-	-	54.68
Loss for the year	-	-	-	(736.75)	-	(736.75)
Foreign Currency Translation Reserve	-	-	-	-	(75.61)	(75.61)
<b>At 31 March 2020</b>	<b>6,481.49</b>	<b>348.58</b>	<b>54.68</b>	<b>(765.33)</b>	<b>(104.07)</b>	<b>6,015.35</b>

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: 21 September 2021

For and on behalf of  
 OYO Hospitality UK Ltd.  
  
 Rakesh Kumar  
 Director

Place: Gurugram  
 Date: 21 September 2021

## **OYO Hospitality UK Ltd**

### **Notes to Financial Statements for the period ended 31 March 2020**

#### **1. Background**

OYO Hospitality UK Ltd ("the 'Company") was incorporated in the United Kingdom on 28 August 2018 and is domiciled in the United Kingdom.

The Company has its principal office located in Mindspace Properties, 9 Appold Street, London, EC2A 2AP, United Kingdom.

The company is a wholly owned subsidiary of Oravel Stays Singapore Pte Limited, a company incorporated in Singapore. The ultimate holding company is Oravel Stays Private Limited, a company incorporated in India.

These financial statements were authorized for issue in accordance with a resolution of the directors on 21 September 2021

#### **2. Basis of preparation and significant accounting policies**

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

These financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the UK and in compliance with the Companies Act 2006.

The preparation of financial statements in conformity with the UK adopted IFRS 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 IFRS/local GAAP and have issued audit report dated March 8, 2021 on the financial statements.

The audited IFRS financial denominated in local currency "pound" have been converted by the management into India Rupees (INR) ad per IFRS 21 "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.

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

The Company's functional currency is Pound Sterling. All amounts are rounded to the nearest Pound Sterling. The financial statements are reported in Indian Rupees "INR" and have been rounded off to INR Millions, unless stated otherwise.

##### **Reduced disclosure exemptions**

The company is a qualifying entity for the purposes of IFRS, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company. Which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group.

The financial statements of the company are consolidated in the financial statements of Oravel Stays Private Limited. The consolidated statements are filed at Companies House as required by s.401 of the Companies Act 2006.

##### **2.3 Going Concern**

The Company has cash flow forecasts, which indicate that the Company can continue as a going concern. In making this conclusion the Company has received confirmation from its ultimate holding company that financial support will be provided for a period of no less than 12 months from the date of approving these financial statements for issue.

The Company has evaluated the ability of the ultimate holding company to provide the required financial support.

The Company continues strives to generate material cash from its operations.

The director has concluded that there are no material uncertainties that may cast doubt over the Company's ability to continue as a going concern.



**YOY Hospitality UK Ltd****Notes to Financial Statements for the period ended 31 March 2020****Significant accounting policies****2.4 Revenue from contract with customers**

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value added tax, returns, rebates and discounts. Revenue is recognized on an accrual basis to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured.

**2.5 Income tax****Current, Deferred Income Tax, Deferred Tax Asset and Liabilities**

The tax expense comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In these cases the associated tax is also recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences which arise from the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax assets relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable income will be available to allow the benefit of part or all of that deferred tax asset to be utilized.

**2.5 Investment in subsidiaries**

Investment in subsidiaries is measured at cost. Dividend income from subsidiaries is recognised when its right to receive the dividend is established.

**2.6 Trade Receivables and other current financial assets**

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as noncurrent assets.

Trade receivables are recognised at amortised cost using the effective interest method, if the impact of discounting is significant, less any provision for impairment.

Collectability of trade and non-trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired.



**YO Hospitality UK Ltd****Notes to Financial Statements for the period ended 31 March 2020**

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in profit or loss within "impairment charges". When a trade and non-trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account.

Subsequent recoveries of amounts previously written off are credited against "impairment charges" in profit or loss.

**2.7 Cash and cash equivalents**

Cash and cash equivalents comprises cash on hand and in banks and all unrestricted time deposits with original maturities of three months or less at the time of placement.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

**2.8 Share capital**

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

**2.9 Trade and other payables**

Trade payables are obligations to pay for goods, equipment or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

**2.10 Segment Information**

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance. The Company's operations pre-dominantly relate to provide accommodation services. The Chief Operating Decision Maker (CODM) evaluates the Company's performance and allocates resources based on analysis of various performance indicators pertaining to business as a single segment. Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment.

**2.11 Foreign currency transactions**

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

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

Exchange differences on monetary items are recognized in statement of profit and loss in the period in which they arise.



**OYO Hospitality UK Ltd**  
**Notes to Financial Statements for the period ended 31 March 2020**

**2.12 Financial instruments**

**i. Recognition and initial measurement**

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

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

**ii. Classification and subsequent measurement**

**Financial assets**

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

- Amortised cost
- Fair value through other comprehensive income (FVOCI)
- Fair value through profit and loss (FVTPL)

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

(i) A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL.

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

It includes Trade receivables and non-trade receivables. They are included in current assets, except for maturities greater than 12 months after the end of reporting period. These are classified as non-current assets

(ii) An investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

(iii) Fair value through profit or loss (FVTPL)

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. On 31 March 2020, the Company has no FVOCI financial assets.

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

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.



**OYO Hospitality UK Ltd**

**Notes to Financial Statements for the period ended 31 March 2020**

Financial assets at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
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**OYO Hospitality UK Ltd****Notes to Financial Statements for the period ended 31 March 2020****Financial liabilities: Classification, subsequent measurement and gains and losses**

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

**iii. Derecognition****Financial assets**

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

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

**Financial liabilities**

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

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

**Offsetting**

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

**2.13 Impairment****i. Impairment of financial instruments**

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

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

Loss allowance for trade receivable with no significant financing component is measured at an amount equal to lifetime expected credit losses (ECL). For all other financial assets expected credit losses are measured at an amount equal to the 12 month expected credit losses, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

**Presentation of allowance for expected credit losses in the balance sheet**

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



**OYO Hospitality UK Ltd****Notes to Financial Statements for the period ended 31 March 2020**

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

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

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

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

Reversal on impairment loss for assets other than goodwill would be recognised if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment test was carried out. Reversal on impairment losses will be immediately recognised on profit or loss. Impairment losses relating to goodwill would not be reversed.

**2.14 Related party transactions**

Related party relationship exists when one party has the ability to control, directly, or indirectly through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationship also exists between and/or among entities under common shareholdings, which includes entities that are under common control with the reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its shareholders. In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company, in its regular conduct of business, enters into transactions with related parties, which consists of sales and purchase transactions, leases and management and administrative service agreements and other short and long term funding arrangements.

**2.15 Borrowings**

Borrowings are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.



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

**3. Revenue from contracts with customers**

	For the year ended 31 March 2020	For the period from 28 August 2018 to 31 March 2019
<b>Disaggregated revenue information</b>		
Type of services		
Sale of accommodation services	-	1.78
<b>Total revenue from contracts with customers</b>	<b>-</b>	<b>1.78</b>
<b>Geographical markets</b>		
United Kingdom	-	1.78
<b>Total revenue from contracts with customers</b>	<b>-</b>	<b>1.78</b>
<b>Timing of revenue recognition</b>		
Goods and services transferred at a point in time	-	1.78
<b>Total revenue from contracts with customers</b>	<b>-</b>	<b>1.78</b>

**4. Other income**

	For the year ended 31 March 2020	For the period from 28 August 2018 to 31 March 2019
Interest income	24.09	-
Interest income on loan to group companies	213.15	-
<b>Total</b>	<b>237.24</b>	<b>-</b>

**5. Operating expenses**

	For the year ended 31 March 2020	For the period from 28 August 2018 to 31 March 2019
Cost of revenue	-	1.78
Loss from bookings	-	1.14
<b>Total</b>	<b>-</b>	<b>2.92</b>

**6. Finance costs**

	For the year ended 31 March 2020	For the period from 28 August 2018 to 31 March 2019
Interest on Borrowings	758.06	-
Other Finance charge	-	-
Corporate guarantee cost	54.68	-
<b>Total</b>	<b>812.74</b>	<b>-</b>

**7. Other expenses**

	For the year ended 31 March 2020	For the period from 28 August 2018 to 31 March 2019
Management fees	-	26.86
Auditors remuneration for audit fees	-	0.68
Bank charges	0.93	0.07
Legal and professional fee	71.36	-
Exchange Loss/ (Gain)	88.96	(0.17)
<b>Total</b>	<b>161.25</b>	<b>27.44</b>

There is no staff cost. Further, remuneration paid to the directors by the Company is nil. The directors are also directors of other companies in the enlarged group of which the company is a member. They are remunerated by other group companies and are considered to have minimal qualifying services in respect of the Company.

**8. Components of Other Comprehensive Income**

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

	For the year ended 31 March 2020	For the period from 28 August 2018 to 31 March 2019
Re-measurement gains/ (losses) on exchange differences on translation of foreign operations	104.07	(28.46)
	104.07	(28.46)



**OYO Hospitality UK Ltd.**

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

**9. Investments in subsidiaries**

				As at 31 March 2020	As at 31 March 2019
<b>Non-trade, Unquoted investments (valued at cost)</b>					
<b>Company</b>	<b>Percentage of shares held</b>	<b>Country of incorporation</b>	<b>Principal activity</b>		
Ordinary shares in OYO Rooms and Hospitality UK Ltd	100%	UK	Hospitality	4,887.83	271.75
Preference shares in OYO Rooms and Hospitality UK Ltd	100%	UK	Hospitality	1,480.39	679.37
Oravel Hotels Mexico S De RL De Cv	100%	North America	Hospitality	0.10	-
OYO Technology and Hospitality Japan KK	66%	Japan	Hospitality	1.22	1.22
OYO Hotels Japan GK	50%	Japan	Hospitality	59.68	59.68
<b>Total</b>				<b>6,429.22</b>	<b>1,812.02</b>

**10. Loans**

		As at 31 March 2020	As at 31 March 2019
Loans to Group Undertakings		16,309.73	-
Interest Receivable on loan to related parties		142.82	-
		<b>16,452.55</b>	<b>-</b>

Interest, security and maturity is governed by agreements entered into with respective group undertakings in accordance with prevailing arms length principles

**11. Trade Receivables**

		As at 31 March 2020	As at 31 March 2019
Receivables from third-party customers		0.92	-
Receivables from related parties (Refer Note 17)		198.87	159.43
<b>Total</b>		<b>198.87</b>	<b>160.35</b>

**Terms and conditions of the above financial assets:**

All outstanding balances are unsecured and settled in cash, which are settled on receipt or provision of service by the parties. These are unsecured, non-interest bearing and not covered by any guarantee.

**12. Other current asset**

		As at 31 March 2020	As at 31 March 2019
Prepaid expense		375.93	-
		<b>375.93</b>	<b>-</b>

**13. Cash and cash equivalents**

		As at 31 March 2020	As at 31 March 2019
Cash at bank		2,042.75	53.36
<b>Total</b>		<b>2,042.75</b>	<b>53.36</b>



**OYO Hospitality UK Ltd.**

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

**14. Share capital**

	As at 31 March 2020	As at 31 March 2019
<b>Ordinary Shares</b>		
Shares of GBP 1 each	6,481.49	1.31

**(i) Terms/rights attached to equity shares**

73,313,867 shares were issued to Oravel Stays Singapore PTE LTD. during the period for no premium. The Company has only one class of shares having a par value of GBP 1 per share. Each holder of equity shares is entitled to one vote per share and equal rights in distribution of profit/surplus proportionate to the share held by the shareholder. In the event of liquidation of the Company, the holders of shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of shares held by the shareholders.

**(ii) Share Capital to be issued**

3,891,000 (31 March 2020 13,558,634) shares are to be issued to Oravel Stays Singapore PTE LTD as on 31 March 2020.

**14A. Share application money pending allotment**

	As at 31 March 2020	As at 31 March 2019
<b>Share capital to be issued to:</b>		
Oravel Stays Singapore Pte Ltd	348.58	1,252.51

**14(a). Other equity**

	As at 31 March 2020	As at 31 March 2019
Retained Earnings (A)	(765.33)	(28.58)
Foreign currency translation reserve (FCTR) (B)	(104.07)	(28.46)
<b>Total (A+B)</b>	<b>(869.40)</b>	<b>(57.04)</b>

**(A) Retained Earnings**

	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of year	(28.58)	-
Loss for the year	(736.75)	(28.58)
<b>Balance at the end of year</b>	<b>(765.33)</b>	<b>(28.59)</b>

**(B) Foreign currency translation reserve (FCTR)**

	As at 31 March 2020	As at 31 March 2019
Balance at the beginning of year	(28.46)	
FCTR for the year	(75.61)	(28.46)
<b>Balance at the end of year</b>	<b>(104.07)</b>	<b>(28.46)</b>



**OYO Hospitality UK Ltd.**

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

**15. Borrowings**

	As at 31 March 2020	As at 31 March 2019
Other long term loans	15,814.94	-
Loan from related party	3,152.12	-
	<b>18,967.06</b>	<b>-</b>

The loan is repayable as per dates mentioned in respective loan agreements and interest is calculated in accordance with prevailing arm's length principles.

**16. Trade and other payables**

	As at 31 March 2020	As at 31 March 2019
Related parties (Refer Note 17)	50.68	28.27
Interest Payable	460.70	0.68
Interest payable on loan from related parties	2.76	-
Accruals	1.84	-
Other payables	0.93	-
	<b>516.91</b>	<b>28.95</b>

Trade and other payables to third parties are non-bearing interest and are generally on a 14-30 days' term.

Trade payables to related parties are unsecured, interest-free and are repayable on demand.



**OYO Hospitality UK Ltd.****Notes to financial statements for the year ended on 31 March 2020****(All amounts in INR million, unless otherwise stated)****17. Related party disclosures**

In the normal course of business, the Company transacts with companies, which are considered related parties under IAS 24, "Related Party Disclosures".

**a) Names of related parties and related party relationship**  
(with whom transactions have taken place)

Ultimate Holding Company

Oravel Stays Private Limited

Holding Company

Oravel Stays Singapore Pte Ltd.

Subsidiaries, Fellow Subsidiaries and step-down subsidiaries

OYO Rooms Hospitality Sdn. Bhd.

OYO Technology And Hospitality China Pte Ltd.

OYO Technology And Hospitality (UK) Limited

OYO Technology And Hospitality (Thailand) Ltd

OYO Rooms And Hospitality UK Limited

OYO Hotels (Singapore) Pte. Ltd.

OYO Hotels Netherlands B.V.

OYO Hotels LLC

OYO Rooms &amp; Technology LLC

Oravel Hotels Mexico S. De R.L. De C.V.

OYO Brazil Servicos De Turismo Ltda

OYO Technology &amp; Hospitality (Vietnam) LLC

OYO Hospitality Netherlands BV

OYO Vacation Homes UK Ltd

Oravel Stays Private Limited

OYO Technology &amp; Hospitality Japan KK

OYO Hotels Japan GK

OYO Hotels and Homes Pvt. Ltd.

OYO Apartments Investments LLP

OYO MYPREFERRED UK LTD

OYO Technologies &amp; Hospitality (UK) Ltd

Key Management Personnel

Mr. James Joseph Fyfe

Mr. Ritesh Agarwal

**b) Related party transactions:**

Particulars	For the year ended 31 March 2020	For the period ended 28 August 2018 to 31 March 2019
<b>Ordinary Shares allotted during the year/period</b>		
Oravel Stays Singapore Pte Ltd.	6,480.18	1.31
	<b>6,480.18</b>	<b>1.31</b>
<b>Share application money pending allotment</b>		
Oravel Stays Singapore Pte Ltd.	348.58	1,252.51
	<b>348.58</b>	<b>1,252.51</b>
<b>Investment made during the year/period</b>		
Oyo Technology & Hospitality Japan KK	-	1.22
Oyo Rooms And Hospitality Uk Ltd-Ordinary Shares	4,616.08	271.75
Oyo Rooms And Hospitality Uk Ltd- Preference Shares	801.02	679.37
Oyo Hotels Japan GK	-	59.68
Oravel Hotels Mexico S De Rl De Cv	0.10	-
	<b>5,417.20</b>	<b>1,012.02</b>



**OYO Hospitality UK Ltd.****Notes to financial statements for the year ended on 31 March 2020****(All amounts in INR million, unless otherwise stated)****Expenses incurred by related party on behalf of Company**

Oravel Stays Singapore Pte Ltd	50.07	-
OYO Technology And Hospitality (UK) Limited	3.27	-
	<b>53.34</b>	<b>-</b>

**Service taken from:**

Oravel Stays Private Limited	-	26.99
	<b>-</b>	<b>26.99</b>

**Loan granted during the period**

Oravel Hotels Mexico S. De R.L. De C.V.	1,762.28	-
Oravel Stays Singapore Pte Ltd	10,382.63	-
Oyo Brazil Servicos De Turismo Ltda	743.51	-
Oyo Hospitality Netherlands Bv	482.47	-
Oyo Hotels (Singapore) Pte. Ltd.	1,471.69	-
Oyo Hotels LLC	5,634.38	-
Oyo Hotels Netherlands Bv	115.26	-
Oyo Rooms & Technology LLC	223.05	-
Oyo Rooms And Hospitality Uk Limited	1.64	-
Oyo Rooms Hospitality Sdn Bhd	641.28	-
Oyo Technology & Hospitality (Uk) Ltd	672.60	-
Oyo Technology & Hospitality (Vietnam)	148.70	-
Oyo Technology And Hospitality (China) Pte Ltd	6,768.92	-
Oyo Technology And Hospitality (Thailand) Co., Ltd.	322.19	-
OYO Technology&Hospitality Japan KK	0.01	-
	<b>29,370.61</b>	<b>-</b>

**Borrowed/repaid during the period**

OYO MyPreferred Uk Ltd	-	-
Oravel Stays Singapore Pte Ltd	3,152.12	-
	<b>3,152.12</b>	<b>-</b>

**Loan Repaid/Forex Impact on Loan during the period**

Oyo Hospitality Netherlands Bv	213.89	-
Oyo hotels LLC	2,136.31	-
Oravel Stays Singapore Pte Ltd	10,325.78	-
OYO Hotels (Singapore) Pte. Ltd.	385.35	-
	<b>13,061.33</b>	<b>-</b>

**Interest income on loan granted**

Oravel Hotels Mexico S. De R.L. de C.V.	17.47	-
OYO Brazil Servicos De Turismo Ltda	10.94	-
Oyo Hospitality Netherlands Bv	2.25	-
Oyo hotels LLC	37.44	-
Oyo Hotels Netherlands Bv	1.11	-
OYO Rooms & Technology LLC	1.86	-
Oyo Rooms And Hospitality Uk Limited	0.90	-
Oyo Technology & Hospitality (Uk) Ltd	7.76	-
Oyo Vacation Homes Uk Ltd	0.11	-
Oravel Stays Singapore Pte Ltd	58.90	-
OYO Rooms Hospitality SDN BHD	1.67	-
Oyo Technology & Hospitality (Vietnam)	1.21	-
Oyo Technology And Hospitality (China) Pte Ltd	56.23	-
OYO Technology and Hospitality (Thailand) Co., Ltd.	3.07	-
OYO Hotels (Singapore) Pte. Ltd.	9.48	-
	<b>213.40</b>	<b>-</b>

**Interest received on loan granted**

Oyo Hospitality Netherlands Bv	0.11	-
Oyo hotels LLC	3.70	-
Oravel Stays Singapore Pte Ltd	58.59	-
OYO Hotels (Singapore) Pte. Ltd.	6.13	-
Oyo Rooms And Hospitality Uk Limited	0.90	-
Oravel Hotels Mexico S. De R.L. de C.V.	-	-
OYO Brazil Servicos De Turismo Ltda	-	-
	<b>69.43</b>	<b>-</b>

**Interest expense on borrowings**

Oravel Stays Singapore Pte Ltd	2.78	-
OYO MYPREFERRED UK LTD	<b>2.78</b>	<b>-</b>



**OYO Hospitality UK Ltd.**

Notes to financial statements for the year ended on 31 March 2020

(All amounts in INR million, unless otherwise stated)

c) Related party balances:

Particulars	As at 31 March 2020	As at 31 March 2019
<b>Receivable from Group Companies</b>		
Oravel Hotels Mexico S. De R.L. De C.V.	13.96	2.90
Oyo Hotels LLC USA	47.06	43.07
Oyo Brazil Servicos De Turismo Ltda	16.88	-
Oyo Rooms And Hospitality UK Limited	1.14	-
Oyo Technology & Hospitality (UK) Ltd	103.79	105.33
Oyo Hotels Japan GK	16.04	8.38
	<b>198.87</b>	<b>159.68</b>
<b>Payable to Group Companies</b>		
Oravel Stays Singapore Pte Ltd	50.68	1.28
Oravel Stays Private Limited	-	26.99
OYO Hotels and Homes Pvt. Ltd.	-	-
OYO Apartments Investments LLP	-	-
	<b>50.68</b>	<b>28.27</b>
<b>Loan granted</b>		
Oravel Hotels Mexico S. De R.L. De C.V.	1,762.28	-
Oravel Stays Singapore Pte Ltd	56.86	-
Oyo Brazil Servicos De Turismo Ltda	743.51	-
Oyo Hospitality Netherlands Bv	268.58	-
Oyo Hotels (Singapore) Pte. Ltd.	1,086.34	-
Oyo Hotels Llc	3,498.07	-
Oyo Hotels Netherlands Bv	115.26	-
Oyo Rooms & Technology LLC	223.05	-
Oyo Rooms And Hospitality Uk Limited	1.64	-
Oyo Rooms Hospitality Sdn Bhd	641.28	-
Oyo Technology & Hospitality (UK) Ltd	672.60	-
Oyo Technology & Hospitality (Vietnam)	148.70	-
Oyo Technology And Hospitality (China) Pte Ltd	6,768.92	-
Oyo Technology And Hospitality (Thailand) Co., Ltd.	322.19	-
OYO Technology&Hospitality Japan KK	0.01	-
	<b>16,309.29</b>	-
<b>Borrowings</b>		
Oravel Stays Singapore Pte Ltd	3,152.12	-
OYO MYPREFERRED UK LTD	-	-
	<b>3,152.12</b>	-
<b>Interest accrued but not due</b>		
Oravel Hotels Mexico S. De R.L. De C.V.	17.37	-
Oravel Stays Singapore Pte Ltd	0.31	-
Oyo Brazil Servicos De Turismo Ltda	10.88	-
Oyo Hospitality Netherlands Bv	2.12	-
Oyo Hotels (Singapore) Pte. Ltd.	3.34	-
Oyu Hotels LLC	33.54	-
Oyo Hotels Netherlands Bv	1.11	-
Oyo Rooms & Technology LLC	1.85	-
Oyo Rooms And Hospitality Uk Limited	-	-
Oyo Rooms Hospitality Sdn Bhd	4.64	-
Oyo Technology & Hospitality (UK) Ltd	7.72	-
Oyo Technology & Hospitality (Vietnam)	1.21	-
Oyo Technology And Hospitality (China) Pte Ltd	55.91	-
Oyo Technology And Hospitality (Thailand) Co., Ltd.	3.06	-
Oyo Vacation Homes UK Ltd	0.11	-
Oyo Hotels Japan GK	-	-
	<b>143.17</b>	-
<b>Interest accrued on borrowings but not due</b>		
Oravel Stays Singapore Pte Ltd	3.07	-
OYO MyPreferred UK Ltd	-	-
	<b>3.07</b>	-
<b>Terms and conditions</b>		
Goods and services were sold to the related parties during the period based on the price lists in force / other appropriate basis, as applicable, and terms that would be available to third parties.		
All outstanding balances are unsecured and settled in cash, which are settled on receipt or provision of service by the parties. These are unsecured, non-interest bearing and not covered by any guarantee.		



**OYO Hospitality UK Ltd.**

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

**18. Financial Risk Management**

**A. Financial risk management objectives and policies**

The entity's principal financial liabilities majorly comprises of borrowings and trade payables. The main purpose of these financial liabilities is to finance the entity's operations and to provide guarantees to support its operations. The entity's principal financial assets include trade and other receivables and cash and short-term deposits that derive directly from its operations.

The entity is exposed to market risk, credit risk and liquidity risk. The entity's senior management oversees the management of these risks. The entity's senior management is responsible for ensuring that the entity's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the entity's policies and risk objectives. All activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the entity's policy that no trading in derivatives for speculative purposes may be undertaken. The senior management reviews and agrees policies for managing each of these risks, which are summarised below.

***Market risk***

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include trade payables and trade receivables.

***Interest risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The entity's exposure to interest rate arises primarily from cash and cash equivalents. A change in interest rates at the reporting date would not affect significantly on profit or loss and equity.

***Currency risk***

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The entity's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities. At 31 March 2020, foreign currency exposure is not hedged by a derivative instrument.

***Foreign currency sensitivity***

The following tables demonstrate the sensitivity to a reasonably possible change in INR, SGD and USD exchange rates, with all other variables held constant. The impact on the entity's profit before tax is due to changes in the fair value of monetary assets and liabilities.

***Credit risk***

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The entity is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis.

***Cash and cash equivalents***

Credit risk from balances with banks is managed by the entity's treasury department in accordance with the entity's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the entity's top management on an annual basis, and may be updated throughout the period subject to approval of the entity Authorities. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.



**Liquidity risk**

The entity monitors its risk of a shortage of funds via liquidity planning exercise.

The entity's objective is to maintain a balance between continuity of funding and flexibility through the use of short term and long term loans and borrowings. The entity's treasury function reviews the liquidity position on an ongoing basis. The entity assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The entity has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the entity's financial liabilities based on contractual undiscounted payments.

	On Demand	0 to 1 year	More than 1 year	Total
<b>As at 31 March 2020</b>				
Trade and other payables	2.77	-	-	2.77
Related parties	-	50.68	-	50.68
Loans (Internal)	-	2.76	3,152.12	3,154.88
Loans (External)	-	460.70	15,814.94	16,275.64
	2.77	514.14	18,967.06	19,483.99
<b>As at 31 March 2019</b>				
Trade and other payables	28.95	-	-	28.95
	28.95	-	-	28.95

**B. Capital Management**

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may return capital to shareholders or issue new shares or raise borrowings.

**C. Fair value of financial assets and financial liabilities****a. Classification**

	As at 31 March 2020	As at 31 March 2019
<b>Financial assets</b>		
<b>Non Current assets</b>		
Loans	16,452.55	-
<b>Current assets</b>		
Cash and cash equivalents	2,042.75	53.36
Trade Receivables	198.87	160.35
Other current asset	375.93	-
<b>Total financial assets</b>	<b>19,070.11</b>	<b>213.71</b>
<b>Financial Liabilities</b>		
Borrowings	18,967.06	-
Trade and other payables	516.91	28.95
<b>Total financial liabilities</b>	<b>19,483.97</b>	<b>28.95</b>

**b. Fair value measurement**

Fair value is the amount for which an asset could be exchanged, or a liability settled, between parties in an arm's length transaction.

The Company determined the fair value measurement for disclosure purposes of each class of financial assets and financial liabilities based on the following methods and assumptions:

Receivables/Payables are evaluated by the company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.



**OYO Hospitality UK Ltd.**

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

**19. Key accounting estimates and assumptions**

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**Critical accounting estimates and assumptions**

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

**a) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the discounted cash flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

**b) Impairment of investment in subsidiaries**

The Company conducts impairment reviews of investment in subsidiaries whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable or tests for impairment annually in accordance with the relevant accounting standards. Determining whether an asset is impaired requires an estimation of the recoverable amount, which requires the Company to estimate the value in use which base on future cash flows and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, an impairment loss may arise.

**c) Provisions**

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

**d) Impairment of financial instruments**

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

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

Loss allowance for trade receivable with no significant financing component is measured at an amount equal to lifetime expected credit losses (ECL). For all other financial assets expected credit losses are measured at an amount equal to the 12 month expected credit losses, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

**20. Controlling Party**

Immediate Holding Company	Oravel Stays Singapore Pte Ltd.
Ultimate Holding Company	Oravel Stays Private Limited
Smallest and largest group for which group accounts are prepared that include the results of the company	Oravel Stays Private Limited
Group accounts publicly available	No

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



Place: New Delhi  
Date: 21 September 2021

For and on behalf of  
**OYO Hospitality UK Ltd.**

*Rakesh Kumar*  
Rakesh Kumar  
Director

Place: Gurugram  
Date: 21 September 2021