July 26, 2019

National Stock Exchange of India Limited
Exchange Plaza, C-1, Block G
Bandra Kurla Complex
Bandra (E), Mumbai – 400051

BSE Limited
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400001

NSE Scrip Symbol: LEMONTREE

BSE Scrip Code: 541233

Dear Sir/Madam,

Subject: Intimation of 27th Annual General Meeting ("AGM") of the Company

Pursuant to the Regulation 30 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, we hereby inform that 27th AGM of the Company will be held on Thursday, August 22, 2019 at 3:00 P.M. at Air Force Auditorium, Subroto Park, New Delhi 110010.

Further, pursuant to the Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company will be providing the facility for voting by electronic means ("remote e-voting"). The remote e-voting period will commence on August 19, 2019 (9:00 a.m. IST) and end on August 21, 2019 (5:00 p.m. IST). The voting rights of Members shall be reckoned on the basis of number of equity shares held by Members of the Company as on the cut-off date viz. August 14, 2019.

Pursuant to Regulation 30 & 34(1) of SEBI(Listing Obligations & Disclosure Requirements) Regulations, 2015, we are enclosing herewith Annual Report of the Company for Financial Year 2018-19 alongwith the notice of 27th AGM for your information and records.

Please take the above intimation on record and kindly acknowledge.

Thanking You

For **Lemon Tree Hotels Limited**

Nikhil Sethi
Group Company Secretary & GM Legal
and Compliance Officer

Smile!
You are at

lemon tree HOTELS

LEMON TREE HOTELS LIMITED
ANNUAL REPORT 2018-19

Contents

Disclaimer

In this annual report, certain statements may be 'forward looking statements' within the meaning of applicable laws and regulations. These forward-looking statements involve a number of risks, uncertain ties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation and labour relations.

Lemon Tree Hotels Limited (LTH) will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

Smile!

You are at Lemon tree hotels

The best ornament for your face is - wearing a Smile. We have often heard this. However, in our busy schedules and hectic routines, we often forget this simple thing - to smile. At Lemon Tree Hotels, we practice what we preach. The most important aesthetic at our hotels, is service with a smile. We have embedded smiling in our culture, as it is addictive and spreads even faster than gossip!

FY19 was a good year for the industry as a whole, and especially for Lemon Tree. As a differentiated category creator, our offerings were well received by consumers and the response boosted our growth. In FY19, we grew our total room count by over 700, crossing the important milestone of 5,000 rooms and established presence in 4 additional locations. Our revenue and profitability growth were substantially higher than industry averages. That should add more smiles to our investors and other stakeholders, who have engendered complete faith and support towards all our decisions and have been part of our rapidly expanding family.

In this Annual Report, we will make an attempt to make you smile. So, do share your feedback with us at smile@lemontreehotels.com

redfox BY LEMON TREE HOTELS

Economy

Targeted primarily at the economy hotel segment, typically comparable to a 2 star

	Hotels	Rooms
FY19	11*	1,322
FY22	13	1,492

lemon tree HOTELS

Midscale

In the midscale hotel segment, typically comparable to a 3 star

	Hotels	Rooms
FY19	33*	2,506
FY22	51	3,927

* as of 29th May, 2019

Upper-Midscale

In the upper-midscale hotel segment, typically comparable to a 3+/4 star

	Hotels	Rooms
FY19	12*	1,697
FY22	21	2,665

Upscale

In the upscale hotel segment, typically comparable to a 4+ star

	Hotels	Rooms
FY22	02	716

Our geographical spread

lemon tree
smiles Members

947,773 vs **719,146**

Members at the end of FY19 | Members at the end of FY18

Key statistics

Cities

33 Operational Cities*

58 Cities by end of FY22

25 Upcoming Cities

Hotels

56 Number of operating hotels*

87 Operating hotels by end of FY22

31 Number of hotels under development

Rooms

5525 Number of rooms*

8800 Operating rooms by end of FY22

3275 Number of rooms under development

Certificate of Excellence

47 of 50 Eligible hotels operating for at least a year, awarded the TripAdvisor Certificate of Excellence for 2019

CERTIFICATE of EXCELLENCE tripadvisor

Repeat Guests

36% are repeat guests in Adult hotels i.e. hotels more than 3 years old.

29% are repeat guests in Young hotels i.e. hotels less than 3 years old.

* as of 29th May, 2019

Snapshot FY19

2nd May, 2018

LTH Srinagar

Offers 37 spacious and smartly furnished rooms and suites

16th May,2018

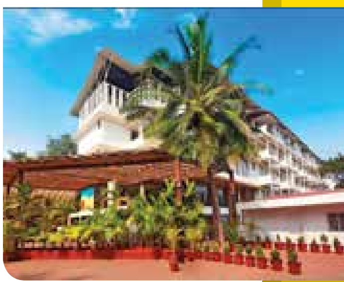
LTH Baddi

Offers 49 smartly finished rooms and suites

8th July,2018

RFH Morjim Goa

Offers 111 smart rooms and a spacious suite



29th January, 2019

LTH Lucknow

Offers 51 smartly finished rooms

11th March, 2019

LTH Viman Nagar Pune

Offers 69 smartly finished rooms and suites

22nd October, 2018

RFH Dehradun

Offers 91
smart rooms and suites

5th December, 2018

LTP City Centre Pune

Offers 201 stylish and elegant rooms and suites

27th December, 2018

Signed a Joint venture with Warburg Pincus for a student housing/co living platform – Hamstede Living Private Limited

Event Calender

2018

	APRIL	MAY	JUNE
SUN	01 08 15 22 29	06 13 20 27	03 10 17 24
MON	02 09 16 23 30	07 14 21 28	04 11 18 25
TUE	03 10 17 24	01 08 15 22 29	05 12 19 26
WED	04 11 18 25	02 09 16 23 30	06 13 20 27
THU	05 12 19 26	03 10 17 24 31	07 14 21 28
FRI	06 13 20 27	04 11 18 25	01 08 15 22 29
SAT	07 14 21 28	05 12 19 26	02 09 16 23 30

	JULY	AUGUST	SEPTEMBER
SUN	01 08 15 22 29	05 12 19 26	30 02 09 16 23
MON	02 09 16 23 30	06 13 20 27	03 10 17 24
TUE	03 10 17 24 31	07 14 21 28	04 11 18 25
WED	04 11 18 25	01 08 15 22 29	05 12 19 26
THU	05 12 19 26	02 09 16 23 30	06 13 20 27
FRI	06 13 20 27	03 10 17 24 31	07 14 21 28
SAT	07 14 21 28	04 11 18 25	01 08 15 22 29

	OCTOBER	NOVEMBER	DECEMBER
SUN	07 14 21 28	04 11 18 25	30 02 09 16 23
MON	01 08 15 22 29	05 12 19 26	31 03 10 17 24
TUE	02 09 16 23 30	06 13 20 27	04 11 18 25
WED	03 10 17 24 31	07 14 21 28	05 12 19 26
THU	04 11 18 25	01 08 15 22 29	06 13 20 27
FRI	05 12 19 26	02 09 16 23 30	07 14 21 28
SAT	06 13 20 27	03 10 17 24	01 08 15 22 29

2019

	JANUARY	FEBRUARY	MARCH
SUN	06 13 20 27	03 10 17 24	31 03 10 17 24
MON	07 14 21 28	04 11 18 25	04 11 18 25
TUE	01 08 15 22 29	05 12 19 26	05 12 19 26
WED	02 09 16 23 30	06 13 20 27	06 13 20 27
THU	03 10 17 24 31	07 14 21 28	07 14 21 28
FRI	04 11 18 25	01 08 15 22	01 08 15 22 29
SAT	05 12 19 26	02 09 16 23	02 09 16 23 30

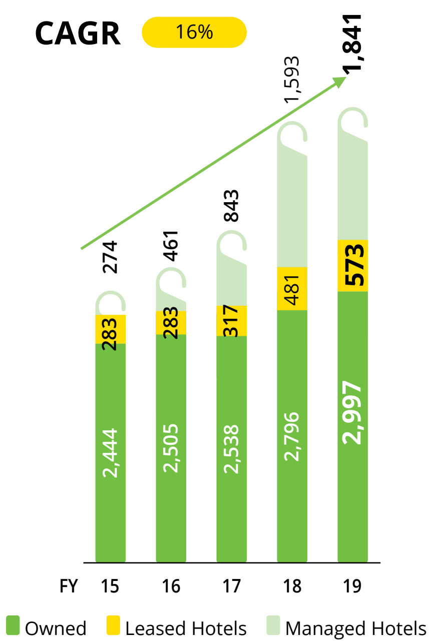
Noteworthy Award/ Accolades – in FY19

Investing in People, Tourism For Tomorrow Awards 2019 by World Travel & Tourism Council.

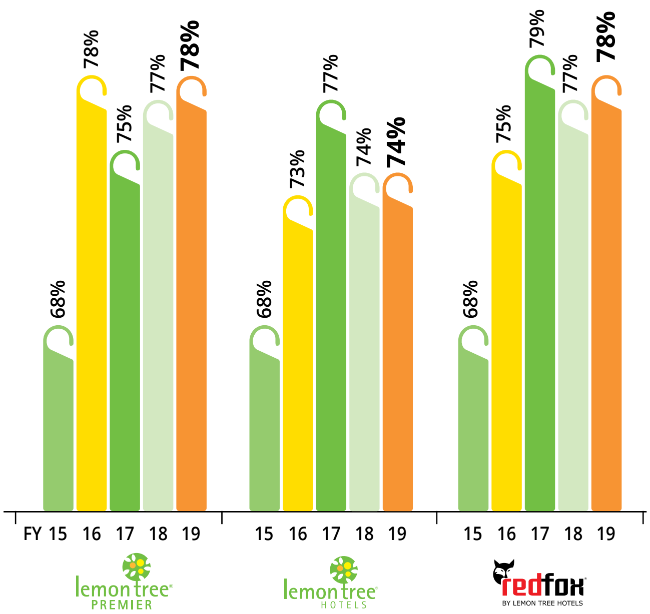
Amity Corporate Excellence Awards for Best CSR Practices, 2019 by Amity School of Science and Technology

Key performing indicators

Inventory Addition

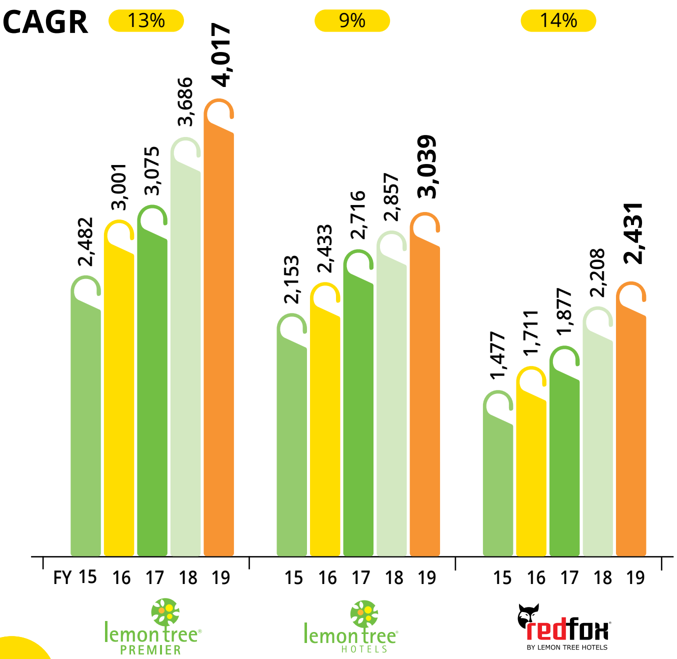


Occupancy Levels

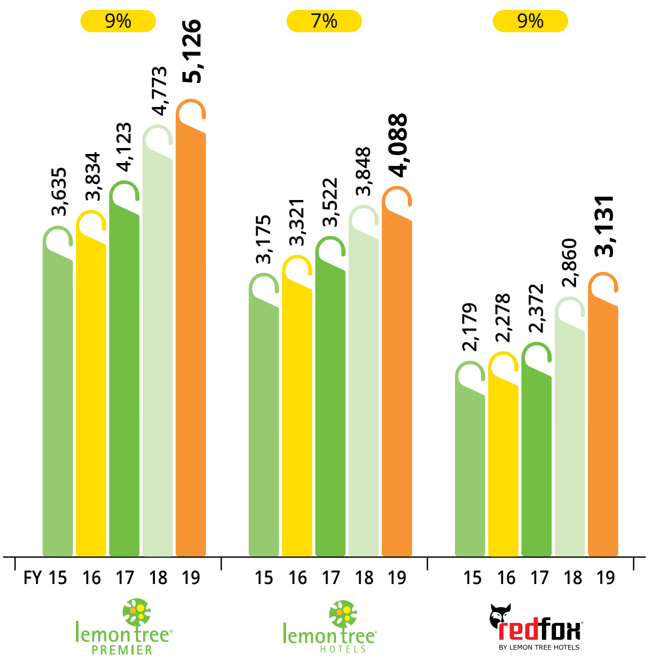


Operating Performance

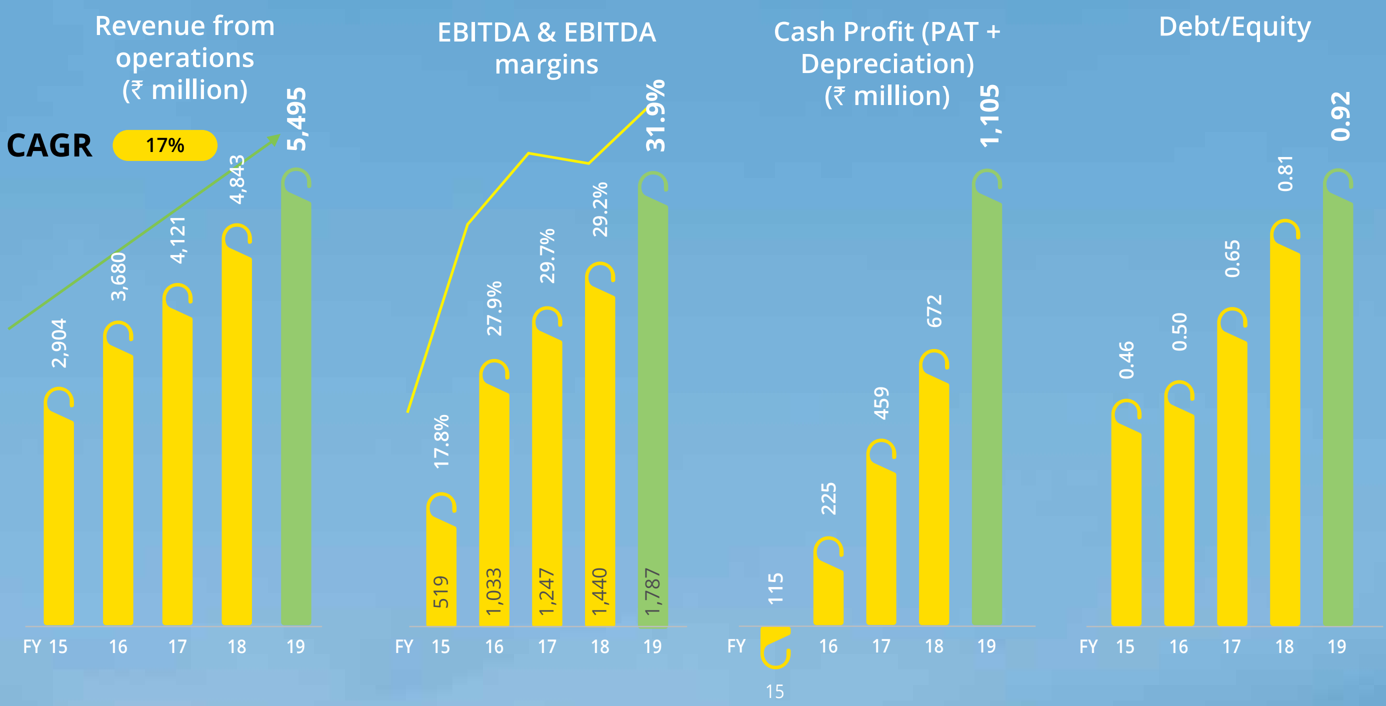
RevPAR (₹)



ADR (₹)



Higher Growth and Better Margins



"We opened our first hotel with 49 rooms in May 2004 and as of May 29, 2019 we operate 5,525 rooms in 56 hotels across 33 cities in India. We have undisputed leadership in India's mid-priced hotel sector, and are the third largest hotel company in India overall, on the basis of owned and leased rooms."

Chairman's message

Dear shareholders,

I am pleased to present the Annual Report of our company for the fiscal year 2019. This year is of importance to us as we complete our first full year since our public listing on 9th April 2018. The investor response to our issue and subsequently has been very good which reflects in LTHL being the second best performing IPO of FY19. It will be our endeavor to maintain best practices in investor interactions and relations at all times.

The hotel industry in India is at an inflection point on the back of growth in domestic travel, which is expected to continue with the expansion of an aspirational middle class, increasing urbanization and higher disposable income. Financial Year 2018 saw demand growth (at 9.5%) outpacing supply growth (at 6%). For the last six years, the branded hotel industry's occupancy has been on an uptrend. It reached 67% level in FY18 for the first time since FY08. This positive trend gives confidence to hotels across India to increase room rates to reasonable levels.

We have delivered a healthy top line growth of 14% in FY19 at ₹ 559.4 crores on the back of 7.3% YoY increase in ADR and addition of 292 owned/leased rooms during the year. We continued to maintain our occupancy premium showing a 48 bps YoY improvement to 76.3% in FY19 from 75.9% in FY18. Excluding our newly opened hotels, occupancies increased by 188 bps YoY to 77.8%. Fees from managed hotels stood at 17.4 crores in FY19 as compared to 14.1 crores in FY18. Our focus on cost control and operating leverage resulted in EBITDA growth of 24.1% YoY to ₹ 178.7 crores in FY19 while margins expanded by 269 bps YoY to 31.9%. PAT increased 287% to ₹ 56.4 crores and cash profit increased 64% to ₹ 110.5 crores.

Our three brands – Lemon Tree Premier in the upper midscale segment, Lemon Tree Hotels in the midscale segment and Red Fox Hotels by Lemon Tree Hotels in the economy segment are well differentiated, targeting distinct customer segments. We will be launching our fourth brand, Aurika (in the upscale space) to cater to the evolved and widely traveled business and leisure customer who is willing to pay a premium for a superior product-service mix and a convenient location.

Since April 2018, we have added 723 rooms in 9 hotels across 8 cities and now we operate 5,525 rooms in 56 hotels across 33 cities. With these new hotels, we have expanded our geographical presence to Srinagar, Baddi, Lucknow and Amritsar.

We have a solid pipeline of owned, leased and managed hotels under development. In the next 6 months, we will open our 303 room Lemon Tree Premier Mumbai Property, the 142 room Lemon Tree Premier Kolkata Property and the 139 room Udaipur property under our new upscale brand Aurika. All these owned properties will operate in demand dense and high barrier-to-entry markets. We will also open close to 700 rooms under management contracts by March 2020. Based on our current pipeline, we will have 8800 rooms across 87 hotels in 58 cities by calendar year 2022. This pipeline will constantly increase as we add more hotels under leased/management contracts.

We have created an active and loyal member base by leveraging our loyalty program, Lemon Tree Smiles. We have close to 1 million loyalty program members in less than 4 years of launch. Our brand strength has led to repeat guests being close to 35% of our total guests. This gives us a network advantage due to which we are able to stabilize our hotels in new geographies in a relatively short span of time.

In December 2018, we signed a joint venture with Warburg Pincus which marks our foray into student housing and co-living spaces for the millennial population. Our focus will be on college students and young migrant working professionals. We believe this is an exciting space and a huge opportunity for a large organized player like us to tap. Our capital investment in this business in the initial years will be minimal as we will adopt an asset light strategy to test the market and grow the business.

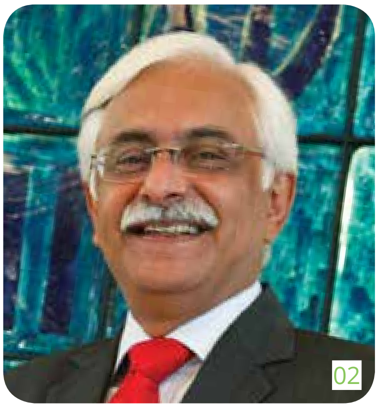
Going forward, our focus is to grow asset-light by expanding our leased and managed hotels portfolio. This will lead to distribution of costs, cheaper sourcing of raw materials and efficient deployment of capital. We also intend to continue using our asset monetization and recycling strategy to fund organic and inorganic growth opportunities, expand or redevelop our owned hotels and reduce debt.

On behalf of the Board, I thank all our stakeholders including shareholders, investors, bankers, creditors and employees for their continued support. I express my sincere gratitude to all the members of our Board for their continued insights and invaluable guidance as we explore new opportunities and move ahead with confidence.

Warm regards,
Patanjali G. Keswani
Chairman & Managing Director

Board of directors & key management


01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01 Patanjali Govind Keswani

Chairman and Managing Director

- Bachelor's degree in electrical engineering from Indian Institute of Technology, New Delhi
- Postgraduate diploma degree in management from Indian Institute of Management, Calcutta
- Was a Tata Administrative Services officer & Associated with Taj Group of Hotels for a period of 17 years, including as the Senior Vice-President (Special Projects)
- Worked with A.T. Kearney Limited, New Delhi as its associated consultant and director.

02 Rattan Keswani

Deputy Managing Director

- Bachelor's degree in commerce from the DAV College, Panjab University
- Diploma degree in hotel management from the Oberoi School of Hotel Management
- Worked in: The Oberoi Group; Last role as the President of Trident Hotels
- Over 31 years of experience in the hospitality industry and has been with Lemon Tree Hotels for over 7 years

03 Aditya Madhav Keswani

Non-Executive Director

- Bachelor's degree in arts from New York University, New York, USA

04 Ravi Kant Jaipuria

Non-executive Director

- Promoter, Chairman and Director of Varun Beverages Limited and RJ Corp Ltd.
- A leading Indian entrepreneur and business leader in India
- Over 30 years of experience in the food and beverage industry

05 Anish Kumar Saraf

Director

- A Chartered Accountancy degree from The Institute of Chartered Accountants of India and an M.B.A. from the Indian Institute of Management, Ahmedabad.
- He joined Warburg Pincus in 2006 and since then has been working with the firm's Indian affiliate.
- Over 12 years of professional experience in investment advisory activities in India and evaluates opportunities in real estate, industrial and consumer sectors in India.

06 Willem Albertus Hazeleger

Non-executive Director

- Executive master's degree in business administration from the Institut Europe´en d'Administration des Affaires (INSEAD)
- Executive master's degree in business administration from the Tsinghua University
- Serves as the Chief Executive Officer (CEO) of APG Investments Asia Limited, the Hong Kong subsidiary of the APG Asset Management N.V

07 Arindam Kumar Bhattacharya

Independent Director

- Alumnus of Indian Institute of Technology, Kharagpur, Indian Institute of Management, Ahmedabad, and Warwick Manufacturing Group, University of Warwick, UK where he completed Doctorate of Engineering
- He is the Senior Partner and Director of The Boston Consulting Group, India, and the co-leader of Bruce Henderson Institute, BCG's thought leadership institution
- Over 30 years of experience in the industry and consulting with focus on the industrial sector

08 Freyan Jamshed Desai

Independent Director

- Bachelor's degree in law from the University of Delhi
- Master's degree in law from King's College, London
- Served as the General Counsel of the Novartis group of companies in India
- Served as a partner in Amarchand & Mangaldas & Suresh A. Shroff & Co
- Over 30 years of experience across various legal fields

09 Paramartha Saikia

Independent Director

- Bachelor's degree in economics from the University of Delhi
- Master's degree in arts (economics) from the University of Delhi
- Served as the Chief Executive Officer (CEO) of J. Walter
- Thomson Sdn. Bhd., Malaysia
- Served as the Chief Executive Office (CEO) of Iris
- Worldwide Integrated Marketing Private Limited
- Served as the Chief Executive Office (CEO) of Publicis India
- Over 30 years of experience across the fields of marketing and brand development

10 Pradeep Mathur
Independent Director

- Bachelor's degree in commerce from the University of Poona
- Postgraduate diploma degree in management from the Indian Institute of Management, Ahmedabad
- Served as the Vice-President Finance and Chief Financial Officer for Tupperware, Asia Pacific and Senior Vice President of Tupperware Corporation Headquarter
- Served as the Managing Director for Tupperware, India
- Over 30 years of experience across the fields of accounting, finance and general management

11 Arvind Singhania
Independent Director

- Promoter and Director of Ester Industries Limited
- Serves as the Chairman and Chief Executive Officer of Ester Industries Limited
- Over 30 years of experience across the fields of production, supply chain and people management

12 Ashish Kumar Guha
Independent Director

- Bachelor's degree in economics from the Jadavpur University in Kolkata
- Serves as Advisor & Chairman of Ambit Private Limited
- Served as the Chief Executive Officer (CEO) of Lazard India Limited
- Served as the Chief Executive Officer of (CEO) Heidelberg Cement
- Over 30 years of experience across the fields of investment banking, advisory and industrial goods

13 Davander Tomar
Executive Vice-President, Corporate Affairs

- Bachelor's degree in commerce and law from the University of Delhi
- Master's degree in arts from the University of Delhi
- Worked in: Taj Group of Hotels: 18 years; Last role as the Security Manager for Taj Palace Hotel, New Delhi
- Over 37 years of experience in the hospitality industry
- Been with Lemon Tree Hotels for over 15 years

14 Vikramjit Singh
President

- Bachelor's degree in commerce from the University of Delhi
- Postgraduate diploma degree in hotel management and administration from the Taj Group of Hotels
- Served as Founder & CEO of a boutique hotel in Assam
- Over 23 years of experience in the hospitality industry
- Been with Lemon Tree Hotels for over 13 years

15 Jagdish Kumar Chawla
Executive Vice President - Projects and Engineering Services

- Diploma degree in electrical engineering from Pusa Polytechnic, Pusa, New Delhi
- Worked in: Taj Group of Hotels: 20 years; Last role as the Chief Engineer for Taj Palace Hotel, New Delhi
- Worked in: National Thermal Power Corporation, Bharti Electric Steel Company Limited and Mother Dairy in key managerial positions
- Over 40 years of experience across the fields of engineering, constructions and operations
- Been with Lemon Tree Hotels for over 15 years

16 Kapil Sharma
Chief Financial Officer

- Bachelor's degree in commerce from the University of Delhi
- Qualified chartered accountant
- Worked in: Leroy Somer & Controls India Private Limited; Last role as the Head of finance and accounts for Leroy Somer & Controls
- Over 24 years of experience across the fields of accounting, financing and investing
- Been with Lemon Tree Hotels for over 13 years

17 Sumant Jaidka
Senior Vice President - Operations

- Graduate degree in Hotel Management from the Salzburg School of Hotel Management, Austria
- Worked in: Taj Group of Hotels, Hilton, Maurya Sheraton, Crowne Plaza and Hyatt Regency across key managerial posts
- Over 30 years of experience in the hospitality industry
- Been with Lemon Tree Hotels for over 11 years

18 Mahesh S. Aiyer
Senior Vice President Operations

- Holds degree in mechanical engineering, Thrissur, Kerala and Master degree in business administration,Madras University
- Worked in: A Hotel asset design & real estate firm.
- Over 22 years of experience in the Hospitality Industry
- Conferred with the General Manager of the Year Award by Hotelier India in 2012

19 Prashant Mehrotra
Chief Revenue Officer

- Graduate degree in hotel management from the Institute of Hotel Management, Gwalior
- Worked in: The Oberoi Group, Radisson Hotels and The Trident across key managerial posts
- Over 17 years of experience in the hospitality industry
- Been with Lemon Tree Hotels for over 12 years

Business strategy

Vision

Our vision is to be India's largest and most preferred chain of hotels and resorts in the mid-priced hotel sector, consisting of upper-midscale, midscale and economy hotel segments.

Lemon Tree Hotels is universally acknowledged as the category creator of the mid-priced hotel sector. We believe that by offering convenient locations and superlative product & services, we have not just created a competitive advantage for ourselves but have also set industry benchmarks in terms of offerings and customer experience to the long underserved mid-priced sector. Over the last decade we have seen many Indian and International mid-market brands trying to expand in this sector, creating a healthy competitive environment eventually benefiting our customers.

Over the last 15 years we have strengthened our presence across all the major metro cities. We operate 12 hotels with a total of 1,472 rooms across 4 cities within NCR, 4 hotels with 663 rooms in Hyderabad, 3 hotels with 493 rooms in Bengaluru and 2 hotels

with 162 rooms in Chennai. In December last year, we opened our 12th Lemon Tree Premier with 201 rooms right in the heart of the city of Pune. We also opened a Lemon Tree Hotel with 69 rooms in Viman Nagar, Pune in March this year taking our total inventory in the city to 394. In FY20 we will be opening 2 hotels with a total inventory of 373 rooms in Mumbai, including our state of the art hotel Lemon Tree Premier in Andheri. This will mark our presence in all Metro/Tier 1 cities in India. Along with this we also have a significant presence in Tier 2 cities like Jaipur, Ahmedabad, Aurangabad and Chandigarh. We also operate resorts in Goa and the backwaters of Kerala in Alleppey as well as wildlife resorts in Corbett and Bandhavgarh. Within the next couple of years, we will have a presence in approximately 60 cities across the country. This year Lemon Tree Hotels will cross borders and register its presence in two international markets, Bhutan and UAE, which is going to be a major step in our expansion journey.

Our presence across the value chain ranges from land to guest which includes acquiring land, building, leasing, owning, managing and marketing hotels. We have sustained our leadership position in the mid-priced hotel segment by inventing efficient project cost and operating cost structures leading to minimum leakages. Our capabilities of project design, management and

- 12 hotels with a total of 1,472 rooms across 4 cities within NCR
- 4 hotels with 663 rooms in Hyderabad
- 3 hotels with 493 rooms in Bengaluru
- 2 hotels with 162 rooms in Chennai

development through our subsidiary, Grey Fox Project Management Company Private Limited ("Grey Fox"), enables us to shorten our timelines from development to commencement of operations. This helps us to provide our guests better offerings at competitive prices. Besides better product and services, we make sure that the guests at our hotels experience best in class customer engagement. To make this happen we ensure that our investment in employee training is planned well in advance of opening any new hotel. Hotel staff also goes through ongoing refresher training so as to keep up with the best practices across the industry. Together these efforts have resulted in higher guest satisfaction. Our occupancy for our owned and leased hotels has risen to 76.3% in FY19 from 75.9% in FY18. This is considerably higher than the FY18 average industry occupancy of 67% according to Hotelivate Trends and Opportunities report 2018. Our stable hotels, which are operational for 3 years or more, have recorded an average occupancy of 79.2% in FY19.

Our operations have become leaner throughout our journey from our first hotel in 2004 to our 56th hotel which opened in May 2019. Over the last few years when the industry was going through an unexpectedly long downturn, our EBITDAR margin has seen continuous improvement. Our adult hotels have crossed an EBITDAR margin of 44% in FY19.

We believe that expansion through management contracts and leasing agreements will be the next engine of growth for us. Currently we operate 8 leased and 25 managed hotels. We have a large enough brand portfolio to aggressively increase these numbers in the future. Such arrangements are key to our asset-light strategy and will provide subsequent opportunities for capital recycling.

Through our joint venture with Warburg Pincus, we have entered into a completely new line of product offering for students and young migrant professionals. We plan to offer co-living accomodation and student housing for migrant employees and students respectively in key geographies across the country. Our growth strategy will again be asset light through entering leasing agreements with the owners. With this product proposition we will able to touch many more lives and increase our customer base significantly.

People strategy

Opportunity Deprived Indians (ODIs) including Employees With Disability (EWD) & Employees from Economically/Socially Marginalised Segments (EcoSoc)

Lemon Tree believes that the brand should stand for more than 'just profit'. The company has focused its efforts on creating a socially inclusive work environment which seeks to bring in people of different backgrounds, abilities and ethnicities and offer them work as a unified team with a common goal.

The company's guiding principle has been that Opportunity Deprived Indians (including physical, intellectual, social or economic disabilities) must be provided the same opportunities as others to realize their full potential and live with dignity.

By creating a supportive environment within the organization that allows them to deliver their best, we are able to play a part in social inclusiveness, opportunity/ livelihood creation and therefore nation building.

Lemon Tree has defined the goal as mainstreaming 'Opportunity Deprived Indians' i.e. ODIs into its workforce.

ODIs include:

Employees with Disability (EwD):

Physical Disability

- Speech and Hearing Impaired (SHI)
- Orthopedically Handicapped (OH)
- Acid Survivors (AS)
- Going forward, also Visually Impaired (VI), Low Vision (LV)

Intellectual Disability

- Down Syndrome
- Autism

Economically/ Socially (EcoSoc) weak segments:

- People who belong to marginalized sections of society
- Below Poverty Line (BPL) individuals
- Widowed or abandoned/battered/destitute/ divorced women
- Orphans/abandoned girls
- Individuals from economically weak families
- Communities who do not get education and employment opportunities easily i.e. North Eastern States, Bihar, Jharkhand, Chhattisgarh, Orissa, tribal/ interior areas of any state, etc.

For any of the above segments (except orphans or abandoned girls and widowed or abandoned /battered /destitute /divorced women), we consider those who have studied up to Class 9 and not beyond that.

We started this initiative in 2007 with two differently-abled employees and now we employ ~535 employees with disability and ~330 economically and socially marginalized employees which segments aggregate around 11% of our total employees, as of May 2019.

Leadership Development Plan

Lemon Tree has adopted a unique career progression and development plan throughout its ranks from entry level employees till top leadership.

Lemon Tree classifies all hotel job roles in four quadrants based on degree of Criticality to Business and Criticality to Customer. It identifies High Performers (Hi-POT) and Super High Achievers (SHA) and closely monitors and trains them to be promoted to the quadrant which is critical to both business and customer. This journey ensures that the employee gets experience in each critical function of operations, before they are inducted into a senior leadership role.

Customer focus

Lemon Tree Hotels focuses on providing memorable experience to its guests. Cheery greetings, a friendly smile and highly proactive staff welcome customers at all our hotels.

Lemon Tree Hotels focuses on providing memorable experience to its guests. Cheery greetings, a friendly smile and highly proactive staff welcome customers at all our hotels. Lemon Tree has designed its product and services keeping the ever evolving needs of the Indian middle class in mind. Our priority is to provide our guests a refreshing, value-for-money and close-to-home experience. Most of our hotels are located near airports or in central/suburban business districts from where our guests face minimal hassles while commuting.

A large proportion of our customers are business travelers. To facilitate meetings and conferences, we have banquet halls and meeting rooms at all hotels. Lemon Tree has invested heavily in setting up best-in-class security arrangements at its hotels. At some locations, we have revamped our security equipment with updated technology like a 3D walkthrough, cameras powered by facial recognition software, intruder alarm, etc.

Corporate information

REGISTERED & CORPORATE OFFICE

Lemon Tree Hotels Limited
Asset No.6, Aerocity Hospitality District,
New Delhi 110037, India

COMPANY SECRETARY & COMPLIANCE OFFICER

Nikhil Sethi

STATUTORY AUDITORS

Deloitte Haskins & Sells LLP
7th Floor, Building 10B,
DLF City Phase II,
Gurugram 122 002, Haryana, India

REGISTRAR & SHARE TRANSFER AGENT

Karvy Fintech Private Limited
Karvy Selenium Tower B,
Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Serilingampally
Mandal, Hyderabad 500 032, India,
T: +91 40-6716 2222
F: +91 40-2300 1153
E: einward.ris@karvy.com
W: www.karvyfintech.com

BANKERS TO THE COMPANY

Axis Bank Limited
HDFC Bank Limited
Kotak Mahindra Bank Limited
YES Bank Limited

Management discussion and analysis

Macroeconomic Overview of India

India is the sixth largest economy in the world with Nominal GDP of USD 2.71 trillion as per the Economic Survey 2018-19 and is third largest in terms of purchasing power parity as per 2017 IMF estimates. India's GDP grew at 6.8% in 2018-19 vis-à-vis 7.2% in 2017-18, data released by the Central Statistics Office (CSO) showed. IMF estimates India to return to a healthy growth rate of 7.5% in FY20 and 7.7% in FY21.

The Indian middle class population has increased from 600 million in 2012 to 780 million in 2018 and is expected to overtake that of US and China by 2027, as per an article released by World Economic Forum (WEF). The average age of an Indian will be 29 years by 2020 as compared to

37 years for China and 48 years for Japan as per a recent PwC report.

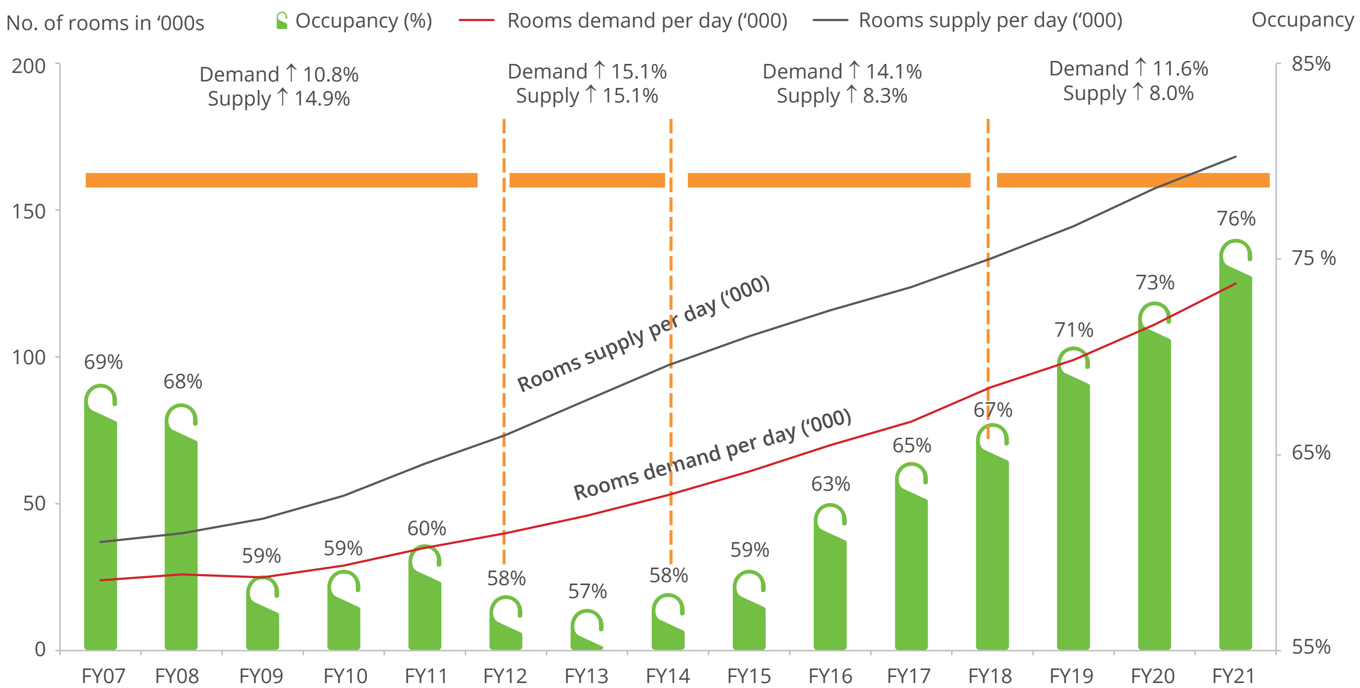
According to WTTC Travel & Tourism Economic Impact 2019 – India Reports, Indian Travel and Tourism Industry contribution to GDP stood at USD 247 billion in 2018 and is expected to increase to USD 492 billion in 2028. Of the direct tourism and travel GDP, 87% came from domestic travelers. In 2017, India recorded 1.65 billion domestic tourist visits, an increase of 2.3% over the previous year. Domestic tourism has, thus increased India's resilience to global uncertainties in addition to minimizing the seasonality of the sector. 43 million people were employed in the travel and tourism sector which was 8.1% of the total employment in the country. According to Hotelivate The Ultimate Indian Travel & Hospitality Report 2019, Indian Government's collective travel and tourism spending as a share of its GDP in 2017 was just 0.1% despite the sector's total contribution to GDP of 9.4%. This is abysmally low when compared to other Asian Countries like China (0.50% of GDP), Singapore (1.10% of GDP), Indonesia (0.70% of GDP) and Thailand (0.40% of GDP)

According to Hotelivate – The Ultimate Indian Travel & Hospitality Report 2019, 117 million domestic passengers travelled by domestic airlines in India in 2017, registering a 19% increase over the last fiscal and growing at a CAGR of 16% in the past five years. The growth in domestic travel will be driven by improved air and road connectivity, a growing aspirational middle class, increasing urbanisation and higher disposable incomes. Lemon Tree, with its dominance in the fastest growing hotel segments i.e. upper-midscale, midscale and economy segments, is in a sweet spot to capitalize on market conditions.

Industry Structure and Outlook

According to Hotelivate – The Ultimate Indian Travel & Hospitality Report 2019, India has around 130k branded chain affiliated hotel rooms which is expected to grow to nearly 165k in the next 5 years. India level occupancy was at 67% in FY18, highest in the last 10 years. Average Daily Rate was the highest since 2012. All the key markets exhibited healthy occupancy in mid 60s or above with Mumbai, Goa, Kolkata and New Delhi above 70% while Pune and Bengaluru just shy of 70%. Mumbai and Goa were close to 8K ADR level while Kolkata joined Delhi and Gurugram above the 6k level.

Demand growth in 2018 was 9.5% outpacing Supply growth of 6%. Around 8,200 rooms were added. Around 1,700 rooms were added in Luxury and Upper Upscale segment, Around 5,000 rooms in Upscale and Upper Midscale segment, Around 1,500 rooms in Midscale and Economy segment. According to Horwath's Indian Hotel Market Review 2017 report, Demand CAGR over 2018-21 is expected at 11.6% outpacing Supply CAGR over 2018-21 at 8% which will lead to further improvement in occupancy growth as depicted in the graph below

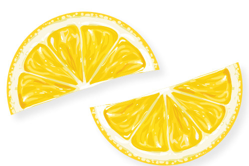


Source: Industry report-Howarth's Indian Hotel Market Review, 2017. Hotelivate-Trends & Opportunity Report, 2018

Supply Composition by City

The top 10 markets (based on hotel room inventory) in India had 66% of rooms supply in FY18 and each market has at least 3,000 chain affiliated hotel rooms. The share of top 10 markets will get reduced to 61% by FY23 as per Hotelivate – The Ultimate Indian Travel & Hospitality Report 2019, as only 16,000 of 35,000 new supply planned till FY23 is in the top 10 key markets. This supply slowdown along with growing demand will lead to significant occupancy improvements going ahead in the Top 10 key markets

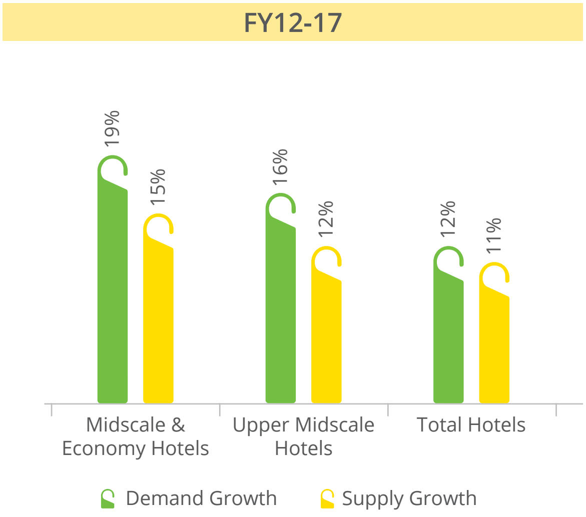
The following table sets forth the supply of branded chain affiliated hotel rooms in the top 10 markets

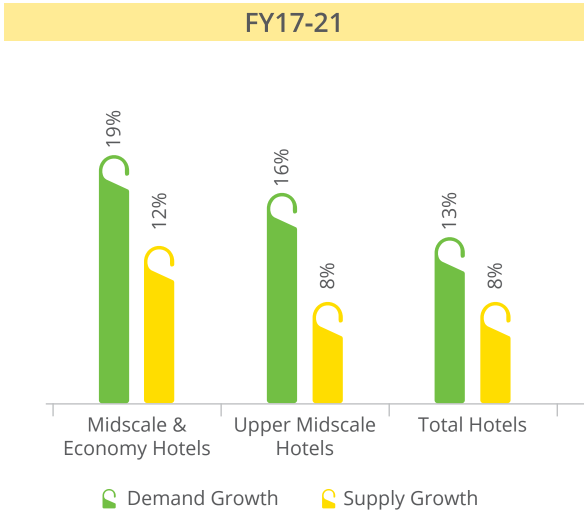


(Inventory in '000s)

Market	FY18	FY23E
New Delhi	14.7	16.0
Mumbai	13.7	15.9
Bengaluru	12.7	17.1
Chennai	9.2	10.1
Hyderabad	6.8	7.7
Goa	6.7	8.5
Pune	6.3	7.1
Gurugram	5.9	7.4
Jaipur	5.4	6.3
Kolkata	3.9	5.2
Top 10 markets	85.4	101.3

Source: The Ultimate Indian Travel & Hospitality Report 2019 by Hotelivate



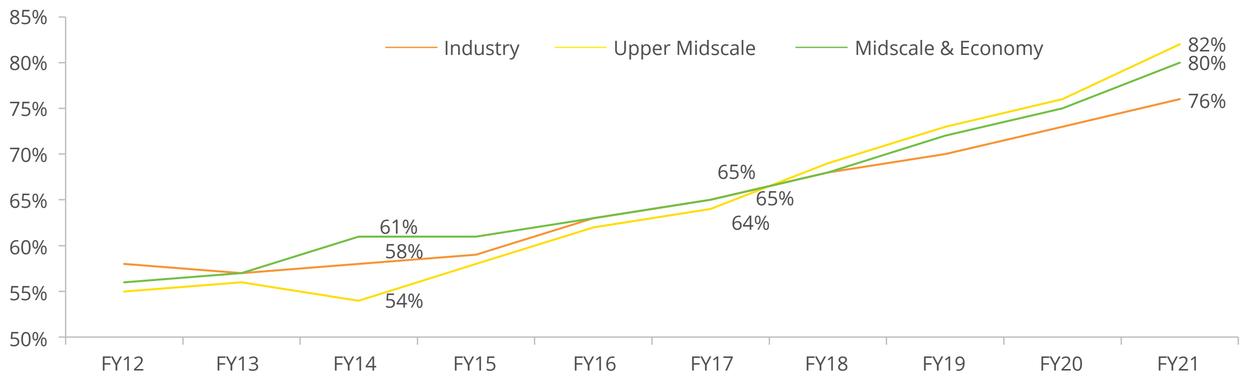


Source: Horwath Report, 2017

Hotel Sector Segment Wise Performance

In 2017-18, 59% of the branded chain affiliated hotel rooms in India were positioned between Upper Midscale and Economy Segment. This is supposed to increase to 63% by 2022-23.

Upper Midscale, Midscale & Economy Segment has seen a major demand supply gap in the last 5 years. This gap is expected to widen further as per Horwath report. This will lead to improved occupancy in these segments.



Source: Horwath Report, 2017

Upper Midscale or Four Star Segment

In FY18, there was 3% increase in the ADR and 2.8% increase in the occupancy leading to RevPAR increase of 5.9%.

Midscale or Three Star Segment

In FY18, there was 5% increase in the ADR and 3.1% increase in the occupancy leading to RevPAR increase of 8.2%.

Economy or Two Star Segment

In FY18, there was 8.5% increase in the ADR, however the occupancy decreased by 1.4% leading to RevPAR increase of 7.0%.

Key Demand Drivers

Business Travel

Business travel comprises inbound and domestic visits for business-related purposes. This includes travel on corporate account and by individual business travelers. This segment is a predominant source of demand for hotels located primarily in business-oriented locations such as Gurugram, Bengaluru, Hyderabad and Pune.

Leisure Travel

Leisure travel comprises vacation travel, including short duration vacations. Greater affordability, changing attitudes towards lifestyle and improved road and air connectivity have materially encouraged short stay vacations, including those taken on weekends and extended weekends. Leisure travel demand will primarily be in leisure destinations like Goa, Jaipur, Dehradun. Business oriented locations also secure some staycation business over the weekend or even leisure business if the city has a draw for this like New Delhi.

MICE Demand

The MICE segment is mainly corporate driven i.e. conferences, training programs and other events that are customer-facing and interactive. The demand tends to arise during the working week and occurs across all months of the year, barring the main holiday periods and the months from March through May. MICE demand tends to come with a price sensitivity. Hotels in predominantly business locations will generate MICE demand for training and corporate seminars which could be a day or residential events. Conferences that include recreational elements choose city center locations and resort destinations.

Weddings and social travel

Weddings and social travel mainly involve domestic travel for family weddings, destination weddings, and other family celebrations like anniversaries or birthdays. Such demand will likely gravitate to hotels that have the required function areas, guest room capacity and also the quality to host such events at a level consistent with the status of the host.

Diplomatic Travel

Diplomatic travel brings in government leaders and representatives of other countries, arriving for specific purposes and often accompanied by large trade delegations, as well as diplomats posted to India and using hotels during the transition period. This demand is typically seen in major capital cities and other major cities that are source markets for international travel. Thus, New Delhi gets the bulk of such demand followed by Mumbai.

Airlines and airline crew

This demand set helps create a core of demand for hotels, albeit at significantly discounted pricing. Crew demand could arise from international and domestic carriers, while the major international airlines will use upper tier hotels, more price sensitive airlines are open to using upper midscale hotels. This demand is relatively nominal and mainly occurs at hotels that are closer to the airports.

Transit demand

Persons at overnight transits between cities also need to use hotel accommodation, which are typically located close to the point of the onward journey. Transit demand could occur on the inward and outward leg of international travel between cities that are connected through a regional hub.

Barriers to Entry

Development of hotels in India faces several roadblocks, most challenging among are:

Land: Availability of land at appropriate location and high cost of available land create limitations on hotel development and viability. Limited development rights and end use restrictions on available sites create further challenges.

Regulatory approvals: Hotels require several approvals and licenses starting from land approval for end use to opening of the hotels. The process of obtaining approvals is time consuming and uncertainties associated with it lead to delays in the opening of hotels. Project delay lead to cost escalation, difficulty in servicing the debt obligations and sometimes impacting the project quality.

Financing and capital requirement: In the backdrop of several hotel projects which are in debt default, bankers are extremely selective in providing development finance for hotel projects. Further, interest rates tend to be high – currently in the range of 10% to 14%. In addition, hotel projects require sizeable equity capital for project development to meet cash shortfalls during operations. Shortage of suitable equity capital is a significant constraint towards development of hotels, particularly a portfolio of assets or hotels with large inventory of rooms and other facilities.

Manpower shortages: Manpower shortages are increasing, particularly staff and managers with sufficient operating experience and skills for hotel. This poses limitations for all hotels but more specifically for hotels operated by owners as independent properties.

Key Risks

Slowdown in economic growth in India could have an adverse effect on our business affecting operational and financial performance

Mitigation - Lemon Tree operates in the mid-priced hotel sector which is primarily driven by expanding domestic middle class. It has also built major inventory during the down cycle in different geographies and segments while maintaining low debt-equity ratio. Also, the company has a strong brand name, which is synonymous with quality and trust. It helps the company to have the lesser impact of the slowdown in demand sentiments. The company has maintained high occupancy levels as compared to its peers. Its occupancy was over 75% during last 3 years consistently.

Hotels being an unorganized and highly fragmented industry has intense competition within geographic regions. This competition may impact the Company's market share.

Lemon Tree caters largely to the upper-midscale, midscale and economy segments where it has developed a differentiated business model, thus, making it a dominant player in these segments. Company has always been able to achieve an occupancy premium vis-à-vis its peers due to its value-for-money proposition. In fiscal 2018, company achieved RevPAR premium of 17%, 34% and 61% over industry average in upper-midscale, midscale and economy segments respectively.

Significant portion of our revenues comes from hotels in a few geographical regions and any adverse development affecting these regions could have an adverse effect on our business.

Mitigation – Lemon Tree is rapidly expanding into new geographies with opening of owned hotels in Mumbai, Udaipur and Kolkata. This will lead to geographical diversification of our revenues and profits.

Operating Results

	FY 2019 (₹ in Lakhs)	FY 2018 (₹ in Lakhs)	Change (%)
INCOME			
Revenue from Operations	54,951	48,426	13.5%
Other Income	994	781	27.3%
TOTAL INCOME	**55,944**	**49,207**	**13.7%**
EXPENSE			
Cost of food and beverages consumed	4,982	4,359	14.3%
Employee salaries and benefits	12,053	10,957	10.0%
Other Expenses	21,039	19,493	7.9%
TOTAL EXPENSES	**38,074**	**34,809**	**9.4%**
EBITDA	**17,870**	**14,398**	**24.1%**
Finance Costs	8,470	7,837	8.1%
Depreciation and amortization	5,411	5,262	2.8%
Share of profit/(loss) of associates	80	57	36.8%
PBT	**4,527**	**1,833**	**146.3%**
Current Tax	1,385	628	119.7%
Deferred tax charge/(MAT credit)	(2496)	(250)	
PROFIT/(LOSS) FOR THE YEAR	**5,638**	**1,455**	**287.5%**
Other Comprehensive Income	(9)	(2)	
Comprehensive profit/(loss)	5,629	1,453	287.4%
CASH PROFIT(PAT+Depreciation)	**11,049**	**6,715**	**64.5%**

Income

The company's total income has increased by 13.7% from ₹ 49,207 lakhs during the fiscal year 2018 to ₹ 55,944 lakhs during the fiscal year 2019. Revenue from operations increased by 13.5% from ₹ 48,426 lakhs for the fiscal year 2018 to ₹ 54,951 lakhs for the fiscal year 2019. This was due to 15.3% increase in the revenues from room rentals from ₹ 34,161 lakhs for the fiscal year 2018 to ₹ 39,390 lakhs for the fiscal year 2019 for owned and leased hotels, primarily due to 7.3% increase in ADR from ₹ 3,896 in fiscal year 2018 to ₹ 4,180 in fiscal year 2019, increase in occupancy by 44 bps from 75.9% in fiscal year 2018 to 76.3% in fiscal year 2019 and increase in owned/leased rooms available from 3,278 as of March 2018 to 3,570 as of March 2019. The company's total management fee income from managed hotels increased by 23.5% from ₹ 1,406 lakhs for the fiscal year 2018 to ₹ 1,737 lakhs for the fiscal year 2019.

Expenses

Total expenses increased by 9.4% from ₹ 34,809 lakhs for the fiscal year 2018 to ₹ 38,074 lakhs for the fiscal year 2019, 4.7% increase was due to the increase in the owned/leased rooms under operation from 3,278 as of March 2018 to 3,570 as of March 2019. Cost of food and beverages consumed increased by 14% to ₹ 4,982 lakhs out of which around ₹ 198 lakhs was on account of F&B income from new hotels opened in fiscal year 2019 and balance was in line with increase in F&B and banquet revenue from old hotels. Employee benefit expenses increased by 10% to ₹ 12,053 lakhs out of which around ₹ 376 lakhs was on account of increase in payroll due to new hotels opened in fiscal year 2019 and balance was due to increase in minimum wages and salary revisions. Other expenses increased by 8% to ₹ 21,039 lakhs out of which ₹ 1,057 lakhs was on account of new hotel opened in fiscal year 2019 and balance was due to power tariff increase, OTA commission increase due change in customer mix and other general expenses.

EBITDA

The company's EBITDA increased by 24.1% from ₹ 14,398 lakhs for the fiscal year 2018 to ₹ 17,870 lakhs for the fiscal year 2019. EBITDA margins in the fiscal year 2019 increased by 270 bps to 31.9% in fiscal year 2019 from 29.2% in the fiscal year 2018. The EBITDA margin for the same hotels operating in fiscal year 2018, stood at 32.4% for the fiscal year 2019.

Depreciation and amortization

Depreciation and amortization expense increased by 2.8% from ₹ 5,262 lakhs for the fiscal year 2018 to ₹ 5,411 lakhs for the fiscal year 2019, primarily on account of addition of two new owned hotels.

Finance Costs

Total debt increased by 19% from ₹ 1,01,100 lakhs for the fiscal year 2018 to ₹ 1,20,420 lakhs for the fiscal year 2019. The finance cost increased by 8.1% from ₹ 7,837 lakhs for the financial year 2018 to ₹ 8,470 lakhs for the financial year 2019. The company's cost of debt

Parameters	Occupancy Rate (%)			Average Daily Rate (₹)			Hotel Level EBITDAR/ Room (₹)			Hotel Level EBITDAR Margin		
By Brand	FY19	FY18	Change (bps)	FY19	FY18	Change (%)	FY19	FY18	Change (%)	FY19	FY18	Change (%)
LTP	81.4%	77.2%	414	5,131	4,773	7.5%	1.00	0.88	13.2%	47.4%	46.2%	120
LTH	74.3%	74.2%	8	4,088	3,848	6.2%	0.58	0.51	13.4%	37.3%	36.0%	126
RFH	79.6%	77.2%	239	3,128	2,860	9.4%	0.51	0.43	20.2%	47.1%	44.9%	224

Note: The above performance comparison excludes RFH Dehradun and LTP Pune as they were not operational for the full fiscal year 2019

decreased by 13 bps from 9.53% for the fiscal year 2018 to 9.40% for the fiscal year 2019. Interest Coverage Ratio increased from 1.1 in fiscal year 2018 to 1.4 in fiscal year 2019 on account of our 201 room Pune Property getting operational in December 2018.

Profit for the year

The company's profit for the year increased by 287.5% from ₹ 1,455 lakhs for the fiscal year 2018 to ₹ 5,638 lakhs for the fiscal year 2019. Out of the total PAT for fiscal year 2019, an impact of ₹ 2,495 lakhs was due to the net deferred tax credit. Profit Margin increased from 3.0% in fiscal year 2018 to 10.1% in fiscal year 2019. Return on Net Worth increased from 1.2% in fiscal year 2018 to 4.3% in fiscal year 2019.

Cash Profit (PAT + Depreciation)

The company's cash profit for the year grew by 64.5% from ₹ 6,715 lakhs for the fiscal year 2018 to ₹ 11,049 lakhs for the fiscal year 2019. Out of the total cash profit for fiscal year 2019, ₹ 2,495 was due to the net deferred tax credit.

Lemon Tree Premier

ADR increased by 7.5% from ₹ 4,773 for the fiscal year 2018 to ₹ 5,131 for the fiscal year 2019. Occupancy increased by 414 bps from 77.2% for the fiscal year 2018 to 81.4% for the fiscal year 2019. EBITDAR/room increased by 13.2% from ₹ 8.8 lakhs for the fiscal year 2018 to ₹ 10.0 lakhs for the fiscal year 2018. There was a new supply addition of 201 rooms in this category as we opened Lemon Tree premier, Pune during the fiscal year 2019.

Lemon Tree Hotels

ADR increased by 6.2% from ₹ 3,848 for the fiscal year 2018 to ₹ 4,088 for the fiscal year 2019. Occupancy increased by 8 bps from 74.2% for the fiscal year 2018 to 74.3% for the fiscal year 2019. EBITDAR/room increased by 13.4% from ₹ 5.1 lakhs for the fiscal year 2018 to ₹ 5.8 lakhs for the fiscal year 2019. There was a new supply addition of 85 rooms in this category as we opened Lemon Tree Hotel, Banjara Hills at the end of fiscal year 2018, which was stabilizing during the fiscal year 2019.

Red Fox Hotels

ADR increased by 9.4% from ₹ 2,860 for the fiscal year 2018 to ₹ 3,128 for the fiscal year 2019. Occupancy increased by 239bps from 77.2% for the fiscal year 2018 to 79.6% for the fiscal year 2019. EBITDAR/room increased by 20.2% from ₹ 4.3 lakhs for the fiscal year 2018 to ₹ 5.1 lakhs for the fiscal year 2019. There was a new supply addition of 91 rooms in this category as we opened Red Fox hotel, Dehradun during the fiscal year 2019.

Performance of Owned/Leased hotels by ageing – FY19 vs. FY18

Parameters	Financial year	Adult Hotels (Stable - older than 3 years)	Toddler Hotels (Stabilizing - between 1-3 years old)	Infant Hotels (New - less than 1 year old)	Under-development hotels
Hotels	FY19	21	7	2	5
	FY18	21	3	4	
Operating Rooms (year-end)	FY19	2,727	551	292	1,240
	FY18	2,727	128	422	
Occupancy Rate (%)	FY19	79.2%	69.9%	36.3%	Deep demand markets (high occupancies)
	FY18	77.6%	61.5%	66.0%	
Average Daily Rate (₹)	FY19	4,197	4,082	4,200	1.5x of Adult Hotels in that year*
	FY18	3,900	5,274	3,422	
Hotel level EBITDAR[1]/room (₹ million)	FY19	0.72	0.49	0.11	High*
	FY18	0.67	0.49	0.15	
Hotel level EBITDAR[1] Margin (%)	FY19	44%	33%	40%	High*
	FY18	44%	36%	15%	
Hotel level ROCE*[2] (%)	FY19	13%	4%	1%	1.5x of Adult Hotels in that year*
	FY18	12%	6%	(1%)	

Notes:

1) Hotel level EBITDAR measures hotel-level results before lease rentals, debt service, depreciation and corporate expenses of the owned/leased hotels, and is a key measure of company's profitability

2) Hotel level RoCE is calculated as : (Hotel level EBITDAR - lease rentals)/Capital deployed for operational owned & leased hotels.

** Post stabilization.*

For providing better clarity, the Company has divided its owned & leased hotels into four categories based on their aging or stage of stabilization. Adult hotels – older than 3 years or stable hotels, Toddler hotels – between 1-3 years old or stabilizing hotels, Infant hotels – less than 1 year old or new hotels and under-development hotels.

Adult Hotels (Stable hotels – older than 3 years)

Adult hotels include 21 hotels with 2,727 operational rooms. ADR increased by 7.6% from ₹ 3,900 for the fiscal year 2018 to ₹ 4,197 for the fiscal year 2019. Occupancy for the adult hotels increased from 77.6% in fiscal year 2018 to 79.2% in fiscal year 2019. EBITDAR/room increased by 7.5% from ₹ 6.7 lakhs for the fiscal year 2018 to ₹ 7.2 lakhs for the fiscal year 2019. Hotel RoCE for the adult hotels increased from 12% for the fiscal year 2018 to 13% for the fiscal year 2019.

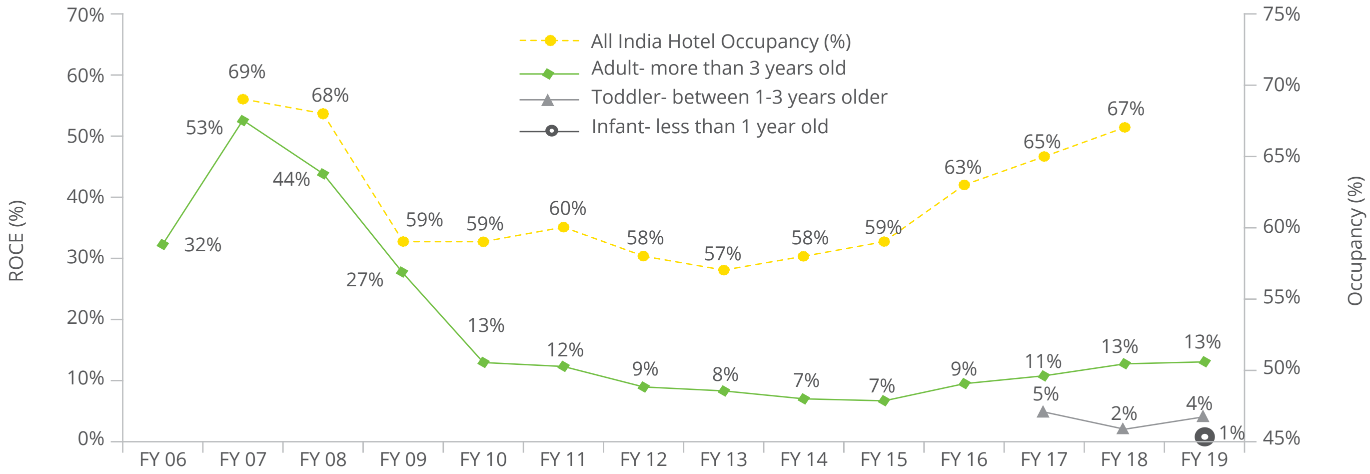
Toddler Hotels (Stabilizing hotels – between 1-3 years old)

Toddler hotels include 7 hotels with 551 operational rooms. 4 hotels i.e. 1 LTP, 2 LTH & 1 RFH which were under infant category in fiscal year 2018 transitioned to toddler category in fiscal year 2019. Due to this transition, ADR decreased by 22.6% from ₹ 5,274 for the fiscal year 2018 to ₹ 4,082 for the fiscal year 2019. Occupancy for the toddler hotels increased from 61.5% in fiscal year 2018 to 69.9% in fiscal year 2019. EBITDAR/room remained flat at ₹ 4.9 lakhs from fiscal year 2018 to fiscal year 2019. Hotel RoCE for the toddler hotels decreased from 6% for the fiscal year 2018 to 4% for the fiscal year 2019 mainly due to the aforementioned transition of hotels from infant to toddler.

Infant Hotels (New – less than 1 year old)

Infant hotels include 2 hotels with 292 operational rooms. ADR for the infant hotels was ₹ 4,200 for the fiscal year 2019. Occupancy for the infant was 36.3% in fiscal year 2019. EBITDAR/room was ₹ 1.1 lakhs for the fiscal year 2019. Hotel RoCE for the infant hotels was at 1.0% for the fiscal year 2019.

Hotel RoCE movement across different phases of the business cycle



Hotel buckets by ageing as on 31st March, 2019

BOARD'S REPORT

TO
THE MEMBERS
OF LEMON TREE HOTELS LIMITED

Your Directors have pleasure in presenting the Twenty Seventh Annual Report of the Company together with audited Financial Statements for the Financial Year ended March 31, 2019.

FINANCIAL RESULTS AND OPERATIONS

The financial performance on the basis of Standalone & Consolidated Financial Statements for the year ended March 31, 2019 is summarized below:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	As on March 31, 2019	As on March 31, 2018	As on March 31, 2019	As on March 31, 2018
Total Income	28,264.25	23,813.44	55,943.79	49,206.83
Profit before depreciation, Finance Costs, Tax and Exceptional items	10,035.25	7,508.83	17,869.67	14,398.13
Less: Depreciation	1,983.75	1,976.68	5,411.48	5,261.74
Less: Finance Costs	3,206.60	2,904.57	8011.11	7,360.71
Profit / (Loss) before Tax	4,844.90	2,627.58	4,526.74	1,833.19
Less:				
Current Tax	1,004.79	413.33	1,384.77	627.59
Adjustment of tax relating to earlier periods	-	-		-
Deferred Tax/MAT Credit entitlement	(2,484.19)	-	(2,495.91)	(249.76)
Profit / (Loss) after Tax	6,324.30	2,214.25	5,637.88	1,455.36
Add: Other Comprehensive Income net of taxes	(17.72)	1.85	(8.73)	(1.81)
Total Comprehensive Income	6,306.58	2,216.10	5,629.15	1,453.55
Less: Non - controlling Interest	-	-	352.00	34.47
Profits / (Loss) after Tax	-	-	5,277.15	1,419.08
Earning Per Equity Share of the face value of ₹ 10 each				
Basic	0.80	0.28	0.67	0.18
Diluted	0.80	0.28	0.67	0.18

Further, key financial and operational highlights of our Company are also provided in the management discussion and analysis report forming part of this Annual Report.

LISTING OF EQUITY SHARES

During the Financial Year under review, the Company completed the process of Initial Public Offer and the Company's equity shares got listed on the National Stock Exchange of India Limited (NSE) and BSE Limited(BSE) on April 9, 2018.

CAPITAL STRUCTURE

Authorised Share Capital

The Authorised Share Capital of the Company is ₹ 10,02,89,00,000 divided into 1,00,14,40,000 Equity Shares of ₹ 10 each and 1,45,000 5% Cumulative Redeemable Preference Shares of ₹ 100 each.

Paid-up Share Capital

During the financial year under review, the Issued and Paid up Share Capital of the Company was increased to ₹ 7,92,24,64,640/- divided into 79,22,46,464 equity shares of face value of ₹ 10/- per share pursuant to allotment of 58,33,781 Equity Shares to Employees Krizm Hotels Private Limited Employees Welfare Trust who has exercised the right on behalf of the employees in terms of ESOP Scheme after seeking necessary approval from BSE and NSE.

OPERATIONAL HOTELS AND UPCOMING PROJECTS

Lemon Tree Hotels Limited is a Company engaged in hotel business and there has been no change in the nature of its business during the year under review.

The details of operational hotels and upcoming projects are given in the "Corporate Overview" Section of the Annual Report 2018-19.

AWARDS AND RECOGNITION

During the year under review, the Company has received following key awards and recognition as detailed herein below:

- Investing in People Award during Tourism For Tomorrow Awards 2019 organized by World Travel & Tourism Council in Seville, Spain.
- Green Champion Award 2018 under the category 'Organization Leading the Green Building Movement in India (Commercial)' during 5th Green Champion Award 2018 organized by IBGC (a part of CII formed in 2001)
- Best 3 Star Hotel Award Category during National Tourism Award 2016-17
- Amity Corporate Excellence Awards for Best CSR Practices, 2019 by Amity School of Science and Technology
- Amity Leadership Awards for Business Excellence by Leveraging IT, 2018 by Amity School of Science and Technology
- Customer Loyalty Awards for the category of "Best Loyalty Program in Services Sector" 2018
- 26 hotels out of 41 operating hotels(over 1 year) awarded TripAdvisor's Certificate of Excellence 2018
    1. Lemon Tree Premier Ahmedabad | Gurugram- Leisure Valley-1 & 2, City Center | Jaipur
    2. Lemon Tree Hotel Baddi | Bangalore – Electronics City | Bandhavgarh | Chandigarh | Chennai- Shimona | Dehradun | East Delhi | Goa- Candolim | Hyderabad- Gachibowli | Indore | Katra | Pune | Muhamma (Kerala) | Manesar | Srinagar | Vadodara
    3. Red Fox Hotel Bhiwadi | Chandigarh | East Delhi | Jaipur | Trichy

BOARD OF DIRECTOR'S & KEY MANAGERIAL PERSONNEL (KMP'S)

The details of the Director's & KMP's [as per Companies Act, 2013 ("Act")] of the Company are given herein below:

S. No.	Name of Directors/ KMP's	Designation
1	Mr. Patanjali Govind Keswani	Chairman & Managing Director
2	Mr. Rattan Keswani	Deputy Managing Director
3	Mr. Anish Kumar Saraf*	Director
4	Mr. Willem Albertus Hazeleger	Director
5	Mr. Ravi Kant Jaipuria	Director
6	Mr. Gopal Sitaram Jiwarajka**	Independent Director
7	Mr. Ashish Kumar Guha	Independent Director
8	Mr. Arvind Singhania	Independent Director
9	Mr. Paramartha Saikia	Independent Director
10	Ms. Freyan Jamshed Desai	Independent Director
11	Mr. Pradeep Mathur	Independent Director
12	Dr. Arindam Kumar Bhattacharya***	Independent Director
13	Mr. Aditya Madhav Keswani	Director
14	Mr. Kapil Sharma	Chief Financial Officer
15	Mr. Nikhil Sethi	Group Company Secretary & GM Legal

* Appointed as Additional Director w.e.f August 13, 2018

** Resigned from the Board and its committee w.e.f April 1, 2019

*** Appointed as Additional Independent Director w.e.f April 11, 2019

CHANGES IN BOARD OF DIRECTORS/KMPs

Appointments

During the Financial Year under review, Mr. Anish Kumar Saraf has been appointed as Non-Executive Additional Director w.e.f August 13, 2018 and proposed to be appointed as a Director in the ensuing Annual General Meeting. A notice has been received from a Member of the Company proposing his candidature for being appointed as a Director of the Company.

Further, Dr. Arindam Kumar Bhattacharya has been appointed as Additional Director in the capacity of Non-Executive Independent Director w.e.f April 11, 2019 and proposed to be appointed as a Independent Director in the ensuing Annual General Meeting for a term of 5(Five) years w.e.f April 11, 2019. A notice has been received from a Member of the Company proposing his candidature for being appointed as a Independent Director of the Company. Your Company has also received declaration from Dr. Arindam Kumar Bhattacharya that he meets the criteria of Independence as prescribed both under sub-section (6) of Section 149 of the Act and under the Securities Exchange Board of India(Listing Obligations & Disclosure Requirements) Regulations, 2015 **(hereinafter referred to as "SEBI (LODR) Regulations")**. He further affirmed that he is not debarred from holding the office of an Independent Director by virtue of any SEBI Order or any other such Authority.

In accordance with the Act and the Articles of Association of the Company, 2(Two) of your Directors, viz. Mr. Aditya Madhav Keswani & Mr. Willem Albertus Hazeleger retires by rotation, and being eligible, offers themselves for reappointment.

Your approval for their re-appointment as Directors is being sought in the Notice convening the Annual General Meeting of the Company.

Resignations/Retirement/Cessation

During the Financial Year under review, Mr. Niten Malhan has resigned from the Board of the Company w.e.f. August 13, 2018.

Further, Mr. Gopal Sitaram Jiwarajka has also resigned from the Board and its committee's w.e.f April 1, 2019 due to his pre-occupation and confirmation has been provided by Mr. Gopal Sitaram Jiwarajka that there are no other material reason for resignation other than as disclosed above.

The Board wishes to place on record their sincere appreciation for the contributions made by the outgoing directors during their tenure on the Board.

DECLARATION BY INDEPENDENT DIRECTORS

All the Independent Directors have given necessary declarations in terms of Section 149(7) of the Act and SEBI (LODR) Regulations that they meet the criteria of independence as laid down under Section 149(6) of the Act and SEBI (LODR) Regulations.

COMMITTEES OF THE BOARD

As on March 31, 2019, your Board has following mandatory Committees:

- Audit Committee;
- Nomination and Remuneration Committee;
- Corporate Social Responsibility Committee; and
- Stakeholder's Relationship Committee

Further in terms of Regulation 21 of SEBI (LODR) Regulations, Risk Management Committee has been constituted by the Board of Directors in their meeting held on May 29, 2019.

The details of the compositions, meetings held during the year and attendance of the Members and terms of reference of the above committees of the Board are provided in the Corporate Governance Report attached as **'Annexure-5'** to this Report.

Apart from the above-mentioned Committees, the details of the compositions, meetings held during the year and attendance of the Members of following committees are given in **'Annexure-1'** to this Report:

(a) Finance Committee;

(b) Share Allotment Committee;

(c) IPO Committee meeting (Dissolved w.e.f 13.08.2018); and

(d) General Management Committee

BOARD MEETINGS HELD DURING THE YEAR

During the Financial Year under review, your Board met 6 (Six) times and the details of the Board Meetings held indicating number of meetings attended by each Director is provided in the Corporate Governance Report attached as **'Annexure-5'** to this Report.

ANNUAL BOARD EVALUATION

To comply with the provisions of Section 134(3)(p) of the Act and rules made thereunder, Regulation 17(10) of SEBI (LODR) Regulations, the Board of Directors has carried out an annual evaluation of its own performance including its committees(wherein the concerned director being evaluated did not participate). The performance of the Board was evaluated by the Board after seeking inputs from the Directors on the basis of the criteria such as strategy, performance management, risk management, core governance & compliance, organization's health and talent management.

Further, to comply with the Regulation 25(4) of SEBI(LODR) Regulations, Independent Director also evaluated the performance of Non-Independent Directors, Chairman and Board as a body at a seperate meeting of Independent Directors.

The evaluation of all the Directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. On the basis of the ranking filled in the evaluation questionnaire and discussion of the Board, the performance of the Board and its committees and Individual Directors (including Independent Directors) has been assessed as satisfactory.

POLICIES UNDER COMPANIES ACT, 2013/SEBI(LODR) REGULATIONS

Code of Conduct and Vigil Mechanism/Whistle Blower Policy

The Company has in place a mechanism for employees for reporting genuine concerns from reprisal and victimization. During the year under review, the Company has amended Code of Conduct and Vigil Mechanism/Whistle Blower Policy which has been disseminated to all the Directors, Officers, Employees and Associates and they are free to report undesirable practices, events, violations/suspected violations of the LTH Code in terms of the policy. The policy is also available in the 'Investor Relations' section at the Company's website www.lemontreehotels.com. During the year under review, no concerns have been received by the Company from any of the Directors, Officers, Employees and Associates pertaining to the Code and Vigil Mechanism.

Risk Management Policy

The Company has in place Risk Management Policy formulated in accordance with the provisions of Section 134(3)(n) of the Act, which is available in the 'Investor Relations' section at the Company's website www.lemontreehotels.com. There has been no change in the policy during the Financial Year under review. The Company has a system in place for identification of elements of risk which are associated with the accomplishment of objectives, operations, development, revenue and regulations and appropriate measures are taken, wherever required, to mitigate such risks beforehand.

The Statutory Auditors and the Internal Auditors report to the Audit Committee during their audit and highlight risk(s), if any, associated with organization and also suggest the appropriate measures, in consultation with the management and the Audit Committee, which can be taken by the company in this regard. The Statutory Auditors also report to the Audit Committee of any instance of non-adherence to the procedures and manual which may increase the risk of frauds in the organization.

Nomination and Remuneration Policy

The Company has in place the Nomination & Remuneration Policy which lays down the criteria for appointment, evaluation of performance of Directors and remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees and there has been no change in the policy since the last Financial Year. The Nomination & Remuneration Policy is attached as **'Annexure-2'** to this Report.

During the year under review, the Company has taken necessary approval/recommendation, wherever required, from Nomination and Remuneration Committee in terms of the policy.

Corporate Social Responsibility ("CSR") Policy

The Company has in place CSR policy, formulated in terms of provisions of Section 135(4) of the Act read with Rule 6 of the Companies (Corporate Social Responsibility Policy) Rules, 2014. The policy is available in the 'Investor Relations' section at the Company's website www.lemontreehotels.com.

Annual Report on CSR Activities for the Financial Year 2019 as required under Section 134 and 135 of the Act read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 read with Rule 9 of the Companies (Accounts) Rules, 2014 is attached as **'Annexure-3'** to this Report.

Dividend Distribution Policy

The Board of Directors of the Company at its meeting held on May 29, 2019 approved and adopted a Policy on Distribution of Dividend to comply with the Regulation 43A of SEBI(LODR) Regulations. The policy is available in the 'Investor Relations' section at the Company's website www.lemontreehotels.com.

SUBSIDIARY, ASSOCIATES AND JOINT VENTURE COMPANIES

As on March 31, 2019, your Company has 16 (sixteen) direct subsidiary companies and 8 (eight) indirect subsidiary companies and 3 (three) associate Companies as under:

Direct Subsidiary Companies

Begonia Hotels Pvt. Ltd., Canary Hotels Pvt. Ltd., Dandelion Hotels Pvt. Ltd., Lemon Tree Hotel Company Pvt. Ltd., Oriole Dr. Fresh Hotels Pvt. Ltd., PSK Resorts & Hotels Pvt. Ltd., Red Fox Hotel Company Pvt. Ltd., Sukhsagar Complexes Pvt. Ltd, Fleur Hotels Pvt. Ltd., Carnation Hotels Pvt. Ltd., Grey Fox Project Management Company Pvt. Ltd., Nightingale Hotels Pvt. Ltd and Meringue Hotels Pvt. Ltd.

Madder Stays Private Limited, Jessamine Stays Private Limited, Poplar Homestead Holdings Private Limited and Hamstede Living Private Limited has been incorporated as Wholly Owned subsidiaries of the Company during the year under review.

The Company has entered into Joint Venture Agreement with Magnolia Grove Investment Ltd (Warburg Pincus Group) for carrying the business of student housing and co-living spaces for the millennial population.

Further, subsequent to the Joint Venture with Magnolia Grove Investment Ltd, Hamstede Living Private Limited has became an Associate Company w.e.f March 13, 2019.

During the year under review, your company has sold 24.90% stake in Carnation Hotels Private Limited to Mr. Rattan Keswani, in terms of approval of the Board of Directors of the Company dated August 11, 2017. Carnation Hotels Private Limited is a management arm of the Company, which operates and manages Third Party Hotels by entering into Hotel Operating Agreement for a term generally ranging from 10-15 years.

Indirect Subsidiary Companies

Bandhav Resorts Pvt. Ltd., Celsia Hotels Pvt. Ltd., Inovoa Hotels And Resorts Ltd., Iora Hotels Pvt. Ltd., Ophrys Hotels Pvt. Ltd., Hyacinth Hotels Pvt. Ltd., Manakin Resorts Pvt. Ltd. and Valerian Management Services Pvt. Ltd.

Our Associate Companies

Further, as on March 31, 2019, your Company has three Associate Companies i.e Mind Leaders Learning India Pvt. Ltd, Pelican Facilities Management Pvt. Ltd. and Hamstede Living Private Limited.

Further, our Subsidiaries Fleur Hotels Pvt. Ltd and Celsia Hotels Pvt. Ltd. are partners of a limited liability partnership, Mezereon Hotels LLP ("Mezereon"), pursuant to an agreement dated January 17, 2015.

In accordance with Section 129(3) of the Act read with Rule 8(1) of Companies (Accounts) Rules, 2014, the consolidated financial statements of the Company and all its subsidiaries, associates and joint ventures have been prepared by the Company and a report on the performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement is attached as **'Annexure-4'** to this Report.

In terms of provisions of Section 136 of the Act, separate audited accounts of the subsidiary companies shall be available in the 'Investor Relations' section at the Company's website www.lemontreehotels.com. The Company will make available physical copies of these documents upon request by any shareholder of the Company interested in obtaining the same.

These documents shall also be available for inspection at the registered office of the Company during business hours up to the date of ensuing Annual General Meeting.

MANAGEMENT REPORTS

Management Discussion and Analysis Report

The management discussion and analysis report on Company's performance-industry trend and other material changes with respect to the Company and its subsidiaries, associates, wherever applicable, has been given seperately and forms part of this Annual Report.

Business Responsibility Report

Pursuant to the provisions of Regulation 34(2)(f) of SEBI (LODR) Regulations, the Business Responsibility Report has been given separately and forms part of this Annual Report.

Corporate Governance

Your company has adopted good governance practices and committed to maintain high standards of the Corporate ethics, professionalism and transparency. The Company has adopted polices in line with the governance requirements including policy on Related Party Transactions, policy on Material Subsidiary, policy for Material Information and Events, Corporate Social Responsibility Policy and Whistle Blower Policy. These policies are available in the 'Investor Relations' section at the Company's website www.lemontreehotels.com.

In compliance with the provisions of Regulations 34(3) of the SEBI (LODR) Regulations, a seperate report on Corporate Governance together with a certificate from the Secretarial Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under the SEBI (LODR) Regulations is attached as **'Annexure-5'** to this Report.

DEPOSITS

The Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

BORROWINGS FROM BANKS/ FINANCIAL INSTITUTIONS

The Company's total long term borrowings from banks/ financial institutions decreased from ₹ 31,879.93 Lakhs in the previous year to ₹ 31,030.36 Lakhs in the current year.

EMPLOYEES STOCK OPTION SCHEME

During the year under review, the Company has an Employee Stock Option Scheme, 2006 ('ESOP Scheme') in line with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Your Company has received a certificate from the Statutory Auditors of the Company that the scheme has been implemented in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The certificate would be placed at the ensuing Annual General Meeting for inspection by Members of the Company.

During the Financial Year under review, the Company has allotted 58,33,781 Shares to Krizm Hotels Private Limited Employee Welfare Trust on July 19, 2018 in terms of ESOP Scheme and such shares have been listed on the BSE & NSE after obtaining necessary approvals.

Further during the Financial Year under review, 29,02,320 shares have been vested and exercised by the employees of the Company through Krizm Hotels Private Limited Employee Welfare Trust.

The applicable disclosures as stipulated under Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 with regard to Employees Stock Option Plan of the Company is given hereinbelow and the information required under SEBI (Share Based Employee Benefits) Regulations, 2014 is available at the Company's website at https://www.lemontreehotels.com/factsheet/Policies/Stock_Options_March_31_2019.pdf.

Sr. No	Description	ESOP Scheme
a)	Options Granted	Nil
b)	Options vested	53,46,781
c)	Options Exercised	29,02,320
d)	Total Number of Shares arising as a result of exercise of option	29,02,320
e)	Options lapsed*	N.A
f)	The exercise price (On weighted average basis)**	-
g)	Variation of terms of options	N.A
h)	Money realized by exercise of options (if scheme is implemented directly by the Company)	N.A
i)	Total number of options in force	-
j)	Employee wise details for options granted to:-	
	(a) Key managerial Personnel:	
	a) Mr. Rattan Keswani (Deputy Managing Director)	N.A
	b) Mr. Kapil Sharma (Chief Financial Officer)	N.A
	c) Mr. Nikhil Sethi(Group Company Secretary and GM Legal)	N.A

Sr. No	Description	ESOP Scheme
	(ii) any other employee who received a grant of options in any one year of option amounting to five percent of more of options granted during that year	N.A
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital(Excluding outstanding warrants and conversions) of the Company at the time of grant	N.A

* All the options have been exercised by Krizm Hotels Private Limited Employee Welfare Trust.

** Options granted prior to the listing of the Company's shares were based on the valuation done by an Independent Charted Accountant from time to time.

REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULARS OF EMPLOYEES

The statement including the details of employees as required to be furnished in accordance with the provisions of Section 197(12) of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 are set out in **'Annexure-6'** to this Report.

Disclosures pertaining to the remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 are provided in **'Annexure-7'** to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(C) read with Section134(5) of the Act, the Directors, to the best of their knowledge and ability, hereby confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards had been followed with proper explanation relating to material departures;

(ii) they have selected such accounting policies in consultation with Statutory Auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the Financial Year March 31, 2019 and of the profit and loss of the company for the Financial Year;

(iii) they have taken proper and sufficient care, to the best of their knowledge and ability, for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;

(iv) the annual accounts of the Company have been prepared on a going concern basis.

(v) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.

(vi) they had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

AUDITORS AND AUDITOR'S REPORT

Statutory Auditors

M/s Deloitte Haskins & Sells, LLP(LLP No. AAB-7837), Chartered Accountants have been appointed as Statutory Auditors of the Company in the Annual General Meeting held on September 29, 2017 for a period of 5 years upto conclusion of 6th consecutive Annual General Meeting of the Company.

The reports given by the Statutory Auditors' on the Standalone Financial Statements of the Company and the Consolidated Financial Statements of the Company and its Subsidiaries & Associates for the Financial Year ended March 31, 2019 forms part of this Annual Report. There have been no qualifications, reservation or adverse remarks made by the Statutory Auditors in their reports.

The Statutory Auditors have not reported any frauds under Section 143(12) of the Act.

Secretarial Auditor

The Board of Directors of the Company has appointed M/s Sanjay Grover & Associates, Practicing Company Secretaries, to conduct the Secretarial Audit for the Financial Year under review in accordance with Section 204 of the Act. The Secretarial Auditors have submitted their report, which is annexed as **'Annexure-8'** to this Report and does not contain any qualification, reservation or adverse remark.

SIGNIFICANT AND MATERIAL ORDERS

There are no significant or material orders passed by the regulators, courts or tribunals having an impact on the future operations of the Company or its going concern status.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company, being engaged in the hotel business, is classified as providing infrastructure facilities in terms of the Schedule VI to the Act and is exempted from the compliance for loans made, guarantees given, security provided in terms of Section 186 (11) of the Act, however, the details of loans, guarantees, and investments made by the Company forms part of the notes to the Financial Statements.

Further, the details required in terms of Regulation 34 (3) of SEBI (LODR) Regulation with respect to loan given by the Company to its subsidiaries is given hereunder. For details regarding investments and guarantees please refer to the notes to the financial statements.

(₹ in Lakhs)

Name of the Company	Maximum Balance outstanding during the year 2019	As at March 31, 2019	Maximum Balance outstanding during the year 2018	As at March 31, 2018
Carnation Hotels Private Limited	652.72	257.72	674.72	644.72
Canary Hotels Private Limited	186.00	121.00	421.00	111.00
Oriole Dr. Fresh Hotels Private Limited	4.39	-	850.34	4.39
Sukhsagar Complexes Private Limited	337.00	337.00	337.00	62.00
Red Fox Hotel Company Private Limited	0.11	0.11	0.11	0.11
Grey Fox Project Management Company Private Limited	35.00	35.00	64.22	-
Meringue Hotels Private Limited	3,960.00	3,960.00	9,639.65	800.00
Dandelion Hotels Private Limited	7.00	7.00	1,099.61	-

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188

In line with the requirements of the Act and the SEBI (LODR) Regulations, your Company has formulated a policy on dealing with Related Party Transactions (RPTs) which can be accessed in the 'Investor Relations' section at the Company's website www.lemontreehotels.com. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all material transactions between the Company and Related Parties.

The particulars of contracts or arrangements with related parties referred to in Section 188(1), of the Act in the prescribed Form AOC - 2, is annexed as **'Annexure-9'** to this Report. Further, you may refer to Related Party transactions in Note No. 33 of the Standalone Financial Statements.

EXTRACT OF ANNUAL RETURN

In terms of provisions of Section 92, 134(3)(a) of the Act read with Rule 12 of Companies (Management And Administration) Rules, 2014, the details forming part of the extract of the Annual Return in form MGT 9 is annexed as **'Annexure-10'** to this Report.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the Financial Year of the Company to which the Financial Statements relate and the date of this Report.

PARTICULARS REGARDING CONSERVATION OF ENERGY ETC. UNDER SECTION 134(3)(m) OF THE COMPANIES ACT, 2013 AND RULES MADE THEREIN

As per the provisions of Section 134(3)(m) of the Act read with Companies (Accounts) Rules, 2013, the measures taken during the year under review for conservation of energy and technology absorption by the Company in operation of its hotels are as follows:

A. Conservation of Energy:

Lemon Tree Hotels is committed to maintain ecofriendly & energy conservation practices all across its Hotel properties. We strongly believe in conservation and accordingly have implemented many eco-friendly processes for energy and water preservation, waste management disposal, measures to control water, noise and environmental pollution. Our existing and upcoming hotels are designed and constructed to qualify for the L.E.E.D Gold Standard.

Further, the details of steps taken for conservation of energy are provided in Business Responsibility Report (BRR) which forms part of this Annual Report.

Steps taken by the Company for utilizing alternate source of energy:

The Company has utilized alternative source of energy viz. renewable Energy in the form of Wind Power which is being utilized at hotel of the Company situated in Chennai.

The Capital investment on energy conservation requirements:

The Company has made the capital investment on installation and commissioning of Solar Photovoltaic systems at our Hotels to capture free Solar Energy for reducing the Energy requirement and also on installation of Heat Recovery ventilation and Heat Recovery wheel systems.

B. Technology Absorption, Research & Development (R&D):

Technology absorption:

The Company is in the service industry and operates and manages its hotels across India. However, no knowhow and technology has been imported during the year. However, efforts have been made to imbibe various new technologies like Green Building, rain water harvesting, use of plumbing faucets, sewage treatment plants.

Research & Development:

The Company during the financial year 2018-19 has not carried out any activity which can be construed as Research & Development. Therefor there is nothing to report under this section.

C. Foreign exchange earnings and outgo:

The information regarding Foreign Exchange earnings and outgo is mentioned hereunder:

(₹ in Lakhs)

S. No.	Particulars	Year Ended March 31, 2019
1.	Earning in Foreign Currency	2,289.56
2.	Outgo in Foreign Currency	
	-Value of Capital Goods Imported on CIF basis	14.54
	-Commission/ Advertisement and business promotion	409.64

DIVIDEND ON EQUITY SHARES

Your Directors do not propose any dividend on the shares of the Company for the Financial Year ended on March 31, 2019.

TRANSFER TO RESERVES

No transfers to reserves were made, as no appropriations were required to be made during the Financial Year under review.

ADEQUACY OF INTERNAL CONTROLS

The Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The Statutory and the Internal Auditors routinely conduct system checks and give their report after evaluation of the efficacy and adequacy of internal control systems including controls with respect to the financial statements, its compliance with operating systems, accounting procedures and policies in the Company. Based on the report of Internal Audit, the departments undertake corrective action in their respective areas and thereby strengthen the controls. The significant audit observations and follow up actions thereon are reported to the Audit Committee as well and further corrective action taken as per the inputs received from the committee members and the auditors.

COST RECORDS AND COST AUDIT

Maintenance of cost records and requirement of cost audit as prescribed under the provisions of Section 148(1) of the Act are not applicable for the business activities carried out by the Company.

SECRETARIAL STANDARDS

During the year under review the Company has complied with all applicable Secretarial Standards issued by Institute of Company Secretaries of India.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no compliant was received by the Corporate Ethics Committee (CEC) formed in this regard.

Further, Internal Complaints Committee is also in place at all hotel locations & no complaint has been received during the year under review

GREEN INITIATIVE

Pursuant to Section 101 and 136 of the Act read with Companies (Management and Administration) Rules, 2014 and Companies (Accounts) Rules, 2014, the Company can send Notice of Annual General Meeting, financial statements and other communications in electronic form.

Your Company is sending the Annual Report including the Notice of Annual General Meeting, Audited Financial Statements, Board's Report along with annexures etc. for the Financial Year 2019 in the electronic mode to the shareholders who have registered their email ids with the Company and/or their respective Depository participants (DPs).

Shareholders who have not registered their e-mail addresses so far are requested to register their e-mail addresses. Those holding shares in demat form can register their e-mail addresses with their concerned DPs. Shareholders who hold shares in physical form are requested to register their e-mail addresses with the Company, by sending a letter, duly signed by the first/sole holder quoting details of their Folio No.

During the year under review, in terms of SEBI Circular dated April 20, 2018 viz. Strengthening the Guidelines and Raising Industry standards for RTA, Issuer Companies and Banker to an Issue, the company through its Registrar and Transfer Agent i.e Karvy Fintech Private Limited has sent the reminders to the Shareholders for updation of PAN and Bank account details.

APPRECIATION

Your Directors place on record their appreciation for the valuable support and cooperation of the Company's Bankers, Government Agencies, Customers, Suppliers, Shareholders, Employees and other statutory authorities, who have reposed their continued trust and confidence in the Company.

For & On behalf of the Board of Directors of
Lemon Tree Hotels Limited

Patanjali Govind Keswani
Chairman & Managing Director
DIN:00002974

DATE: 29.05.2019
PLACE: NEW DELHI

ANNEXURE(S) TO THE BOARD'S REPORT

ANNEXURE-1

I. FINANCE COMMITTEE MEETINGS

During the financial year under review, one (1) Finance Committee meeting was held on March 19, 2019.

Attendance of Members for the year ended March 31, 2019:

Name of the Member	Designation	No. of Meetings Attended
Mr. Patanjali Govind Keswani	Chairman & Member	0
Mr. Rattan Keswani	Member	1
Mr. Willem Albertus Hazeleger*	Member	1

* Appointed as members of the committee w.e.f. August 13, 2018

II. SHARE ALLOTMENT COMMITTEE MEETINGS

During the financial year under review, one (1) Share Allotment Committee meeting was held on July 19, 2018.

Attendance of Members for the year ended March 31, 2019:

Name of the Member	Designation	No. of Meetings attended
Mr. Rattan Keswani	Chairman & Member	1
Mr. Patanjali Govind Keswani	Member	1
Mr. Niten Malhan*	Member	0
Mr. Ashish Kumar Guha**	Member	0

* Resigned as Director and ceased to be the member of the committee w.e.f August 13, 2018

** Appointed as member of the committee w.e.f. August 13, 2018

III. IPO COMMITTEE MEETINGS

During the financial year under review, one (1) IPO Committee meeting was held on April 5, 2018. However, the IPO committee meeting has been dissolved on August 13, 2018.

Attendance of Members for the year ended March 31, 2019:

Name of the Member	Designation	No. of Meetings attended
Mr. Patanjali Govind Keswani	Chairman & Member	1
Mr. Gopal Sitaram Jiwarajka	Member	1
Mr. Niten Malhan	Member	0

IV. GENERAL MANAGEMENT COMMITTEE MEETINGS

During the financial year under review, nine (9) General Management Committee meetings have been held on May 7, 2018, June 20, 2018, August 6, 2018, September 28, 2018, October 22, 2018, November 20, 2018, January 31, 2019, February 25, 2019, March 13, 2019.

Attendance of Members for the year ended March 31, 2019:

Name of the Member	Designation	No. of Meetings attended
Mr. Patanjali Govind Keswani	Chairman & Member	9
Mr. Rattan Keswani	Member	8
Mr. Paramartha Saikia*	Member	1

* Appointed as a member of the committee w.e.f August 13, 2018

For & On behalf of the Board of Directors of
Lemon Tree Hotels Limited

Patanjali Govind Keswani
Chairman & Managing Director
DIN:00002974

DATE: 29.05.2019
PLACE: NEW DELHI

ANNEXURE-'2'

NOMINATION AND REMUNERATION POLICY

1. **INTRODUCTION**

In terms of Section 178 of the Companies Act, 2013 read with applicable rules and regulations and in pursuance of the policy of Lemon Tree Hotels Limited ('Company') to consider its human resources as its invaluable assets, the Nomination and Remuneration Committee of the Company re-constituted on September 18, 2014 has formulated this policy on nomination and remuneration of Directors, Key managerial personnel, senior management personnel and other employees of the Company (hereinafter referred as 'Policy') and which has been adopted by the Board of Directors of the Company in its meeting on 19.02.2015.

2. **POLICY OBJECTIVE**

The objective of this Policy is to determine the criteria for appointment, removal, evaluation of performance of Directors and remuneration of Directors, key managerial personnel, senior management personnel and other employees.

3. **DEFINITIONS**

In this Policy unless the context otherwise requires:

(a) "Act" means Companies Act, 2013 including the applicable Rules & regulations;

(b) "Board of Directors" or "Board", in relation to the Company, means the collective body of the directors of the Company and includes the committees of the Board;

(c) "Directors" means Directors of the Company appointed in terms of provisions of the Act;

(d) "Independent Director" means a director referred to in Section 149 (6) of the Act;

(e) "Key Managerial Personnel" or "KMP" in relation to a company, means:

   (i) Chief Executive Officer ('CEO') or the Managing Director ('MD') or the Manager;

   (ii) Company Secretary;

   (iii) Whole-time Director ('WTD');

   (iv) Chief Financial Officer; and

   (v) such other officer as may be prescribed;

(f) "NRC" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board;

(g) "Rules & regulations" refers to and comprise of Companies Act, 2013, The Companies (Meeting of Board and its Powers) Rules, 2014, The Companies (Appointment and Qualification of Directors) Rules, 2014, The Companies (Appointment and Remuneration of Managerial personnel) Rules, 2014, and such other rules and provisions as applicable to the matters dealt in by this Policy;

"Senior Management Personnel" for this purpose shall mean employees of the company who are members of its core management team excluding Board of Directors. It would comprise all members of management one level below the executive director(s), including the functional / vertical heads.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act as may be amended from time to time shall have the meaning respectively assigned to them therein.

4. **APPLICABILITY**

This Policy is applicable to:

(i) Directors viz. Executive, Non-executive and Independent

(ii) Key Managerial Personnel

(iii) Senior Management Personnel

(iv) Other Employees of the Company

5. **GENERAL**

This Policy is divided in three parts:

Part-A covers the matters to be dealt with and recommended by the NRC to the Board within Scope of Policy;

Part-B covers the appointment and nomination of Directors; and

Part-C covers remuneration etc for the Directors, Key Managerial Personnel and other employees.

PART-A

6. **SCOPE**

The matters to be dealt by NRC in terms of this Policy are as follows:

a. Formulate the criteria for determining qualifications, positive attributes and independence of a director and identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management Personnel, recommend to Board their appointment and removal;

b. Carry out evaluation of the performance of Directors, as well as Key Managerial and Senior Management Personnel and to provide for reward(s) linked directly to their effort, performance, dedication and achievement relating to the Company's operations;

c. Determine remuneration based on the Company's size and financial position and trends and practices for remuneration prevailing in similar companies in the industry;

PART-B

7. APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

a. The NRC shall identify and ascertain the positive attributes, integrity, independence, qualification, expertise and experience of the person for appointment as Directors, or Senior Management Personnel and recommend to the Board his / her appointment.

b. A person should possess adequate qualification, expertise and experience for the position he / she is considered for appointment. The NRC has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient for the concerned position.

c. A person shall be appointed as Independent Director subject to the compliance of provisions of section 149 of the Companies Act, 2013, read with schedule IV and rules there under.

d. The Company shall not appoint or continue the employment of any person as MD/WTD/Manager who is below the age of twenty one years or has attained the age of seventy years. Provided that the appointment of a person who has attained the age of seventy years may be appointed with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for appointment of such person.

8. TERM/TENURE

a. MD/ WTD/ Manager

Subject to the applicable provisions of the Act and the Memorandum and Articles of Association of the Company, the Company shall appoint or re-appoint any person as its MD/WTD/Manager for a term of maximum five (5) consecutive years at a time. No re-appointment shall be made earlier than one (1) year before the expiry of term.

b. Independent Director

(i) Subject to the applicable provisions of the Act, an Independent Director shall hold office for a maximum term of five (5) consecutive years on the Board of the Company with the approval of the shareholders in general meeting and will be eligible for re-appointment on passing of a special resolution by the shareholders of the Company for another term of maximum five (5) years and disclosure of such appointment be made in the Board's report.

(ii) Any Independent Director, who has completed his two consecutive terms, shall be eligible for appointment after expiry of three (3) years of ceasing to become an Independent Director. Provided that an Independent Director shall not, during the said period of three years, be appointed in or be associated with the Company in any other capacity, either directly or indirectly.

(iii) The Independent Director shall not be liable to retire by rotation.

9. DISQUALIFICATIONS FOR APPOINTMENT/RE-APPOINTMENT OF DIRECTORS

Any person who is disqualified for appointment/re-appointment as a director in terms of Section 164 of the Act shall not be eligible for appointment/re-appointment, as the case may be, as a Director of a company.

10. EVALUATION

The NRC shall carry out evaluation of performance of every Director and a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors shall be disclosed in the Board Report.

11. REMOVAL

The NRC may recommend, to the Board with reasons recorded in writing, removal of a Director, KMP or Senior Management Personnel subject to the provisions of the Act.

12. RETIREMENT

The Director, KMP and Senior Management Personnel shall retire/resign as per the applicable provisions of the Act and the prevailing HR policy of the Company. The Board will have the discretion to retain the Director, KMP, Senior Management Personnel in the same position / remuneration or otherwise even after attaining the retirement age, subject to compliance of applicable laws, for the benefit of the Company.

PART – C

13. MATTERS RELATING TO THE REMUNERATION & PERQUISITES

a. The NRC, while deciding the remuneration/ compensation/profit-linked commission for the Directors, Key Managerial Personnel and other employees, to ensure :

   (i) That the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

   (ii) That the relationship of remuneration to performance is clear and meets appropriate performance benchmarks;

   (iii) That the remuneration to directors, key managerial personnel and other employees including senior management officials involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;

b. The remuneration/ compensation/ profit-linked commission, etc. to the MD/WTD/Manager, Directors and Independent Directors and increments thereto will be determined by the NRC subject to the approval of the Board, shareholders of the Company and Central Government, wherever required, in accordance with the percentage / slabs / conditions in terms of the applicable provisions of the Act.

c. Where any insurance is taken by the Company on behalf of its Whole-time Director, Chief Executive Officer, Chief Financial Officer, the Company Secretary and any other employees for indemnifying them against any liability, the premium paid on such insurance shall not be treated as part of the remuneration payable to any such personnel. Provided that if such person is proved to be guilty, the premium paid on such insurance shall be treated as part of the remuneration.

d. Determination of remuneration and increments of KMP, Senior Management officials and other employees shall be effected in terms of the HR policies of the Company.

14. REMUNERATION TO MD/WTD/MANAGER

a. Remuneration

   Subject to Section 197 and Schedule V of the Act, the MD/WTD/Manager will be eligible for remuneration either by way of a monthly payment or at a specified percentage of the net profits of the company or partly by one way and partly by the other with the approval of the Shareholders of the Company on the recommendation of the NRC and the Board. The break-up of the pay scale, performance bonus and quantum of perquisites including, employer's contribution to P.F., pension scheme, medical expenses, club fees etc. shall be decided and approved by the Board on the recommendation of the NRC and shall be within the overall remuneration approved by the shareholders and Central Government, wherever required in terms of the provisions of the Act.

b. Minimum Remuneration

   If, in any financial year, the Company has no profits or its profits are inadequate, the Company shall pay remuneration to its MD/WTD/Manager in accordance with the Act and if it is not able to comply with such provisions, then with the previous approval of the Central Government.

c. Provisions for excess remuneration

   If any MD/WTD/Manager draws or receives, directly or indirectly by way of remuneration any such sums in excess of the limits prescribed under the Act or without the prior sanction of the Central Government, where required, he / she shall refund such sums to the Company and until such sum is refunded, hold it in trust for the Company. The Company shall not waive recovery of such sum refundable to it unless permitted by the Central Government.

15. REMUNERATION TO NON-EXECUTIVE/INDEPENDENT DIRECTOR

a. Sitting Fees

   The Non-executive Directors of the Company, whether Independent or not, may be paid sitting fees within maximum limit prescribed by the Act from time to time for attending meetings of the Board or Committees thereof. The quantum of sitting fees will be determined as per the recommendation of NRC and approved by the Board of Directors of the Company. The Company may make arrangement or reimburse the expenses incurred by the Non-Executive/ Independent Director(s) for travelling, boarding and lodging for participation in the Board or Committee meetings.

b. Commission

   The Board, on recommendation of NRC, may consider the payment of profit based commission to the Non-Executive/ Independent Directors and such commission may be paid within the prescribed limits and subject to the Board approvals in terms of the provisions of Act from time to time. The net profits for the purposes of calculation of commission shall be computed in the manner referred to in section 198 of Act.

c. Stock Options

Pursuant to the provisions of the Act, an Independent Director shall not be entitled to any stock option of the Company. The officers or other employees of the Company and its subsidiaries will be granted stock options in terms of the Company Employees Stock Option policy subject to special resolution passed by company and such other conditions as may be prescribed by the Act.

16. REMUNERATION TO KMP, SENIOR MANAGEMENT PERSONNEL AND OTHER EMPLOYEES

a. The KMP, Senior Management Personnel and other employees of the Company shall be paid monthly remuneration, salary advance and loans etc. as per the Company's HR policies and / or as approved by the NRC. The break-up of the pay scale and quantum of perquisites including employer's contribution to P.F., pension scheme, medical expenses, club fees, etc. shall be as per the Company's HR policies.

b. As and when required by the NRC, a presentation shall be given by the HR Head detailing the performance bonus payouts as well as the proposed increments in any financial year. The NRC shall peruse and give its suggestions, if any, on the process for giving increments and performance bonus payouts for implementation by the Company.

c. This Policy shall apply to all future/continuing employment/engagement(s) with the Company. In other respects, the Policy shall be of guidance for the Board. Any departure from the Policy shall be recorded and reasoned in the NRC and Board meeting minutes.

d. The remuneration for KMP and Senior Managerial Personnel of the Company shall be approved by the NRC based on the recommendation of the Chairman & Managing Director and for other employees based on the recommendation of the HR Head in consultation with the Heads of various Department/Hotels of the Company. In case any of the relevant regulations require that remuneration of KMPs or any other officer is to be specifically approved by the NRC and/or the Board of Directors/Shareholders, then such approval will be accordingly obtained.

17. DISSEMINATION

The key features of the Policy shall be published on Company's website and accordingly will also be disclosed in the Annual Report as part of Board's report therein.

18. MISCELLANEOUS

a. The NRC or the Board may review the Policy as and when it deems necessary.

b. The NRC may issue the guidelines, procedures, formats, reporting mechanism for better implementation of this Policy, wherever it thinks necessary.

c. This Policy may be amended or substituted, in whole or in part, by the NRC or Board.

d. In case of any statutory change not being consistent with the provisions laid down under this Policy, then such change shall prevail upon the provisions hereunder and this Policy shall stand amended accordingly from the effective date as laid down under such statutory change to the Act and the Compliance Officer of the Company shall ensure that such amendment is disseminated on the website of the Company, wherever required.

Annexure-3

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs: The CSR policy was formulated in terms of provision of Section 135(4) of the Companies Act, 2013 read with Rule 6 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, which has also been approved by the Board in its meeting held on June 17, 2015. As per CSR policy the Company shall undertake any CSR activities/projects/programs in the areas as specified in Schedule VII of the Act as amended from time to time.

   The Company has contributed ₹ 3,90,000/- (Rupees Three Lacs Ninety Thousand only) in the Old Columbans Trust which helps in promoting education, Utkarsh Star Mitra Mandal for protecting the environment and to Bharat Ke Veer Fund for Bravehearts of CRPF.

2. The Composition of the CSR Committee:

   - Mr. Patanjali Govind Keswani (Chairman and Member)
   - Mr. Aditya Madhav Keswani (Member)
   - Mr. Paramartha Saikia and (Member)
   - Mrs. Freyan Jamshed Desai (Member)

3. Average net profit of the company for last three financial years: ₹ 1.93 Crore

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 3.87 Lakhs

5. Details of CSR spent during the financial year.

   (a) Total amount to be spent for the financial year: ₹ 3.90 Lakhs

   (b) Amount unspent, if any: N.A

   (c) Manner in which the amount spent during the financial year is detailed below:

(1) S. No.	(2) CSR project or activity identified	(3) Sector in which the Project is covered	(4) Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	(5) Amount Outlay (budget) Project or programs wise	(6) Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects on programs. (2) Overheads	(7) Cumulative expenditure upto the reporting period	(8) Amount spent: Direct or through implementing agency
	Direct expenditure on programs						
1.	Promoting Education	Education	National Capital Region	₹ 3.87 Lakhs	₹ 100,000	₹ 1,00,000	Through Old Columbans Trust
2.	Environmental Awareness "Say no to Plastic Bags"	Environment Stability	Mumbai		₹ 2,50,000	₹ 2,50,000	Through Utkarsh Star Mitra Mandal
3.	Bravehearts of CRPF	Support to the armed forces veterans.	National Capital Region		₹ 40,000	₹ 40,000	Directly to Bharat Ke Veer Fund

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report: N.A

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company: **The Corporate Social Responsibility (CSR) Committee members have given statement that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.**

For & On behalf of the Board of Directors of
Lemon Tree Hotels Limited

Patanjali Govind Keswani
Chairman & Managing Director
DIN:00002974

DATE: 29.05.2019
PLACE: NEW DELHI

Annexure-4

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ASSOCIATE COMPANIES/JOINT VENTURES

[Form AOC-1: Pursuant to first proviso to sub-section (3) of Section 129 of Companies Act, 2013 read with Rule 5 of Companies (Accounts) Rules, 2014

Part "A": Subsidiaries

(₹in Lakhs)

1	Sl. No.	1	2	3	4	5	6
2	Name of the subsidiary	Fleur Hotels P. Ltd.	Begonia Hotels P. Ltd.	Canary Hotels P. Ltd.	Carnation Hotels P. Ltd.	Dandelion Hotels P. Ltd. *	Lemon Tree Hotel Company P. Ltd. *
3	Date since when subsidiary was acquired	25.09.2009	20.11.2009	18.05.2012	18.01.2007	19.07.2007	24.01.2007
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
6	Share Capital#	5,928.63	146.46	3,459.45	9.35	1.15	3.50
7	Reserves & surplus	93,107.00	4,142.93	(1,196.87)	499.13	251.82	(2.78)
8	Total Assets	1,46,733.66	4,797.95	5,076.04	1,356.56	260.10	0.86
9	Total Liabilities	47,698.03	508.56	2,813.46	848.08	7.13	0.14
10	Investments**	-	-	-	-	-	-
11	Turnover	11,447.49	1,259.27	1,335.56	1,271.98	-	-
12	Profit before taxation/ (Loss)	(308.03)	262.56	(152.49)	642.09	(1.06)	(0.73)
13	Provision for taxation	(88.20)	(76.73)	-	191.12	(0.09)	-
14	Profit after taxation/ (Loss)	(219.81)	185.83	(152.49)	450.97	(1.15)	(0.73)
15	Proposed Dividend	-	-	-	-	-	-
16	% of shareholding***	57.98%	74.11%	100%	74.90%	100%	100%

(₹in Lakhs)

1	Sl. No.	7	8	9	10	11	12
2	**Name of the subsidiary**	**Manakin Resorts P. Ltd.**	**Meringue Hotels P. Ltd.***	**Nightingale Hotels P. Ltd.**	**Oriole Dr. Fresh Hotels P. Ltd.**	**Sukhsagar Complexes P. Ltd.**	**PSK Resorts & Hotels P. Ltd.***
3	Date since when subsidiary was acquired	13.02.2009	18.01.2007	10.01.2013	10.01.2013	10.01.2013	13.02.2009
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
6	Share Capital#	571.43	21.52	1,303.66	370.00	619.50	118.69
7	Reserves & surplus	880.27	9,684.09	4,649.84	1,965.72	415.46	2,221.44
8	Total Assets	1,579.65	33,650.44	11,539.35	5,003.08	5,213.40	2,340.26
9	Total Liabilities	127.93	23,944.83	5,585.85	2,667.36	4,178.44	0.13
10	Investments**	-	-	-	-	-	-
11	Turnover	312.66	-	2,863.81	879.28	1,225.19	-
12	Profit before taxation/ (Loss)	(37.39)	(58.78)	214.59	(41.84)	(31.34)	(0.80)
13	Provision for taxation	(13.68)	(0.03)	(0.01)	(3.53)	-	-
14	Profit after taxation/(Loss)	(50.75)	(58.75)	214.58	(38.31)	(31.34)	(0.80)
15	Proposed Dividend	-	-	-	-	-	-
16	% of shareholding***	100%	100%	57.53%	100%	100%	100%

(₹in Lakhs)

1	Sl. No.	13	14	15	16	17	18
2	Name of the subsidiary	Red Fox Hotel Company P. Ltd. *	Grey Fox Project Management Company P. Ltd.	Valerian Management Services P. Ltd.	Poplar Homestead Holdings P. Ltd*	Jessamine Stays P. Ltd*	Madder Stays Private Limited*
3	Date since when subsidiary was acquired	10.01.2013	28.09.2012	16.09.2013	29.11.2018	28.11.2018	28.11.2018
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
6	Share capital#	3.00	455.01	1.00	1.00	1.00	1.00
7	Reserves & surplus	(2.35)	(266.97)	(259.09)	(0.15)	(0.15)	(0.15)
8	Total assets	(0.89)	489.87	26.73	0.89	0.89	0.89
9	Total Liabilities	0.24	301.83	284.82	0.04	0.04	0.04
10	Investments**	-	-	-	-	-	-
11	Turnover	-	403.89	60.50	-	-	-
12	Profit before taxation/ (Loss)	(0.73)	(4.77)	(34.77)	(0.15)	(0.15)	(0.15)
13	Provision for taxation	-	-	-	-	-	-
14	Profit after taxation/(Loss)	(0.73)	(4.77)	(34.77)	(0.15)	(0.15)	(0.15)
15	Proposed Dividend	-	-	-	-	-	-
16	% of shareholding***	100%	100%	100%	100%	100%	100%

(₹in Lakhs)

1	Sl. No.	19	20	21	22	23	24
2	Name of the subsidiary	Celsia Hotels P. Ltd.	Inovoa Hotels And Resorts Ltd.	Iora Hotels P. Ltd. *	Ophrys Hotels P. Ltd.*	Hyacinth Hotels P. Ltd.	Bandhav Resorts Pvt Ltd
3	Date since when subsidiary was acquired	29.03.2012	16.08.2013	14.11.2013	10.01.2014	19.07.2007	13.05.2016
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
6	Share capital#	3.53	3,828.00	1094.70	2.50	82.10	90.11
7	Reserves & surplus	6,366.88	(1,579.12)	20,588.08	(2.24)	5,401.77	967.18
8	Total assets	11,650.17	5,868.55	27,528.77	0.39	23,327.50	1669.35
9	Total Liabilities	5,279.76	3,619.67	5,845.99	0.13	17,843.63	612.06
10	Investments**	-	-	-	-	-	-
11	Turnover	3093.47	1,932.51	-	-	6,759.81	98.48
12	Profit before taxation/ (Loss)	549.04	(47.33)	(3.64)	(0.70)	350.31	(89.94)
13	Provision for taxation	126.16	-	-	-	-	-
14	Profit after taxation/(Loss)	422.88	(47.33)	(3.64)	(0.70)	350.31	(89.94)
15	Proposed Dividend	-	-	-	-		-
16	% of shareholding***	57.98%	57.98%	59.66%	57.98%	57.98%	57.98%

Notes: * Subsidiaries which are yet to commence operations.

** Investments except investments in subsidiaries and non-current investments.

*** % of shareholding covers both direct and indirect shareholding in the subsidiaries.

Includes only equity share capital

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint ventures

Sl. No.		1	2	3
Name of the Associate/Joint Ventures		Mind Leaders Learning India Private Limited	Pelican Facilities Management Pvt Ltd	Hamstede Living Private Limited
1	Last audited Balance Sheet Date	31.03.2018	31.03.2018	N.A as company has been incorporated on December 6, 2018
2	Date on which the Associate or Joint Venture was associated or acquired	06.06.2017	20.06.2017	13.03.2019
3	Shares of Associate held by the Company at year end: (Number)			
	Amount of investment in Associate	INR 3.40 Lakhs	-	INR 285 Lakhs
	Total number of shares	3,40,000 Equity Shares	-	28,50,000(1,50,000 Equity Shares and 27,00,000 Preference Shares)
	Extent of holding %	36.56%	-	30%
4	Description of how there is significant influence	Due to percentage of shareholding	Being 100% subsidiary of our associate Mind Leaders Learning India Pvt Ltd	Due to percentage of shareholding and Joint Venture Agreement
5	Reason why the associate/joint venture is not consolidated	N.A	N.A	N.A
6	Networth attributable to shareholding as per latest audited balance sheet	₹ 546.03 Lakhs	N.A	₹ 747.07 Lakhs
7	Profit for the year(Consolidated)			
	Considered in consolidation	₹ 137.41 Lacs	N.A	₹ (57.74) Lakhs
	Not considered in consolidation	N.A	N.A	N.A

For and on behalf of Board of Directors of Lemon Tree Hotels Limited

Place: New Delhi
Date:29.05.2019

Patanjali Govind Keswani
Chairman & Managing Director
DIN:00002974

Kapil Sharma
Chief Financial Officer

Nikhil Sethi
Group Company Secretary & GM Legal
Mem No.:A18883

ANNEXURE 5

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Company believes in best corporate governance practice. In compliance, with Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the report containing the details of Corporate Governance of Lemon Tree Hotels Limited ("the Company") is as follows:

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company's corporate governance philosophy revolved around fair and transparent governance and disclosure practices in line with the principles of Good Corporate Governance. This philosophy is backed by principles of concerns, commitment, Ethics, Excellence and learning in all its acts and relationships with stakeholders, clients, associates and Community at Large. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance Practices to meet shareholder's expectations. The business is governed and supervised by a strong Board of Directors and together with the management they are committed to uphold the principles of excellence across all activities.

The Company is compliant with the latest provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations") as amended from time to time.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

The Company is managed and controlled through a professional body of Board of Directors ("the Board") which comprises of optimum combination of Executive and Non-Executive / Independent Directors headed by the Executive Chairman. As on March 31, 2019, the Company's Board consists of 12 Directors, 6 of which were Independent Directors including one Women Director. The composition of the Board satisfies the conditions of the SEBI (LODR) Regulations.

Sr. No	Name of the Director	Category
1	Mr. Patanjali Govind Keswani	Chairman & Managing Director (Promoter Director)
2	Mr. Aditya Madhav Keswani	Non-Executive (Promoter Director)
3	Mr. Rattan Keswani	Deputy Managing Director (Executive Director)
4	Mr. Ravi Kant Jaipuria	Non-Executive Director
5	Mr. Anish Kumar Saraf*	Non-Executive Director
6	Mr. Willem Albertus Hazeleger	Non-Executive Director
7	Mr. Ashish Kumar Guha	Non-Executive Independent Director
8	Mr. Arvind Singhania	Non-Executive Independent Director
9	Mr. Pradeep Mathur	Non-Executive Independent Director
10	Mr. Gopal Sitaram Jiwarajka**	Non-Executive Independent Director
11	Mr. Paramartha Saikia	Non-Executive Independent Director
12	Ms. Freyan Jamshed Desai	Non-Executive Independent Director

* Appointed as Additional Director w.e.f August 13, 2018

** Mr. Gopal Sitaram Jiwarajka resigned from the Board of Directors and it committee w.e.f April 1, 2019

Note:

1. Mr. Patanjali Govind Keswani is a father of Mr. Aditya Madhav Keswani. There are no other inter-se relationships amongst the Board members.

2. Dr. Arindam Kumar Bhattacharya has been appointed as Additional Director in the capacity of Independent Director w.e.f April 11, 2019

BOARD MEETINGS

During the year, the Board of the Company met 6 times on April 2, 2018, May 25, 2018, August 13, 2018, November 13, 2018, December 27, 2018, February 13, 2019. The maximum gap between any two Board meetings was less than four months. Meetings are usually held at Registered & Corporate Office at Asset No.6, Aerocity Hospitality District, New Delhi-110037, India.

The agenda papers and detailed notes are circulated to the Board well in advance of every meeting, where it is not practicable to attach any document to the agenda, then same is placed before the Board at the meeting and in special circumstances, additional items on the agenda are taken up at the meeting. The conduct of the Board meetings is in compliance with the applicable provisions of the Companies Act, 2013 ("Act") and Secretarial Standards on meetings of the Board of Directors issued by Institute of Company Secretaries of India. In case of business exigencies or urgency of matters, resolutions are passed by circulation and same is placed before the Board in the next meeting.

The Company also provides facility to the Directors to attend meetings of the Board and its committees through Video conferencing, as and when required, to enable their participation.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS/ COMMITTEE MEMBERSHIP

Details of other Directorship and Chairmanship /Membership of Committees of each Director and Attendance of Directors at Board Meetings during the year, last Annual General Meeting:

Name of the Director	Category	No. of Board Level Committee Memberships / Chairmanships in other Indian Public Companies		Attendance Particulars			No of Directorships (2)	Name of other Listed Entities in which they are director
		Member (1)	Chairman (1)	No. of Board Meetings		Attendance at last AGM		
				Held/ entitled to attend	Attended	Attended		
Mr. Patanjali Govind Keswani	Promoter/Executive Chairman & Managing Director	1	0	6	6	Yes	9	Nil
Mr. Rattan Keswani	Executive/Deputy Managing Director	1	0	6	6	Yes	3	Nil
Mr. Aditya Madhav Keswani	Promoter/ Non-Executive Director	0	0	6	5	Yes	4	Nil
Mr. Ravi Kant Jaipuria	Non-Executive Director	0	0	6	2	No	10	Varun Beverages Ltd (Director)
Mr. Niten Malhan*	Non-Executive Director	N.A.	N.A.	2	1	No	N.A.	N.A.
Mr. Anish Kumar Saraf**	Non-Executive Director	1	0	4	3	N.A.	3	Nil
Mr. Willem Albertus Hazeleger	Non-Executive Director	0	0	6	3	No	1	Nil
Mr. Ashish Kumar Guha	Non-Executive Independent Director	3	1	6	5	No	4	1. Cosmo Films Ltd (Director) 2. CG Power and Industrial Solutions Ltd (Director)
Mr. Arvind Singhania	Non-Executive Independent Director	1	0	6	3	No	3	Ester Industries Ltd (Managing Director)

Name of the Director	Category	No. of Board Level Committee Memberships / Chairmanships in other Indian Public Companies		Attendance Particulars			No of Directorships (2)	Name of other Listed Entities in which they are director
		Member (1)	Chairman (1)	No. of Board Meetings		Attendance at last AGM		
				Held/ entitled to attend	Attended	Attended		
Mr. Pradeep Mathur	Non-Executive Independent Director	2	1	6	5	Yes	2	N.A.
Mr. Gopal Sitaram Jiwarajka#	Non-Executive Independent Director	3	2	6	6	Yes	N.A.	N.A.
Dr. Arindam Kumar Bhattacharya$	Non-Executive Independent Director	N.A.	N.A.	NA.	NA.	NA.	1	Nil
Mr. Paramartha Saikia	Non-Executive Independent Director	2	0	6	5	No	6	Nil
Ms. Freyan Jamshed Desai	Non-Executive Independent Director	1	0	6	4	No	1	Nil

* Resigned w.e.f August 13, 2018

** Appointed as an Additional non-executive Director w.e.f August 13, 2018

\# Resigned w.e.f April 1, 2019

$ Appointed as an Additional Independent Director w.e.f April 11, 2019

Notes:

(1) The Directorships held by Directors as mentioned above (includes Lemon Tree Hotels Limited) does not include alternate directorships and directorships in foreign companies, companies registered under Section 8 of the Companies Act, 2013 and Private Limited Companies.

(2) None of the Directors of the Company hold Directorships in more than 20 (Twenty) Companies or more than 10 (Ten) public companies whether listed or not. Necessary disclosures regarding Directorship positions in other companies as on March 31, 2019 have been made by the Directors.

(3) None of the Directors on the Board is a member of more than 10 (Ten) committees or Chairman of more than 5 (Five) committees (as specified in Regulation 26 of the SEBI (LODR) Regulations across all public limited companies, whether listed or not, in which he is a Director.

(4) The Independence of a Director is determined by the criteria stipulated under Regulation 16(1)(b) of SEBI (LODR) Regulations, Section 149(6) of the Companies Act, 2013 and rules made thereunder.

(5) In accordance with the SEBI (LODR) Regulations, Memberships / Chairmanships of only Audit Committee and Stakeholders Relationship Committee/Shareholders'/ Investors' Grievance Committee of all public limited Companies (including Lemon Tree Hotels Limited) have been considered.

(6) Includes Attendance, if any, through Video Conferencing facilities, provided to the directors to facilitate participation in the meetings.

INDEPENDENT DIRECTORS

Mr. Ashish Kumar Guha, Mr. Pradeep Mathur, Mr. Gopal Sitaram Jiwarajka, Mr. Paramartha Saikia, Ms. Freyan Jamshed Desai, Mr. Arvind Singhania were the Independent Directors of the Company as on March 31, 2019.

Mr. Gopal Sitaram Jiwarajka has resigned from the Board and its committee's w.e.f April 1, 2019 due to his pre-occupation and confirmation has been provided by Mr. Gopal Sitaram Jiwarajka that there are no other material reason for resignation other than as disclosed above.

Dr. Arindam Kumar Bhattacharya has been appointed as Additional Director in the capacity of Independent Director w.e.f April 11, 2019.

Terms and conditions of appointment of Independent Directors have been disclosed on the website of the Company.

None of the Independent Directors neither serve in more than 7 (Seven) listed companies nor any Independent Director who is a Whole Time Director in any other Company serves as Independent Director in more than 3 (Three) listed companies.

All the Independent Directors has given necessary declarations in terms of Section 149(7) of the Act and SEBI (LODR) Regulations that they meet the criteria of independence as laid down under Section 149(6) of the Act and SEBI (LODR) Regulations and your Board hereby confirms that the Independent Directors fulfill the conditions specified in these regulations and are independent of the management.

INDEPENDENT DIRECTORS MEETING

A seperate meeting of the Independent Director's was held on May 29, 2019 without the presence of Executive Directors or non-independent Directors and members of the management. However, the Compliance Officer of the Company was present in the meeting.

The Independent Directors in the said meeting had, inter-alia:

i. reviewed the performance of non-independent directors and the Board as a whole;

ii. reviewed the performance of the Chairperson of the Company, taking into account the views of executive directors and non-executive directors;

iii. assessed the quality, quantity and timeliness of flow of information between the Company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

The Company does not have any pecuniary relationship with any non-executive or independent director except for payment of sitting fees to Independent Director for attending the Board meetings. No sitting fee was paid for attending the meetings of any Committee during FY 2018-19.

Familiarisation Programme for Independent Directors

Your Company follows a structured orientation and familiarisation programmes through reports/codes/internal policies/presentations to enable them to understand their roles and responsibilities, nature of the industry in which the Company operated, business model of the Company, it's strategic and operating plans. The Code of conduct for the Director's, the code of conduct to Regulate, Monitor and Report trading by insiders, the Code of practices and procedure for fair disclosure of Unpublished Price Sensitive Information and various other policies are also shared with them, from time to time. Further, during the year, presentations were also made from time to time at the Board and its committee meetings, on regular intervals, covering the business and financial performance of the Company, business outlook and budget, expansion plans, succession plans etc.

The details of the familiarisation programme for the Independent Directors are available on the website of the Company at https://www.lemontreehotels.com/factsheet/Policies/Details_of_Familiarisation_Programme.pdf

MATRIX SETTING OUT THE SKILLS/EXPERTISE/COMPETENCE OF THE BOARD OF DIRECTORS

The Board of Directors in its meeting held on May 29, 2019 has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board:

Business	Understanding of business dynamics, across various geographical markets, industry verticals and regulatory jurisdictions.
Leadership	Extended Leadership experience for a significant enterprise, resulting in a practical understanding of organizations, processes, strategic planning and risk management. Demonstrated strengths in developing talent, planning succession and driving change and long term growth.
Strategy and Planning	Appreciation of long-term trends, strategic choices and experience in guiding and leading management teams to make decisions in uncertain environments.
Governance	Experience in developing governance practices, serving the best interests of all stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.
Financial	Leadership of a financial firm or management of the finance function of an enterprise, resulting in proficiency in complex financial management, capital allocation and financial reporting processes or experience in actively supervising a principle financial officer, principle accounting officer, controller, public accountant, auditor or person performing similar function.

Sales & Marketing	Experience in developing strategies to grow sales and market share, build awareness and equity and enhance enterprise reputation.

SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS

The shareholding of Non-Executive Directors as on March 31, 2019 is as follows:

Name of the Director	Designation	No. of Shares Held (face value of ₹ 10 each)
Mr. Gopal Sitaram Jiwarajka*	Non-Executive Independent Director	746,310
Mr. Pradeep Mathur	Non-Executive Independent Director	353,454
Mr. Paramartha Saikia	Non-Executive Independent Director	153,162
Mr. Arvind Singhania	Non-Executive Independent Director	200,000

* Mr. Gopal Sitaram Jiwarajka has resigned from the Board and its Committees w.e.f April 1, 2019

As on March 31, 2019, the Company doesn't have any convertible instruments.

COMMITTEES OF BOARD OF DIRECTORS

The mandatory Committees constituted by the Board of Directors of the Company are as under:

1. Audit Committee
2. Nomination & Remuneration committee
3. Corporate Social Responsibility Committee
4. Stakeholder's Relationship Committee
5. Risk Management Committee

The Composition of all the committees meets the requirements of the Act and the SEBI (LODR) Regulations.

The details of the role and composition of Committees of the Board including number of meetings held during the year and attendance thereat, are provided below.

AUDIT COMMITTEE

Brief Terms of reference:

The terms of reference of the Audit Committee satisfy the requirement of Section 177 of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 18 of SEBI (LODR) Regulations.

The Audit Committee assists the Board in its responsibility for overseeing the quality and integrity of the accounting, auditing and reporting practices of the Company and its compliance with the legal and regulatory requirements. The Chairman of the Committee is financially literate and all other members of the Audit Committee have accounting or related financial management expertise.

The Audit Committee of the Company, inter alia, performs the following functions:

a) Overseeing of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

(b) Recommending to the Board, the appointment, reappointment, terms of appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.

(c) Approving payment to statutory auditors for any other services rendered by the statutory auditors.

(d) Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (c) of Sub-Section(3) of Section 134 of the Companies Act 2013;
- Changes, if any, in accounting policies and practices and reasons for the same;
- Major accounting entries involving estimates based on the exercise of judgment by management;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosure of any related party transactions; and
- Qualifications in the draft audit report.

(e) Reviewing the financial statements with respect to its unlisted Subsidiary(ies), in particular investments made by such Subsidiary(ies).

(f) Reviewing, with the management, the quarterly financial statements before submission to the board for approval.

(g) Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

(h) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.

(i) Approval of any subsequent modification of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company, subject to the conditions as may be prescribed.

(j) Scrutiny of inter-corporate loans and investments.

(k) Valuation of undertakings or assets of the listed entity, wherever it is necessary.

(l) Evaluation of internal financial controls and risk management systems.

(m) Reviewing with the management, performance of statutory and internal auditors, adequacy of the internal control systems.

(n) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

(o) Discussing with internal auditors of any significant findings and follow up there on.

(p) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.

(q) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

(r) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

(s) Recommending to the Board of Directors the appointment and removal of the external auditor, fixation of audit fees and approval for payment for any other services.

(t) To review the functioning of the whistle blower mechanism.

(u) Approval of appointment of Chief Financial Officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

(v) Oversee the vigil mechanism established by the Company and the chairman of audit committee shall directly hear grievances of victimization of employees and directors, who use vigil mechanism to report genuine concerns in appropriate and exceptional cases.

(w) Mandatorily review the following

- management discussion and analysis of financial condition and results of operations;
- statement of significant related party transactions (as defined by the audit committee), submitted by management;
- management letters / letters of internal control weaknesses issued by the statutory auditors;
- internal audit reports relating to internal control weaknesses;
- the appointment, removal and terms of remuneration of the chief internal auditor shall be subject to review by the audit committee; and
- statement of deviations;
  - quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) in terms of SEBI Listing Regulations;
  - annual statement of funds utilized for purposes other than those stated in the offer document/ prospectus/notice in terms of SEBI Listing Regulations.

(x) Any other matter as may be prescribed, from time to time, to be referred to the Audit Committee in terms of the Companies Act 2013/ SEBI (LODR) Regulations and the applicable rules, regulations thereto."

Composition, Meetings and attendance of the Audit Committee

The Audit Committee, was reconstituted by a resolution of our Board dated August 9, 2018 and consequent to the resignation of Mr. Gopal Sitaram Jiwarajka has been further reconstituted on April 11, 2019 with the following members in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations.

During the year under review, the Audit Committee met five (5) times on May 25, 2018, August 13, 2018, November 13, 2018, December 27, 2018 and February 13, 2019 with necessary quorum being present at all the meetings:

Name of the Members	Status	Category	No. of Meetings attended
Mr. Gopal Sitaram Jiwarajka*	Chairman	Non-Executive Independent	5
Mr. Ashish Kumar Guha	Member	Non-Executive Independent	5
Mr. Pradeep Mathur**	Member	Non-Executive Independent	4
Mr. Niten Malhan***	Member	Non-Executive	0
Mr. Paramartha Saikia****	Member	Non-Executive Independent	N.A

* Resigned from the Board and its committees w.e.f April 1, 2019

** He was appointed as a member of the Committee w.e.f August 9, 2018 and as a Chairman w.e.f April 11, 2019

*** Ceased to be member of the Committee w.e.f. August 9, 2018

**** Inducted as a member of the committee w.e.f April 11, 2019

Note: The Company Secretary of the Company acts as the Secretary for the Audit Committee

Nomination & Remuneration Committee

The terms of reference of the Nomination & Remuneration Committee satisfy the requirement of Section 178 of the Act read with Companies (Meetings of Board and its Powers) Rules, 2014 and Regulation 19 of SEBI (LODR) Regulations and Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Committee also plays the role of Compensation Committee and is responsible for administering the Employee Stock Option Plan of the Company and determining eligibility of employees for stock options.

The Nomination & Remuneration Committee of the Company, inter alia, performs the following functions:

(a) Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommending to the Board a policy relating to the remuneration of the directors, key managerial personnel and other employees.

(b) Formulation of criteria for evaluation of performance of independent directors and the Board.

(c) Devising a policy on diversity of the Board.

(d) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommending to the Board their appointment and removal.

(e) Extension or continuance of the terms of appointment of the independent directors, on the basis of the report of performance evaluation of independent directors.

(f) Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the board of directors their appointment and removal and carry out evaluation of every director's performance (including that of independent directors).

(g) Performing such other activities as may be delegated by the Board or specified/ provided under the Companies Act 2013 or by the SEBI (LODR) Regulations or by any other applicable law or regulatory authority.

Composition, Meetings and attendance of the Nomination & Remuneration Committee

The Nomination & Remuneration Committee during the year under review was reconstituted by a resolution of our Board dated August 9, 2018 and consequent to the resignation of Mr. Gopal Sitaram Jiwarajka further reconstituted on April 11, 2019 with the following members in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations.

During the year under review, the Nomination & Remuneration Committee met two (2) times on May 25, 2018 & August 13, 2018 with necessary quorum being present at all the meetings:

Name of the Members	Status	Category	No. Of Meetings attended
Mr. Pradeep Mathur	Chairman	Non-Executive Independent	1
Mr. Gopal Sitaram Jiwarajka*	Member	Non-Executive Independent	2
Mr. Niten Malhan**	Member	Non-Executive	0
Mr Paramartha Saikia***	Member	Non-Executive Independent	1
Mr. Patanjali Govind Keswani	Member	Executive Chairman and Managing Director	2
Ms. Freyan Jamshed Desai****	Member	Non-Executive Independent	N.A

* Resigned from the Board and its committee w.e.f April 1, 2019

** Ceased to be member of the Committee w.e.f. August 9, 2018

*** Inducted as a member of the Committee w.e.f August 9, 2018

**** Inducted as member of the committee w.e.f April 11, 2019

Note: The Company Secretary of the Company acts as the Secretary for the Nomination & Remuneration Committee.

Performance Evaluation Criteria for Independent Directors

Pursuant to the provisions of the Section 134(3)(p) of the Companies Act, 2013 read with SEBI(LODR) Regulations, the Nomination & Remuneration committee carried out the Annual Performance evaluation of its directors individually including the Chairman and the Board evaluated the overall effectiveness of the Board of Directors including its committees based on the ratings given by the Nomination & Remuneration committee of the Company.

The performance evaluation of the Independent Directors was carried out by the entire Board on the criteria and framework adopted by Board (the Concerned director being evaluated did not participate). On the basis of ranking filled in the evaluation questionnaire and discussion of the Board, the Directors have expressed their satisfaction on the performance of the Independent Directors.

Remuneration of Directors

Details of Remuneration paid or payable to Directors for the year ended March 31, 2019:

Name of the Director^	Category	Salary including Perquisites & PF (₹ In Lakhs)	Sitting Fees^^ (₹ In Lakhs)	Tenure upto	Notice Period	Total (₹ In Lakhs)
Mr. Patanjali Govind Keswani	Executive/Chairman & Managing Director	338.56	N.A.	31.03.2023	N.A.	338.56
Mr. Rattan Keswani*	Executive/Deputy Managing Director	Nil	N.A.	31.12.2019	1 month	Nil
Mr. Aditya Madhav Keswani	Non-Executive Director	Nil	N.A.	N.A.	N.A.	Nil
Mr. Ravi Kant Jaipuria	Non-Executive Director	Nil	N.A.	N.A.	N.A.	Nil
Mr. Niten Malhan**	Non-Executive Director	Nil	N.A.	N.A.	N.A.	Nil
Mr. Anish Kumar Saraf $	Non-Executive Director	Nil	N.A.	N.A.	N.A.	Nil
Mr. Willem Albertus Hazeleger	Non-Executive Director	Nil	N.A.	N.A.	N.A.	Nil
Mr. Gopal Sitaram Jiwarajka$$	Non-executive Independent Director	Nil	1.20	N.A.	N.A.	1.20
Mr. Ashish Kumar Guha	Non-executive Independent Director	Nil	1.00	14.06.2022	N.A.	1.00
Ms. Freyan Jamshed Desai	Non-executive Independent Director	Nil	0.80	14.06.2022	N.A.	0.80
Mr. Arvind Singhania	Non-executive Independent Director	Nil	0.60	14.06.2022	N.A.	0.60
Mr. Paramartha Saikia	Non-executive Independent Director	Nil	1.00	14.06.2022	N.A.	1.00
Mr. Pradeep Mathur	Non-executive Independent Director	Nil	1.00	04.12.2022	N.A.	1.00
Dr. Arindam Kumar Bhattacharya@	Non-Executive Independent Director	Nil	N.A.	N.A.	N.A.	N.A.

^ There are no severance fees payable to any of the Directors.

^^ The Non-Executive Independent Directors were paid sitting fees of ₹ 20,000/- for attending each meeting of the Board.

* Mr. Rattan Keswani exercised 70,000 stock option during the year under review and there are no outstanding stock options as on March 31, 2019.

** Resigned from the Board of Directors of the Company w.e.f. August 13, 2018.

$ He was appointed as an Additional Director of the Company w.e.f August 13, 2018.

$$ Resigned from the Board of Directors of the Company and its Committees w.e.f April 1, 2019.

@ Appointed as Additional Independent Director w.e.f April 11, 2019.

Criteria for making payments to Non-Executive Directors including all pecuniary relationship or transactions of Non-Executive Directors

The Independent Directors are not paid any remuneration other than sitting fees for attending the meetings of the Board as approved by the Board.

There has been no pecuniary relationship or transaction of the Non-executive Director vis-a-vis the Company during the year except sitting fees paid to them as detailed above.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of the Board was constituted to oversee the CSR Policy and recommend and monitor the amount of expenditure to be incurred on the activities mentioned in the Schedule VII of the Act.

The terms of reference of the Corporate Social Responsibility Committee shall include the following:

(a) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII of the Companies Act 2013 and make any revisions therein as and when decided by the Board.

(b) To recommend the amount of expenditure to be incurred on the activities referred to in (a).

(c) To monitor the Corporate Social Responsibility Policy of the company from time to time.

(d) To do such other acts, deeds and things as may be required to comply with the applicable laws.

(e) To perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act 2013 or by the SEBI (LODR) Regulations or statutorily prescribed under any other law or by any other regulatory authority.

Composition, Meetings and attendance of the Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was last reconstituted by a resolution of our Board dated August 13, 2018 with the following members in compliance with the provisions of Section 135 of the Companies Act, 2013.

During the financial year under review, 2(two) meeting of Corporate Social Responsibility Committee has been held on May 25, 2018 and February 13, 2019, for taking approval for making any contribution in accordance with Section 135 of the Companies Act, 2013.

Name of the Members	Status	Category	No. Of Meetings attended
Mr. Paramartha Saikia	Chairman	Non-Executive Independent	1
Mr. Gopal Sitaram Jiwarjaka*	Chairman	Non-Executive Independent	1
Mr. Patanjali Govind Keswani	Member	Executive Chairman & Managing Director	2
Mr. Aditya Madhav Keswani	Member	Non-Executive	1
Mr. Rattan Keswani	Member	Executive-Deputy Managing Director	1
Mr. Pradeep Mathur	Member	Non-Executive Independent	0
Ms. Freyan Jamshed Desai	Member	Non-Executive Independent	1

Note: Mr. Paramartha Saikia, Mr Aditya Madhav Keswani and Ms. Freyan Jamshed Desai were appointed as a member of the committee w.e.f. August 13, 2018 in place of Mr. Gopal Sitaram Jiwarajka, Mr. Rattan Keswani and Mr. Pradeep Mathur.

* Resigned w.e.f 01.04.2019

Note: The Company Secretary of the Company acts as the Secretary for the Corporate Social Responsibility Committee.

The CSR policy adopted by the company is uploaded on the website of the company at https://www.lemontreehotels. com/factsheet/Policies/CSR_Policy.pdf.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholder's Relationship Committee has been constituted in terms of Section 178 of the Act and Regulation 20 of SEBI (LODR) Regulations, for redressal of investor complaints, Shareholders related issues, transfer/ transmission of securities etc.

The terms of reference of the Stakeholders Relationship Committee shall include the following:

(a) Monitoring the grievance and redressal of all security holders' grievances such as complaints related to non-receipt of allotment/refund, review of cases for refusal of transfer/transmission of shares, including non receipt of share certificates, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of annual reports, etc. and assisting with quarterly reporting of such complaints.

(b) Allotting of equity shares, giving effect to all transfer/ transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, splitting and issuing of duplicate/consolidated share certificates, complying with all the requirements related to shares, debentures and other securities from time to time.

(c) Reviewing statutory compliances pertaining to share / security capital, processes, shareholders and depositories (NSDL/CDSL).

(d) Overseeing the performance of the registrars and transfer agents of our Company and to recommend measures for overall improvement in the quality of investor services.

(e) Carrying out any other function as is referred by the Board from time to time or enforced by any statutory notification / amendment or modification as may be applicable.

Composition, Meetings and attendance of the Stakeholder's Relationship Committee

The Stakeholder's Relationship Committee was last reconstituted by a resolution of our Board dated June 15, 2017, however consequent to the resignation of Mr. Gopal Sitaram Jiwarajka, the committee was further reconstituted on April 11, 2019 with the following members in compliance with the provisions of Section 178 (5) of the Companies Act, 2013 and SEBI (LODR) Regulations.

During the year under review, one(1) meeting of Stakeholder's Relationship Committee has been held on May 25, 2018.

Name of the Members	Status	Category	No. Of Meetings attended
Mr. Paramartha Saikia*	Chairman	Non-Executive Independent	NA
Mr. Gopal Sitaram Jiwarajka**	Chairman	Non-Executive Independent	1
Mr. Patanjali Govind Keswani	Member	Executive - Chairman & Managing Director	1
Mr. Rattan Keswani	Member	Executive-Deputy Managing Director	1
Ms. Freyan Jamshed Desai	Member	Non-Executive Independent	1

* Appointed as Chairman and member of the Committee w.e.f. April 11, 2019

`** Resigned from the Board and its Committee w.e.f April 1, 2019

Note: The Company Secretary of the Company acts as the Secretary for the Stakeholder's Relationship Committee

RISK MANAGEMENT COMMITTEE

The Risk Management Committee has been constituted in terms Regulation 21 of SEBI (LODR) Regulations and the terms of reference of the Risk Management Committee shall include the following:

(a) Identifying new risks facing the company and reviews existing risks for continuity and relevance including risks relating to cyber security;

(b) Identifying Key Risk Owners who will be responsible for managing individual risks.

(c) Recommending Key Risk Indicators (KRIs) and measurement criteria;

(d) Recommending mitigation plans as identified by individual Key Risk Owners;

(e) The status of each risk along with mitigation plans is presented to the Board/ Committee.

(f) Periodically, but not less than annually, review the adequacy of the Company's resources to perform its risk management responsibilities and achieve objectives.

Composition of the Risk Management Committee

The Risk Management Committee has been constituted by a resolution of our Board dated May 29, 2019, with the following members in compliance with the provisions of Regulation 21 of SEBI(LODR) Regulations.

Name of the Members	Status	Category
Mr. Patanjali Govind Keswani	Chairman	Executive - Chairman & Managing Director
Mr. Rattan Keswani	Member	Executive-Deputy Managing Director
Mr. Davander Tomar	Member	EVP-Corporate Affairs
Mr. Kapil Sharma	Member	Chief Financial Officer
Mr. Vikramjit Singh	Member	President

NAME AND DESIGNATION OF COMPLIANCE OFFICER:

Mr. Nikhil Sethi

Group Company Secretary & GM Legal

INVESTOR GRIEVANCES/COMPLAINTS

The details of the investor complaints received and Resolved during the Financial Year 2018-19 are as follows:

Number of Investor Complaints received so far	1
Number of complaints resolved	1
Number of complaints not solved to the satisfaction of shareholders	0
Number of pending complaints	0
Closing Balance	0

GENERAL BODY MEETING

The date, time and venue of the last three Annual General Meeting are given below.

Financial Year	Date	Time	Venue	Special Resolutions Passed
2017-18	03.08.2018	03.00 p.m	Air Force Auditorium, Subroto Park, New Delhi 110010	Yes
2016-17	29.09.2017	03.30 p.m	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	Yes
2015-16	30.09.2016	03.00 p.m	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	Yes

No special resolution was passed by the postal ballot during last three years.

As on date of this Report, there is no special resolution proposed to be passed through postal ballot on or before ensuing Annual General Meeting. Further, Resolutions (if required) shall be passed by Postal Ballot as per the prescribed procedure under the Act and SEBI(LODR) Regulations.

MEANS OF COMMUNICATION

Information like Quarterly/Half yearly/Annual Financial Results and press releases on significant developments in the Company that have been made available from time to time have been submitted to the Stock Exchanges to enable them to put on their websites and communicated to their members. The same is also available to the Investors or to the Analysts, if any and are also hosted on the Company Website at www.lemontreehotels.com. The Quarterly/Half yearly/Annual Financial Results are published in English and Hindi language newspapers normally in Financial Express and Jansatta. Moreover, a report on Management discussion and Analysis as well as Business responsibility Report also forms part of the Board's Report. The Company is electronically filling all report/information including quarterly results, shareholding pattern and Corporate Governance Report and so on, on NSE website www.connec2nse.com and on BSE website www.listing.bseindia.com

The Company also ensures that the details of its business, financial information, investor presentations, shareholding pattern, compliance with corporate governance, policies, contact information of the designated officials of the Company who are responsible for assisting and handling investor grievances including all other mandatory disclosures are promptly and prominently displayed on the website of the Company at www.lemontreehotels.com

PROHIBITION OF INSIDER TRADING

During the year under review, the Company has amended the Code of Conduct for Prohibition of Insider Trading to align the same with amended SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Regulations") issued vide notification date December 31, 2018 followed by notification dated January 21, 2019 of Securities and Exchange Board of India ("SEBI") and the same is uploaded on the website of the Company at www.lemontreehotels.com

GENERAL SHAREHOLDER INFORMATION

A. ANNUAL GENERAL MEETING

Day & Date	Thursday, August 22, 2019
Venue	Air force Auditorium, Subroto Park, New Delhi 110010
Time	3.00 PM
Cut-off date for the purpose of remote E- voting	August 14, 2019

B. Financial Year

The Financial Year of the Company starts from 1st day of April and ends on 31st day of March of next year.

Financial Calendar 2020 (tentative)

First Quarter Results: First/Second week of August, 2019

Second Quarter Results: First/Second week of November, 2019

Third Quarter Results: First/Second week of February, 2020

Audited Annual Results for the year ending on March 31, 2020: Third/Fourth week of May, 2020

C. DIVIDEND PAYMENT DATE

The Directors of the company have not recommended any dividend for the Financial Year 2018-19

D. NAME AND ADDRESS OF STOCK EXCHANGE AND DATE OF LISTING

Sr. No	Name and address of the Stock Exchange	Date	Stock Code
1.	National Stock Exchange of India Limited C-1, Block G, Bandra Kurla Complex Bandra (East), Mumbai 400 051	April 9, 2018	LEMONTREE
2	BSE Limited P. J. Towers, Dalal Street, Mumbai 400 001	April 9, 2018	541233

Annual Listing fees for the Financial Year 2019-20 has paid by the Company to BSE Limited and National Stock Exchange of India Limited

E. STOCK MARKET DATA & STOCK PERFORMANCE

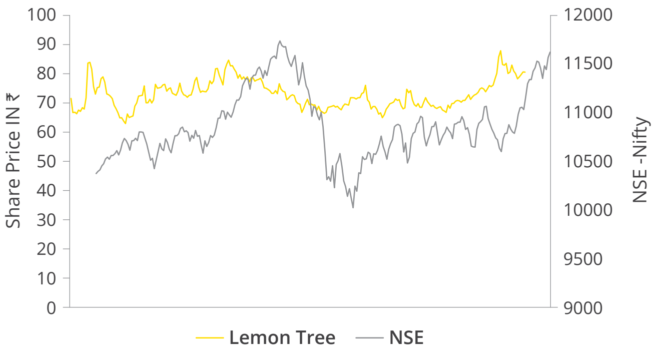
The Company got listed on April 9, 2018 and details of stock market data and Stock performance for financial year 2018-19 are as under:

MARKET PRICE DATE FROM APRIL, 2018 TO MARCH, 2019

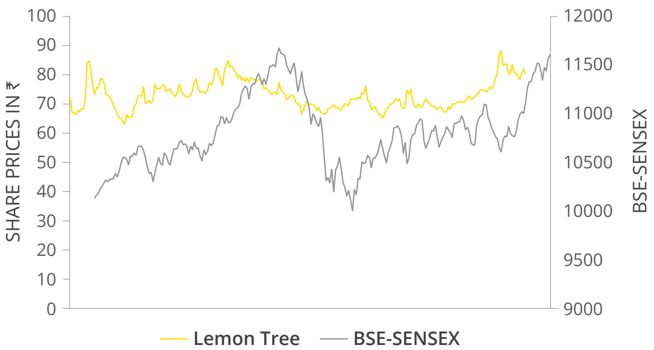
Month	BSE			NSE		
	High	Low	Volume (Nos.)	High	Low	Volume (Nos.)
Ap-18	91.00	57.30	25821054	90.90	57.25	168804618
May-18	80.80	61.75	4144913	80.80	61.80	46369731
Jun-18	78.30	69.30	2842405	78.25	69.35	29082138
Jul-18	84.60	71.85	1658133	84.60	71.30	17749836
Aug-18	86.00	75.05	1923099	86.25	75.45	15032353
Sep-18	78.80	69.10	1660227	78.80	68.70	7547053
Oct-18	72.45	65.00	4131332	72.80	65.40	6072432
Nov-18	79.00	67.40	544270	77.50	67.00	9086549
Dec-18	77.15	63.75	652453	77.80	63.70	11062237
Jan-19	76.00	65.00	1847256	75.55	64.75	8297484
Feb-19	76.75	68.00	241344	77.00	68.00	9061834
Mar-19	89.15	74.4	2260318	89.30	74.25	28318259

Performance in comparison to broad-based indices

Share Price Movement with NSE -Nifty perfomance



Share Price Movement with BSE -SENSEX perfomance



G. SHARE TRANSFER AGENT

All the work related to the shares held in the physical form as well as shares held in the electronic (demat) form is being done at one single point and for this purpose SEBI registered category I Registrar and Share transfer Agent has been appointed, whose details are given below.

Karvy Fintech Pvt. Ltd.
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Serilingampally Mandal,
Hyderabad – 500 032. Tel.: +91 40-67162222
Fax: +91 40-23001153
E-mail: einward.ris@karvy.com
Website: www.karvyfintech.com

H. SHARE TRANSFER SYSTEM

To expedite the transfer of shares in physical form, authority has been delegated to Stakeholder's Relationship Committee of the Board of Directors and all transfers shall be recorded by the Stakeholder's Relationship Committee within a period of 15 days from the date of receipt subject to the documents being complete and valid in all respects. Transfers of Equity Shares through dematerialised form are done through depositories with no involvement of the Company. With regard to transfer of equity shares in physical form, are processed by our R& T Agents, M/s Karvy Fintech Private Limited and the share certificates are dispatched within a period of 15 days from the date of receipt thereafter subject to the documents being complete and valid in all respects. The Company obtains a half-yearly certificate from a Company Secretary in Practice in respect of the share transfers as required under Regulation 40(9) of SEBI(LODR) Regulations and files a copy of the said certificate to the Stock Exchanges.

I. DISTRIBUTION OF SHAREHOLDING

The shareholding distribution of equity shares as on March 31, 2019 is given hereunder:

Number of Equity Shares Held	Number of shareholders	% of total shareholders	Number of shares held	% Shareholding
1-5000	19305	97.42	5630411	0.71
5001-10000	111	0.56	846499	0.11
10001-20000	84	0.42	1218908	0.15
20001-30000	37	0.19	945423	0.12
30001-40000	26	0.13	920676	0.12
40001-50000	22	0.11	1011942	0.13
50001-100000	52	0.26	3646886	0.46
100001-ABOVE	179	0.90	778025719	98.21
TOTAL	19816	100.00	792246464	100.00

J. CATEGORY WISE SHAREHOLDING

Sl. No	Description	Total no of Equity Shares held as on March 31, 2019	%age
1	Foreign Bodies Corporates	246,616,490	31.13
2	Promoters Bodies Corporate	213,569,039	26.96
3	Foreign Portfolio - Corp	106,884,890	13.49
4	Mutual Funds	70,832,867	8.94
5	Bodies Corporates	69,148,901	8.73
6	Resident Individuals	35,283,430	4.45
7	Promoters	31,150,764	3.93
8	Employees	10,458,103	1.32
9	Trusts	2,950,893	0.37
10	Non Resident Indian Non Repatriable	2,644,032	0.33
11	Clearing Members	1,166,986	0.15
12	Non Resident Indians	788,273	0.10
13	H U F	401,476	0.05
14	Non Resident Indian Repatriable	168,654	0.02
15	Indian Financial Institutions	88,823	0.01
16	Foreign Portfolio Investors	60,000	0.01
17	Banks	18,343	0.00
18	NBFC	14,500	0.00
	Total	792,246,464	100.00

K. DEMATERIALIZATION OF SHARES

As on March 31, 2019, 80.29% of the total equity shares were held in dematerialised form.

L. OUTSTANDING CONVERTIBLE INSTRUMENTS

The Company doesn't have any Outstanding Convertible Instruments having any impact on the equity.

M. COMMODITY PRICE RISK OR FOREIGN EXCHANGE RISK AND HEDGING ACTIVITIES

The Company has not undertaken any forex or hedging transactions during the year under review.

N. HOTELS LOCATIONS

The hotel locations have been provided in the Corporate Overview Section of the Annual Report and also available at www.lemontreehotels.com.

O. ADDRESS FOR CORRESPONDENCE

The investors may address their queries to the Company at the address mentioned hereinbelow:

Mr. Nikhil Sethi
Group Company Secretary & GM Legal &
Compliance Officer
Asset No. 6, Aerocity Hospitality District
New Delhi 110 037, India
Tel: +91 11 4605 0122
Facsimile: +91 11 4605 0110
E-mail: sectdeptt@lemontreehotels.com

OTHER DISCLOSURES

Related Party Transactions

The Company has formulated a policy on materiality of Related Party Transactions and dealing with Related Party Transactions and the same has been disclosed on the Company's website at the following link: https://www.lemontreehotels.com/factsheet/Policies/Policy_on_ Related_Party_Transaction.pdf.

All related party transactions including those transactions of repetitive in nature requiring omnibus approval are placed before the Audit Committee for approval.

The details of related party transactions entered into by the Company pursuant to each Omnibus approval given, are reviewed by the Audit Committee.

Related Party Disclosures as required under the SEBI (LODR) Regulations are given in the notes to the Financial Statements.

Statutory Compliances/Penalty

There are no penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets.

Vigil Mechanism and Whistle Blower Policy

With a view to adopt the highest ethical standards in the course of business, the Company has a Whistle Blower Policy in place for reporting the instances of conduct which are not in conformity with the policy. Directors, employees, vendors or any person having dealings with the Company may report non-compliance to the Chairman of Audit Committee, who reviews the report. Confidentiality is maintained of such reporting and it is ensured that the Whistle Blowers are not subjected to any discrimination.

No person was denied access to the Audit Committee. The said policy is also uploaded on the website of the Company at https://www.lemontreehotels.com/factsheet/AmendedLTHCodeofConductandVigilMechanism.pdf.

Compliance with Mandatory and Non-Mandatory Requirements under Chapter IV of SEBI (LODR) Regulations

The Company is regularly complying with the SEBI (LODR) Regulations as stipulated therein. Information, certificates and returns as required under the provisions of SEBI (LODR) Regulations are sent to the stock exchanges within the prescribed time.

The Company has also complied with all the mandatory requirement of SEBI (LODR) Regulations

The status of compliance with the non-mandatory requirements is as under:

1. **The Board**

   The Chairman of the Company is an Executive Chairman and hence the provisions for Non-Executive Chairman are not applicable as on date. All other requirements of the Board during the year have been complied with.

2. **Shareholders' Rights**

   Quarterly and Half Yearly financial results are furnished to the Stock Exchanges and published in prescribed newspaper and also uploaded on website of the Company. The same are not separately sent to each household of the Shareholders. Significant events are posted on Company's website from time to time.

3. **Modified Opinion(s) in Audit Report**

   There are no modified opinion(s) on the financial statements for the financial year 2018-19.

4. **Reporting of Internal Auditor**

The Internal Auditor reports to the Audit Committee.

Policy for Determining Material Subsidiaries and Dealing with Related Party Transactions

The Board has formulated a policy for determining material subsidiaries pursuant to the provisions of SEBI(LODR) Regulations which is available on the website of the Company at https://www.lemontreehotels.com/factsheet/Policies/Policy_for_Determination_of_Material_Subsidiary-15.06.2017.pdf.

Three (3) of the Independent Directors of the Company are also on the Board of material subsidiary i.e Fleur Hotels Private Limited.

Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) during the financial year 2018-19.

A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority.

The Company has obtained a certificate from practicing company secretary that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority which forms part of the corporate governance report. The same is available on the website of the company www.lemontreehotels.com

Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part

The total fees paid to the M/s Deloittee Haskins & Sells LLP, Statutory Auditor by the Company and its subsidiaries on a consolidated basis for the Financial Year 2018-19 is ₹ 1.05 Crore.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

During the financial year ended March 31, 2019, the Company has not received any complaint in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Number of Complaints filed during the financial year under review	0
Number of complaints disposed of during the financial year under review	0
Number of complaints pending as on the end of financial year	0

Scores

The Company has registered itself for SEBI Complaints Redress System (SCORES), a centralized web based complaints redress system with 24 x 7 access. It allows online lodging of complaints at anytime from anywhere.

An automated email acknowledging the receipt of the complaint and allotting a unique complaint registration number is generated for future reference and tracking.

Equity Shares in the Suspense Account

The Company has in accordance with the procedure laid down in Schedule IV of SEBI (LODR) Regulations opened a dematerialization account namely 'Lemon Tree Hotels Ltd'. Unclaimed Suspense Demat Account' however, no shares have been transferred till March 31, 2019.

Reconciliation of Share Capital Audit

The reconciliation of Share Capital Audit is conducted by the Company Secretary in practice to reconcile the total admitted capital with National Securities Depository Limited and Central depository Services(India) Limited("Depositories") and the total issued and listed capital. The audit confirms that the total issued /paid up capital is in agreement with the aggregate of the total number of shares in physical form and total number of shares in dematerialised form(held with depositories) and that the request for dematerialization of shares are processed by the R & T Agent within the stipulated period of 21(Twenty One) days and uploaded with the concerned depositories.

Information on Deviation from Accounting Standards, if any

The Company has adopted Indian Accounting Standards (Ind AS) in preparation of annual accounts for the Financial Year 2019.

Disclosure Of Compliance with the Corporate Governance requirements Specified in Regulation 17 to 27 and Regulation 46 of SEBI (LODR) Regulations

The Company has complied with the applicable provisions of SEBI (LODR) Regulations including Regulation 17 to 27 and Regulation 46 of SEBI (LODR) Regulations.

The Company submits a quarterly compliance report on corporate governance signed by the Compliance Officer to the Stock Exchange within 15(fifteen) days from the close of every quarter. Such quarterly compliance report on Corporate Governance also posted on the website of the Company.

A Certificate from M/s Sanjay Grover & Associates, Practicing Company Secretary confirming compliance with the conditions of the Corporate Governance as stipulated under the SEBI (LODR) Regulations, is forming part of this Annual report.

CEO / CFO certification

To comply with the Regulation 17(8) of SEBI (LODR) Regulations, the Chairman & Managing Director and the Chief Financial Officer have certified that the financial statements present a true and fair view of the Company's affairs and are in compliance with existing accounting standards.

Code of Conduct

The Board of Directors of the Company has adopted the Code of Conduct for Directors and Senior Management Personnel. The Code is applicable to Executive and Non-Executive Directors as well as Senior Management Personnel. As per the SEBI (LODR) Regulations, the duties of Independent Directors have been suitably incorporated in the said Code as laid down in the Companies Act, 2013.

A copy of the code is available on Company's website www.lemontreehotels.com

A declaration signed by the Chairman & Managing Director is given below:

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, an affirmation that they have complied with the Code of Conduct for Directors and Senior Management Personnel in respect of the financial year 2018-19.

For **Lemon Tree Hotels Limited**

Patanjali Govind Keswani
Chairman & Managing Director
DIN:00002974

CORPORATE GOVERNANCE CERTIFICATE

To
The Members
Lemon Tree Hotels Limited

We have examined the compliance of conditions of Corporate Governance by Lemon Tree Hotels Limited ("the Company"), for the financial year ended March 31, 2019 as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Sanjay Grover & Associates**
Company Secretaries
Firm Registration No.: P2001DE052900

Sanjay Grover
Managing Partner
CP No.:3850

Place : New Delhi
Date : 29.05.2019

CERTIFICATION BY MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER OF THE COMPANY PURSUANT TO REGULATION 17(8) OF SECURITIES EXCHANGE BOARD OF INDIA (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015

This is to certify that:

(a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2019 of Lemon Tree Hotels Limited (the Company) and that to the best of our knowledge and belief:

  (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading:

  (ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting in the Company and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to financial reporting. We have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and Audit Committee

  (i) Significant changes in internal control over financial reporting during the year;

  (ii) Significant changes in accounting policies during the year and the same have been disclosed in the notes to the financial statements; and

  (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For **Lemon Tree Hotels Limited**

Place: New Delhi
Date: 29.05.2019

Kapil Sharma
Chief Financial officer

Patanjali Govind Keswani
Chairman & Managing Director
Din: 00002974

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members of
Lemon Tree Hotels Limited
Asset No. 6, Aerocity Hospitality District
New Delhi - 110037

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **Lemon Tree Hotels Limited** having **CIN L74899DL1992PLC049022** and having registered office at Asset No. 6, Aerocity Hospitality District New Delhi - 110037 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any court or any other Statutory Authority:

Sr. No.	Name of Director	DIN	Date of appointment in Company
1.	Mr. Patanjali Govind Keswani	00002974	07/10/2002
2.	Mr. Rattan Keswani	05317766	12/12/2012
3.	Mr. Anish Kumar Saraf*	00322784	13/08/2018
4.	Mr. Willem Albertus Hazeleger	07902239	09/08/2017
5.	Mr. Ravi Kant Jaipuria	00003668	23/12/2003
6.	Mr. Gopal Sitaram Jiwarajka**	00024325	18/09/2017
7.	Mr. Ashish Kumar Guha	00004364	15/06/2017
8.	Mr. Arvind Singhania	00934017	15/06/2017
9.	Mr. Paramartha Saikia	07145770	15/06/2017
10.	Ms. Freyan Jamshed Desai	00965073	15/06/2017
11.	Mr. Pradeep Mathur	05198770	05/12/2017
12.	Dr. Arindam Kumar Bhattacharya***	01570746	11/04/2019
13.	Mr. Aditya Madhav Keswani	07208901	17/06/2015

*Appointed as Additional Director w.e.f August 13, 2018

**Resigned from Board and its committee w.e.f April 1, 2019

***Appointed as Additional Independent Director w.e.f April 11, 2019

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Dhawal Kant Singh
Membership No.: F8687
CP No.:7347

Place: Delhi
Date : 29.05.2019

ANNEXURE-6

REMUNERATION TO DIRECTORS/ KMPs AND EMPLOYEES

[Pursuant to Rule 5(2) & 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

SR. NO.	DESCRIPTION	DIRECTORS	EMPLOYEES				
a)	Name of the Employee	**Mr. Patanjali Govind Keswani (1)**	**Mr. Vikramjit Singh (2)**	**Mr. Kapil Sharma (3)**	**Mr. Davander Tomar (4)**	**Mr. Jagdish K Chawla (5)**	**Ms. Sareena Kochhar (6)**
b)	Designation of the employee	Chairman & Managing Director	President	Chief Financial Officer	Executive Vice President-Corporate Affairs	Executive Vice President-Projects & Engineering	Vice President-Housekeeping
c)	Remuneration Received (In ₹)	3,34,74,679/-	2,91,94,998/-	1,96,82,972/-	1,72,16,303/-	₹ 16,58,173/-	85,38,745/-
d)	Nature of Employment, whether contractual or not	Non-contractual	Non-contractual	Non-contractual	Non-contractual	Non-Contractual	Non-contractual
e)	Qualifications and experience of the employee	B. Tech in Electrical Engineering from IIT Delhi and PGDBM from IIM Calcutta. He has a experience of over 33 years	Graduate from Sri Ram College of Commerce and a post graduate in Hospitality Management and Administration from the Taj Group of Hotels and has an experience of over 23 years	Chartered Accountant. He has a experience of over 24 years	M.A & LLB from Delhi University and has a total experience of over 37 years.	Diploma Degree in Electrical Engineering from Pusa Polytechnic, Pusa, New Delhi and has a total experience of over 40 years in the field of engineering, construction and operations	B.Sc (Home Science) and Diploma in Hotel Management with over 32 years of experience in Hospitality
f)	Date of commencement of employment with company	07.10.2002	15.05.2014	01.12.2004	25.09.2002	01.02.2019 (Transferred from Subsidiary Company w.e.f 1st Feb, 2019)	15.07.2006
g)	The age of such employee	60 Years	43 years	50 years	57 years	61 years	55 years
h)	The last employment held by such employee before joining the Company	Senior Partner A.T. Kearney Inc., India	He was an entrepreneur in Assam where he ran his own hotel	Head-Finance and Accounts, Leroy Somer & Controls India Private Limited	Area Security Manager-Taj Group of Hotels	Taj Group of Hotels	Corporate Executive Housekeeper with VLCC Health Care.
i)	The percentage of equity shares held by the employee in the Company within the meaning of Clause(iii) of sub-rule (2) above	3.51%	0.06%	0.16%	0.02%	0.19%	0.04%
j)	Whether any such employee is a relative of any director or manager of the Company and if so, the name of such director or manager	Mr. Aditya Madhav Keswani, Director	N.A	N.A	N.A	N.A	N.A

Note(s): Gross remuneration includes basic salary, allowances, taxable value of perquisites and the Company's contribution to Provident Fund, but excludes provision for retiring gratuity and leave benefits.

ANNEXURE- 6

REMUNERATION TO EMPLOYEES

[Pursuant to Rule 5(2) & 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

Sr. No.	Description	EMPLOYEES			
a)	Name of the Employee	**Mr. Ajai Kumar** (7)	**Mr. Mahesh Sesha Aiyer** (8)	**Mr. Rajiv Tyagi** (9)	**Ms. Ritu Ranjan** (10)
b)	Designation of the employee	Chief Information Officer	Senior Vice President Operations- South & West	Vice President-Finance	Chief Design Officer
c)	Remuneration Received (In ₹)	55,46,539/-	54,60,016/-	48,03,065/-	45,63,263/-
d)	Nature of Employment, whether contractual or not	Non-contractual	Non-contractual	Non-contractual	Non-contractual
e)	Qualifications and experience of the employee	B.Sc & MCA from Madan Mohan Malaviya Engineering College, Gorakhpur, UP and MBA from Sikkim Manipal University & 27 years of rich experience in his field	B.E (Mechanical) & M.B.A and have over 24 years of experience in his field	He is commerce graduate from Delhi University and have over 34 years of experience in his field	B.A (Honors) in Philosophy from Delhi University in the year 1987 and having 18 years of experience
f)	Date of commencement of employment with company	15.10.2010	02.07.2018	15.07.2006	01.04.2014
g)	The age of such employee	51 years	48 years	58 years	51 years
h)	The last employment held by such employee before joining the Company	Head IT Celebi Delhi Cargo Terminal Management Pvt. Ltd	Chief Operating Officer at Ozone Group	Area Credit Manager, Taj Group of Hotels, New Delhi	Self employed
i)	The percentage of equity shares held by the employee in the Company within the meaning of Clause(iii) of sub-rule (2) above	0.01%	0.01%	0.05%	0.04%
j)	Whether any such employee is a relative of any director or manager of the Company and if so, the name of such director or manager	N.A	N.A	N.A	N.A

Note(s):

Gross remuneration includes basic salary, allowances, taxable value of perquisites and the Company's contribution to Provident Fund, but excludes provision for retiring gratuity and leave benefits for which separate figures are not available.

For **Lemon Tree Hotels Limited**

Patanjali Govind Keswani
Chairman & Managing Director
Din: 00002974

Place : New Delhi
Date : 29.05.2019

ANNEXURE-7

Details pertaining to remuneration as required u/s 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and remuneration of Managerial personnel) Rules, 2014

1. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year, the percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;-

Name	Designation	Ratio of Remuneration of each Director to the median remuneration of employees	Percentage Increase in Remuneration*
Mr. Patanjali Govind Keswani	Chairman and Managing Director	329	Nil
Mr. Kapil Sharma	Chief Financial Officer	NA	18.74
Mr. Nikhil Sethi	Group Company Secretary & GM Legal	NA	18.49

*The same doesn't include ex-gratia and perquisite value of options exercised

No other directors were paid remuneration during the Financial Year 2018-19

2. **The percentage increase in the median remuneration of employees in the financial year.**

   The percentage increase in the median remuneration of employees in the financial year 2019 is 2%

3. **The number of permanent employees on the rolls of the Company.**

   The number of permanent employees on the rolls of the Company as on March 31, 2019 is 965 across all the locations globally.

4. **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.**

   Average percentile increase in salaries of employees other than the managerial personnel in the last Financial Year was 5% as compare to 3% increase in the managerial remuneration.

5. It is hereby affirmed that the remuneration paid during the year is as per the Nomination and Remuneration Policy of the Company.

For **Lemon Tree Hotels Limited**

Patanjali Govind Keswani
Chairman & Managing Director
Din: 00002974

Place : New Delhi
Date : 29.05.2019

ANNEXURE - 8

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of
the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members
Lemon Tree Hotels Limited
(CIN: L74899DL1992PLC049022)
Asset No. 6, Aerocity Hospitality District,
New Delhi-110037

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Lemon Tree Hotels Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We report that-

a) Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.

c) We have not verified the correctness and appropriateness of the financial statements of the Company.

d) Wherever required, we have obtained the Management representation about the compliances of laws, rules and regulations and happening of events etc.

e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations and standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.

f) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2019 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder/Companies Act, 1956 (wherever applicable);

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, where applicable;

(v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, where applicable;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

   (e) *The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

   (g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

(h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018; and

(i) The Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015;

* No event took place under these regulations during the Audit period.

We have also examined compliance with the applicable clauses of the Secretarial Standards on Meetings of the Board of Directors and on General Meetings issued by the Institute of Company Secretaries of India with which the Company has generally complied with.

During the Audit Period, the Company has complied with the provisions of the Act, Rules, Regulations, Standards and Guidelines, to the extent applicable, as mentioned above.

(vi) The Company is engaged in the Hotel Business and is running hotels at various locations PAN India. Following are some of the laws specifically applicable to the Company:

- The Legal Metrology Act, 2009 and rules made thereunder;
- Food Safety and Standards Act, 2006 and rules made thereunder;.

We have checked the Compliance Management System of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the Audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the Compliance Management System of the Company seems adequate to ensure compliance of laws, specifically applicable to the Company.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the audit period were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings. Agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

We further report that systems and processes in the Company are satisfactory, which can further be strengthened commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period-

- The IPO Committee in its meeting held on April 5, 2018 has given its approval for allotment of 185,479,400 (Eighteen Crore Fifty Four Lakhs Seventy Nine Thousand and Four Hundred) equity shares of face value of ₹ 10 (Rupees Ten) each at the offer price of ₹ 56 (Rupees Fifty Six) per equity shares aggregating to ₹ 10,386.85 million through an offer for sale.
- Pursuant to Section 62(1)(b) and other applicable provisions, if any, of the Companies Act, 2013 and the provisions of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and other applicable provisions of listing regulations, the share allotment Committee in its meeting held on July 19, 2018, allotted 5,833,781 (Fifty Eight Lakh Thirty Three Thousand Seven Hundred and Eighty One) Equity shares of ₹ 10 (Rupees Ten) each at an allotment price of 21.50 (Rupees Twenty One and Fifty Paise) per share to Krizm Hotels Private Limited Employees Welfare Trust under Employees Stock Option Plan (ESOP) 2006.

For **Sanjay Grover & Associates**
Company Secretaries
Firm Registration No.: P2001DE052900

Devesh Kumar Vasisht
Partner
CP No. 13700

New Delhi
29.05 2019

ANNEXURE-9

PARTICULARS OF CONTRACTS/ARRANGEMENTS ENTERED WITH THE RELATED PARTIES

[Form AOC2- Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014]

1. **Details of contracts or arrangements or transactions not at Arm's length basis.**

Sl. No/ Particulars	Name of the related party and nature of relationship (1)	Nature of Contract/ arrangement and transactions (2)	Duration of Contract/ arrangements/ transaction (3)	Salient terms of the Contracts/arrangement or transaction including the value (4)	Justification for entering into contracts or arrangements or transaction (5)	Date of approval of the Board (6)	Amount paid as Advances, if any (7)	Date on which special resolution was passed in General meeting u/ first proviso to S.188 (8)
NO SUCH CONTRACT/ARRANGEMENT/ TRANSACTION WHICH WAS NOT AT ARM'S LENGTH BASIS DURING THE YEAR								

2. **Details of contracts or arrangements or transactions at Arm's length basis.**

Sl. No/ Particulars	Name of the related party and nature of relationship (1)	Nature of Contract/ arrangement and transactions (2)	Duration of Contract/ arrangements/ transaction (3)	Salient terms of the Contracts/ arrangement or transaction including the value (4)	Justification for entering into contracts or arrangements or transaction (5)	Date of approval of the Board (6)	Amount paid as Advances, if any (7)	Date of passing resolution u/Sec 188 of CA2013 (8)
1	Hamstede Living Private Limited (Associate Company)	Service Agreement	12 months	Rendering transitional services including, strategy, sales, marketing, project design, vendor selection, project execution support, company incorporation support, administration support (including finance and accounts, human resource, information technology, liasoning, company secretarial, legal and other corporate services to the Related Party at a fees of ₹ 2 Crore p.a	The transaction for entering into service agreement is advantageous for the Company and the Related Party and is in compliance with Section 188 and other applicable provisions of the Companies Act, 2013 and the rules thereto	27.12.2018	-	NA

Sl. No/ Particulars	Name of the related party and nature of relationship (1)	Nature of Contract/ arrangement and transactions (2)	Duration of Contract/ arrangements/ transaction (3)	Salient terms of the Contracts/ arrangement or transaction including the value (4)	Justification for entering into contracts or arrangements or transaction (5)	Date of approval of the Board (6)	Amount paid as Advances, if any (7)	Date of passing resolution u/Sec 188 of CA2013 (8)
2	Hamstede Living Private Limited (Associate Company)	Brand License Agreement	until the earlier of: (a) on completion of 7 year from 13.03.2019 or the date on which Company shareholding in the Related Party fall below 10% of the Share Capital of the Related Party, whichever is later or acquisition of more than 50% (fifty per cent) of the Share Capital by a Competitor (b) Related Party shall be entitled to terminate this Agreement at its option after providing a notice of 3 (three) months to the Company	For giving license for use of Brand Lemon Tree for the projects of Related party	The transaction for entering into Brand License agreement is advantageous for the Company and the Related Party and is in compliance with Section 188 and other applicable provisions of the Companies Act, 2013 and the rules thereto	27.12.2018	-	NA
3	Hamstede Living Private Limited (Associate Company)	Sub-License Agreement	6 years w.e.f February 1, 2019	Sub-License Agreement for sharing common office space with the related party	The transaction for entering into agreement is advantageous for the Company and the Related Party and is in compliance with Section 188 and other applicable provisions of the Companies Act, 2013 and the rules thereto	13.02.2019	-	NA

ANNEXURE-10

EXTRACT OF ANNUAL RETURN
FORM NO. MGT 9
(AS ON FINANCIAL YEAR ENDED ON 31.03.2019)

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company (Management & Administration) Rules, 2014].

I REGISTRATION & OTHER DETAILS:

i	CIN	**L74899DL1992PLC049022**
ii	Registration Date	**June 2, 1992**
iii	Name of the Company	**Lemon Tree Hotels Limited**
iv	Category/Sub-category of the Company	**Public Limited Company/Company having share capital**
v	Address of the Registered office & contact details	**Asset No. 6, Aerocity Hospitality District, New Delhi-110037 Contact: 011-46050101**
vi	Whether listed company	**Listed**
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	**Karvy Fintech Private Limited, Karvy Selenium, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad-500032 T+91 040 67161603**

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Hotel Business	55101	100%

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sl No	Name of the Company	Address	CIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD #
1	Begonia Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037**	U55101DL2009PTC189339	Subsidiary	74.11%
2	Carnation Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55101DL2002PTC118180	Subsidiary	74.90%
3	Dandelion Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55101DL2007PTC166044	Wholly Owned Subsidiary	100%
4	Lemon Tree Hotel Company Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037*	U55101DL2007PTC158376	Wholly Owned Subsidiary	100%
5	Meringue Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55101DL2006PTC144533	Wholly Owned Subsidiary	100%
6	Nightingale Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037**	U55101DL2007PTC158178	Subsidiary	57.53%
7	Oriole Dr. Fresh Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U85110DL2004PTC128937	Wholly Owned Subsidiary	100%
8	Canary Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55101DL2006PTC144532	Wholly Owned Subsidiary	100%
9	Sukhsagar Complexes Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U70101DL1993PTC172878	Wholly Owned Subsidiary	100%

Sl No	Name of the Company	Address	CIN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD #
10	Red Fox Hotel Company Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037*	U55204DL2007PTC157848	Wholly Owned Subsidiary	100%
11	Grey Fox Project Management Company Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U74140DL2012PTC238272	Wholly Owned Subsidiary	100%
12	Valerian Management Services Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U20296DL2007PTC169518	Indirect Subsidiary	100%
13	PSK Resorts & Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U74140DL2007PTC169861	Wholly Owned Subsidiary	100%
14	Manakin Resorts Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55101DL2005PTC212230	Indirect Subsidiary	100%
15	Madder Stays Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U74999DL2018PTC342313	Wholly Owned Subsidiary	100%
16	Jessamine Stays Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U74999DL2018PTC342311	Wholly Owned Subsidiary	100%
17	Poplar Homestead Holdings Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U74999DL2018PTC342345	Wholly Owned Subsidiary	100%
18	Fleur Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55101DL2003PTC207912	Subsidiary	57.98%
19	Celsia Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U45201DL2003PTC191326	Indirect Subsidiary	57.98%
20	Hyacinth Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55204DL2007PTC166050	Indirect Subsidiary	57.98%
21	Inovoa Hotels & Resorts Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U65921DL1995PLC067686	Indirect Subsidiary	57.98%
22	Iora Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55101DL2009PTC192981	Indirect Subsidiary	59.66%
23	Ophrys Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55101DL2007PTC166020	Indirect Subsidiary	57.98%
24	Bandhav Resorts Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55100DL2008PTC327179	Indirect Subsidiary	57.98%
25	Hamstede Living Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U74999DL2018PTC342682	Associate Company	30%
26	Mind Leaders Learning India Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U80904DL2017PTC312452	Associate Company	36.56%
27	Pelican Facilities Management Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U74140DL2009PTC195209	Indirect Associate Company	36.56%

% of shares mentions both direct and indirect, as the case may be, shareholding in subsidiaries.

* Changed w.e.f. April 4, 2019

** Changed w.e.f. April 10, 2019

IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

(i) Category-wise Share holding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters & Promoter Group :									
1. Indian ,									
a) Individual/ HUF	3,11,16,764	0	3,11,16,764	3.96	3,11,50,764	0	3,11,50,764	3.93	-0.03
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	21,31,89,039	0	21,31,89,039	27.11	21,35,69,039	0	21,35,69,039	26.96	-0.15
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUBTOTAL (A) (1)	**24,43,05,803**	**0**	**24,43,05,803**	**31.07**	**24,47,19,803**	**0**	**24,47,19,803**	**30.89**	**-0.18**
2. Foreign									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other...	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (A) (2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**	**0**
Total Share-holding of Promoters (A)=(A)(1) +(A)(2)	**24,43,05,803**	**0**	**24,43,05,803**	**31.07**	**24,47,19,803**	**0**	**24,47,19,803**	**30.89**	**-0.18**
B. PUBLIC SHAREHOLDING:									
Institutions									
a) Mutual Funds	0	0	0	0.00	70,832,867	0	70,832,867	8.94	8.94
b) Banks/FI	0	0	0	0.00	1,07,166	0	1,07,166	0.01	0.01
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIS	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others –Foreign Portfolio Investors	0	0	0	0.00	10,69,44,890	0	10,69,44,890	13.50	13.50
SUB TOTAL (B)(1):	**0**	**0**	**0**	**0.00**	**17,78,84,923**	**0**	**17,78,84,923**	**22.45**	**22.45**

Category of Share-holders		No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non Institutions										
a)	**Bodies corporate**									
i)	**Indian**	9,01,11,078	1,05,15,446	10,06,26,524	12.80	6,01,68,539	89,77,362	6,91,45,901	8.72	-4.08
ii)	**Overseas**									
	(a) Foreign Body Corporates	25,40,90,256	12,98,36,014	38,39,26,270	48.82	11,67,80,476	12,98,36,014	24,66,16,490	31.13	-17.69
	(b) OCB	-	-	-	-	-	-	-	-	-
b)	Individuals									
i)	Individual shareholders holding nominal share capital upto ₹1 lakhs	0	862,344	862,344	0.11	53,97,077	2,94,121	56,91,198	0.72	0.61
ii)	Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	23,58,822	3,66,82,558	3,90,41,380	4.97	2,57,78,020	1,42,72,315	4,00,50,335	5.06	0.09
c)	**Others(specify)**									
HUF		1,39,99,416	2,54,276	1,42,53,692	1.81	375,292	26,184	4,01,476	0.05	-1.76
Trust		-	19,432	19,432	0.00	29,50,893	0.00	29,50,893	0.37	0.37
NBFC		-	-	-	-	14,500	0.00	14,500	0.00	0.00
Clearing members		-	-	-	-	11,69,986	0.00	11,69,986	0.15	0.15
Non-Resident Individuals (NRI's)										
-Repat Basis		0	8,23,200	8,23,200	0.10	788,273	168,654	9,56,927	0.12	0.02
-Non-repat Basis		0	25,54,038	25,54,038	0.32	89,994	25,54,038	26,44,032	0.34	0.02
SUB TOTAL (B)(2):		**36,96,92,052**	**18,15,47,308**	**54,21,06,880**	**68.93**	**21,35,13,050**	**15,61,28,688**	**36,96,41,738**	**46.65**	**-22.27**
Total Public Share-holding (B)=(B)(1)+(B)(2)		**36,96,92,052**	**18,15,47,308**	**54,21,06,880**	**68.93**	**39,13,97,973**	**15,61,28,688**	**54,75,26,661**	**69.11**	**0.18**
C. Shares held by Custodian for GDRs & ADRs		**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
Grand Total (A+B+C)		**0**	**78,64,12,683**	**78,64,12,683**	**100.00**	**63,61,17,776**	**15,61,28,688**	**79,22,46,464**	**100.00**	**0.00**

(ii) SHAREHOLDING OF PROMOTERS AND PROMOTER GROUP

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	Spank Management Services Pvt. Ltd.	20,73,75,759	26.37	-	20,76,85,759	26.21	-	-0.16
2	Patanjali G Keswani	2,77,97,564	3.53	-	2,78,31,564	3.51	-	-0.02
3.	Ms. Lillette Dubey	3,74,908	0.05	-	3,74,908	0.05	-	0.00
4.	Ms. Ila Dubey	29,44,292	0.37	-	29,44,292	0.37	-	0.00
5.	Sparrow Buildwell Private Limited	58,13,280	0.74	-	58,83,280	0.74	-	0.00
	Total	**24,43,05,803**	**31.07**	**-**	**24,47,19,803**	**30.89**	**-**	**-0.18**

iii) CHANGE IN PROMOTERS' & PROMOTER'S GROUP SHAREHOLDING

Sl. No.	Name of the Promoter	No of Share as at 01.04.2018/ 31.03.2019	% of total shares of the company	Date	Increase/ Decrease in shareholding	Reason	Cumulative Share holding during the year	
							No of shares	% of total shares of Company
1	Spank Management Services Private Limited	20,73,75,759	26.37	01.04.2018				
				15.06.2018	50,000	Market Purchase	20,74,25,759	26.38
				12.10.2018	250000	Market Purchase	20,76,75,759	26.21
				19.10.2018	10000	Market Purchase	20,76,85,759	26.21
		20,76,85,759	26.21	31.03.2019				
2	Mr. Patanjali G. Keswani	2,77,97,564	3.53	01.04.2018				
				26.10.2018	20,000	Market Purchase	2,78,17,564	3.51
				22.02.2019	14,000	Market Purchase	2,78,31,564	3.51
		2,78,31,564	3.51	31.03.2019				
3	Ms. Lillette Dubey	3,74,908	0.05	01.04.2018			3,74,908	0.05
					Nil	No Change		
		3,74,908	0.05	31.03.2019				
4	Ms. Ila Dubey	29,44,292	0.37	01.04.2018			29,44,292	0.37
					Nil	No Change		
		29,44,292	0.37	31.03.2019				
5	Sparrow Buildwell Private Limited	58,13,280	0.74	01.04.2018				
				03.12.2018	10,000	Market Purchase	58,23,280	0.74
				04.12.2018	8762	Market Purchase	58,32,042	0.74
				05.12.2018	11,238	Market Purchase	58,43,280	0.74
				06.12.2018	20,000	Market Purchase	58,63,280	0.74
				10.12.2018	20,000	Market Purchase	58,83,280	0.74
		58,83,280	0.74	31.03.2019				

(iv) **Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Sl No.	Name of the Share-holders	No of Shares as at 01.04.2018/ 31.03.2019	% of total shares of Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative Share holding during the year	
							No of shares	% of total shares of Company
1	APG Strategic Real Estate Pool N.V.	11,87,30,914	15.10	01.04.2018	Nil	No Change		
		11,87,30,914	14.99	31.03.2019			11,87,30,914	14.99
2	Maplewood Investment Ltd.	19,29,08,118	24.53	01.04.2018				
				06.04.2018	9,45,00,053	Transfer thru Offer for Sale	9,84,08,065	12.42
		9,84,08,065	12.42	31.03.2019				
3	SBI Large and Mid Cap Fund	0	0	01.04.2018				
				06.04.2018	5,68,17,761	Purchase through Offer for Sale	5,68,17,761	7.22
		568,17,761	7.17	31.03.2019				
4	RJ Corp Ltd.	7,87,48,368	10.08	01.04.2018				
				06.04.2018	2,53,20,584	Transfer through Offer for Sale	5,34,27,784	6.74
		5,34,27,784	6.74	31.03.2019				
5	Palms International Investments Ltd.*	3,83,19,822	4.87	01.04.2018				
				06.04.2018	1,91,59,911	Transfer through Offer for Sale	1,91,59,911	2.44
		1,91,59,911	2.42	31.03.2019				
6	Zaaba Pan Asia Master Fund	0	0	01.04.2018				
				06.04.2018	11,58,580	Purchase through Offer for Sale	11,58,580	0.15
				13.04.2018	5,05,000	Market Purchase	16,63,580	0.21
				18.05.2018	12,12,428	Market Purchase	28,76,008	0.37
				15.06.2018	2,35,000	Market Purchase	31,11,008	0.40
				22.06.2018	77,356	Market Purchase	31,88,364	0.41
				29.06.2018	5,16,184	Market Purchase	37,04,548	0.47
				06.07.2018	6,00,000	Market Purchase	43,04,548	0.55
				13.07.2018	21,926	Market Purchase	43,26,474	0.55
				20.07.2018	1,60,607	Market Purchase	44,87,081	0.57
				03.08.2018	6,49,000	Market Purchase	51,36,081	0.65
				07.09.2018	1,15,593	Market Purchase	52,51,674	0.66
				28.09.2018	1,46,829	Market Purchase	53,98,503	0.68
				05.10.2018	1,76,317	Market Purchase	55,74,820	0.70
				12.10.2018	1,68,000	Market Purchase	57,42,820	0.72
				19.10.2018	81,188	Market Purchase	58,24,008	0.74
				26.10.2018	86,580	Market Purchase	59,10,588	0.75
				02.11.2018	5,52,244	Market Purchase	64,62,832	0.82
				07.12.2018	2,54,154	Market Purchase	67,16,986	0.85
				13.12.2018	22,997	Market Purchase	67,39,983	0.85
				04.01.2019	1,49,920	Market Purchase	68,89,903	0.87
				01.03.2019	1,33,322	Market Purchase	70,23,225	0.89
				08.03.2019	59,813	Market Purchase	70,83,038	0.89
				15.03.2019	59,26,254	Market Purchase	1,30,09,292	1.64
				22.03.2019	31,213	Market Purchase	1,30,40,505	1.65
				29.03.2019	32,45,559	Market Purchase	1,62,86,064	2.06
		162,86,064	2.06	31.03.2019				

Sl No.	Name of the Share-holders	No of Shares as at 01.04.2018/ 31.03.2019	% of total shares of Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative Share holding during the year	
							No of shares	% of total shares of Company
7	RBC Asia Pacific Ex-Japan Equity Fund	0	0	01.04.2018	0	0		
				06.04.2018	1,92,71,741	Purchase through Offer for Sale	1,92,71,741	2.45
				13.04.2018	-8,01,946	Market Sale	1,84,69,795	2.35
				20.04.2018	-21,89,491	Market Sale	16,280,304	2.07
				27.04.2018	-13,95,955	Market Sale	1,48,84,349	1.89
				15.06.2018	-16,263	Market Sale	1,48,68,086	1.89
				22.06.2018	-3,37,176	Market Sale	1,45,30,910	1.85
				06.07.2018	-90,245	Market Sale	1,44,40,665	1.84
				13.07.2018	-9,63,815	Market Sale	1,34,76,850	1.71
				15.03.2019	-10,09,206	Market Sale	1,24,67,644	1.57
				22.03.2019	-13,81,294	Market Sale	1,10,86,350	1.40
		1,10,86,350	1.40	31.03.2019				
8	Citron Ltd.	1,03,17,600	1.31	01.04.2018	Nil	No Change	1,03,17,600	1.30
		1,03,17,600	1.30	31.03.2019				
9	Aberdeen Asian Smaller Companies Investment Trust	0	0	01.04.2018	0	0		
				06.04.2018	71,45,962	Purchase through Offer for Sale	71,45,962	0.91
				08.06.2018	19,93,300	Market Purchase	91,39,262	1.16
				15.06.2018	2,06,700	Market Purchase	93,45,962	1.19
				08.03.2019	50,473	Market Purchase	93,96,435	1.19
		93,96,435	1.19	31.03.2019			93,96,435	1.19
10	Mezbaan Hoteliers Pvt Ltd	86,40,000	1.10	01.04.2018	Nil	No Change	86,40,000	1.09
		86,40,000	1.09	31.03.2019				

* Includes 7,87,500 shares being held on Repat Basis.

(v) Shareholding of Directors & KMP

Sl. No.	Name of the Directors/ KMP's	No of Share as at 01.04.2018 31.03.2019	% of total shares of Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative Share holding during the year	
							No of shares	% of total shares of Company
1.	Mr. Patanjali Govind Keswani-Chairman & Managing Director	2,77,97,564	3.53	01.04.2018				
				26.10.2018	20,000	Market Purchase	278,17,564	3.51
				22.02.2019	14,000	Market Purchase	278,31,564	3.51
		2,78,31,564	3.51	31.03.2019				
2	Mr. Rattan Keswani-Deputy Managing Director	3,57,270	0.04	01.04.2018				
				12.09.2018	70,000	Exercise ESOP through Trust	4,27,270	0.05
		4,27,270	0.05	4,27,270				

Sl. No.	Name of the Directors/ KMP's	No of Share as at 01.04.2018 31.03.2019	% of total shares of Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative Share holding during the year	
							No of shares	% of total shares of Company
3	Mr. Ravi Kant Jaipuria-Director	Nil	Nil		Nil		Nil	Nil
4	Mr. Anish Kumar Saraf-Director	Nil	Nil		Nil		Nil	Nil
5	Mr. Willem Albertus Hazeleger-Director	Nil	Nil			Nil	Nil	Nil
6	Mr. Gopal Sitaram Jiwarajka-Independent Director	6,57,270	0.08	01.04.2018				
				06.04.2018	89,040	Purchase through offer for Sale	7,46,310	0.09
		7,46,310	0.09	31.03.2019				
7	Mr. Paramartha Saikia-Independent Director	153,162	0.02	01.04.2018	Nil	No change	153,162	0.02
		153,162	0.02	31.03.2019				
8	Mr. Aditya Madhav Keswani-Director	Nil	Nil		Nil		Nil	Nil
9	Mrs. Freyan Jamshed Desai- Independent Director	Nil	Nil		Nil		Nil	Nil
10	Mr. Ashish Kumar Guha-Independent Director	Nil	Nil		Nil		Nil	Nil
11	Mr. Arvind Singhania-Independent Director	0	0	01.04.2018	Nil		Nil	Nil
				18.07.2018	20,000	Market Purchase	20,000	0.00
				19.07.2018	30,000	Market Purchase	50,000	0.01
				23.07.2018	35,000	Market Purchase	85,000	0.01
				26.07.2018	4,206	Market Purchase	89,206	0.01
				27.07.2018	50,794	Market Purchase	140,000	0.02
				27.09.2018	60,000	Market Purchase	200,000	0.03
		200,000	0.03	31.03.2019				
12	Mr. Pradeep Mathur-Independent Director	353,454	0.04	01.04.2018	Nil	No change	3,53,454	0.04
		3,53,454	0.04	31.03.2019				

Sl. No.	Name of the Directors/ KMP's	No of Share as at 01.04.2018 31.03.2019	% of total shares of Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative Share holding during the year	
							No of shares	% of total shares of Company
13	Mr. Kapil Sharma-Chief Financial Officer	13,94,014	0.18	01.04.2018				
				14.06.2018	-10,000	Transfer	13,84,014	0.18
				15.06.2018	-22,000	Transfer	13,62,014	0.17
				18.06.2018	-64,004	Transfer	12,98,010	0.17
				19.06.2018	-30,000	Transfer	12,68,010	0.16
				20.06.2018	-14,280	Transfer	12,53,730	0.16
				21.06.2018	-30,000	Transfer	12,23,730	0.16
				11.07.2018	-15,000	Transfer	12,08,730	0.15
				12.07.2018	-20,000	Transfer	11,88,730	0.15
				26.07.2018	-261	Transfer	11,88,469	0.15
				27.07.2018	-4,260	Transfer	11,84,209	0.15
				28.08.2018	140,000	Exercise of option through ESOP Trust	13,24,209	0.17
				27.11.2018	-20,000	Transfer	13,04,209	0.16
				29.03.2019	-5,223	Transfer	12,98,986	0.16
		12,98,986	0.16	31.03.2019	12,98,986			
14	Mr. Nikhil Sethi-Group Company Secretary & GM Legal	Nil	Nil	Nil	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

(Amount in Rupees)

Particulars	Secured Loans excluding deposits(Amount in rupees)	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,18,79,92,184.00	-	-	3,18,79,92,184.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**3,18,79,92,184.00**	**-**	**-**	**3,18,79,92,184.00**
Change in Indebtedness during the financial year				
Additions	1,56,24,97,000.00	-	-	1,56,24,97,000.00
Reduction	1,64,74,53,096.18	-	-	1,64,74,53,096.18
Net Change	(8,49,56,096.18)	-	-	(8,49,56,096.18)
Indebtedness at the end of the financial year				
i) Principal Amount	3,10,30,36,087.82	-	-	3,10,30,36,087.82
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**3,10,30,36,087.82**	**-**	**-**	**3,10,30,36,087.82**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

(Amount in ₹)

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		Mr. Patanjali Govind Keswani	Mr. Rattan Keswani	
1.	**Gross salary**			
(a)	Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	3,02,44,750	-	3,02,44,750
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	6,29,928	-	6,29,928
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	
2	Stock option	-	-	-
3	Sweat Equity	-	-	
4	Commission	-	-	
	as % of profit			
	others (specify)			
5	Others	-	-	
	Total (A)	**3,08,74,678**	**-**	**3,08,74,678**
	Ceiling as per the Act##	-	-	-

\## In accordance with the provisions of Section II, Part II of Schedule V to the Companies Act, 2013 and in terms of Rule7(2) of Companies (Appointment & Remuneration of Managerial Personnel Rules), 2014, the Company can pay any remuneration in the event of no profit or inadequate profit.

B. Remuneration to other directors:

Sl. No	Particulars of Remuneration	Mr. Gopal Sitaram Jiwarajka	Mr. Ashish Kumar Guha	Mr. Arvind Singhania	Mr. Paramartha Saikia	Ms. Freyan Jamshed Desai	Mr. Pradeep Mathur
1	**Independent Directors**						
	(a) Fee for attending board and committee meetings	1,20,000	1,00,000	60,000	1,00,000	80,000	1,00,000
	(b) Commission	-	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-	-
	Total (1)	**1,20,000**	**1,00,000**	**60,000**	**1,00,000**	**80,000**	**1,00,000**
2	**Other Non Executive Directors**						
	(a) Fee for attending board committee meetings	-	-	-	-	-	-
	(b) Commission	-	-	-	-	-	-
	(c) Others, please specify.	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	**1,20,000**	**1,00,000**	**60,000**	**1,00,000**	**80,000**	**1,00,000**
	Total Managerial Remuneration	NA	NA	NA	NA	NA	NA
	Overall Ceiling as per the Act.	NA	NA	NA	NA	NA	NA

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Amount in ₹

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
1	**Gross Salary**	**CEO**	**CFO**	**CS**	**Total**
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	N.A	11,248,712.00	38,68,360.00	1,51,17,072.00
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961		73,94,259.00	39,600.00	74,33,859.00
	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		-	-	--
2	Stock Option		-	-	-
3	Sweat Equity		-	-	-
4	Commission		-	-	-
	as % of profit				
	others, specify				
5	Others		-	-	-
	Total (c)		**1,86,42,971.00**	**39,07,960.00**	**2,25,50,931.00**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/NCLT/ Court)	Appeal made if any (give details)
A. COMPANY					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
B. DIRECTORS					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.
C. OTHER OFFICERS IN DEFAULT					
Penalty	N.A.	N.A.	N.A.	N.A.	N.A.
Punishment	N.A.	N.A.	N.A.	N.A.	N.A.
Compounding	N.A.	N.A.	N.A.	N.A.	N.A.

For **Lemon Tree Hotels Limited**

Patanjali Govind Keswani
Chairman & Managing Director
Din: 00002974

Place: New Delhi
Date: 29.05.2019

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN)	L74899DL1992PTC049022
2	Name of the company	Lemon Tree Hotels Ltd.
3	Registered Office	Lemon Tree Premier – Delhi Airport Asset No. 6, Aerocity Hospitality District New Delhi 110037
4	Website	www.lemontreehotels.com
5	Email address	hi@lemontreehotels.com sectdeptt@lemontreehotels.com
6	Financial Year Report	2018-2019
7	Sector(s) that the company is engaged in (industrial activity code-wise)	Hotels 99631110
8	List three key products /services that the company manufactures/provides	Hotel services – rooms, restaurants, conference facilities
9	Total number of locations where the business activity is undertaken by the Company	Number of International Locations: Nil Number of National Locations: 32 cities, 54 hotels 30 owned/leased hotels 24 managed hotels
10	Markets served by the company – local/state/national/ international	National and international markets

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up capital (INR Lacs)	INR 79,224.64 Lakhs
2	Total turnover (INR Lacs)	INR 27,332.25 Lakhs
3	Total profit after taxes (INR Lacs)	INR 6,324.30 Lakhs
4	Total spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%)	INR 3.90 Lakhs (2.0%)
5	List of activities in which expenditure in 4 above has been incurred(directly or through its subsidiaries)	Higher education scholarship for candidates from the EWS segment (through Reimagining Higher Education Foundation) Reducing and replacing the use of plastic bags (through Utkarsh Star Mitra Mandal, Maharashtra) Disaster relief on ground (Goonj NGO, for the Kerala relief program) Feeding the hungry (through Ketto - Rise Against Hunger; Akshaya's Helping In H.E.L.P Trust) Financial support directly to the families of armed forces martyrs (Bharat Ke Veer fund) Other community outreach activities by the group hotels across India: Regular visits to orphanages, old people's home/Cheshire home, etc. to distribute packed meals, fruit, linen, etc. on special occasions including the hotel anniversary every year Regular blood donations camps done annually across the group to support blood banks, especially for the requirements of Thalassemia patients

SECTION C: OTHER DETAILS

1	Does the company have any subsidiary company/ companies?	Lemon Tree Hotels Ltd. has 24 subsidiaries. These companies are all domestic companies
2	Do the subsidiary company/companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiaries	Yes they do participate in the BR activities of the group. These are 3 subsidiary companies viz. Fleur Hotels Pvt. Ltd., Celsia Hotels Pvt. Ltd. and Begonia Hotels Pvt. Ltd.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

SECTION D: BR INFORMATION

1. Director/Directors responsible for BR

a. Details of the Director/Director responsible for implementation of the BR policy/policies:

1	DIN Number	00002974
2	Name	Patanjali Govind Keswani
3	Designation	Chairman & Managing Director

b. Details of BR head

No.	Particulars	Details
1	DIN Number	00002974
2	Name	Patanjali Govind Keswani
3	Designation	Chairman & Managing Director
4	Telephone Number	+91 11 46050112
5	Email ID	Patu.keswani@lemontreehotels.com

2. Principle-wise (as per NVGs) BR Policy/policies

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business ('NVG's) released by the Ministry of Corporate Affairs are based on nine principles in the realm of Business Responsibility. These are as under:

P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
P2	Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
P3	Businesses should promote the well-being of all employees.
P4	Businesses should respect the interest of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
P5	Businesses should respect and promote human rights.
P6	Businesses should respect and promote, and make efforts to restore the environment.
P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
P8	Businesses should support inclusive growth and equitable development.
P9	Business should engage with and provide value to their customers and consumers in a responsible manner.

3. Governance related to BR

Frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the company: Annually

BR or Sustainability Report published by the company: Lemon Tree Hotels Ltd. participates in an annual global survey i.e. Global Real Estate Sustainability Benchmark (GRESB) and is evaluated by them on sustainability performance.

SECTION E: PRINICIPLE-WISE PERFORMANCE

Lemon Tree Hotels commitment to responsible business

Lemon Tree group's objective is to be a trusted Indian brand and to stand for more than 'just profit':

PEOPLE | Socially inclusive work ethos

PLANET | All hotels to be built to L.E.E.D. Gold/IGBC standards

PROFIT | Without profits, we cannot survive

We implement initiatives that are aligned to these three planks over the long term and build on our learnings year-on-year

Our effort, at the group level, has been to offer hotels with universal access for guests of all abilities as well as to build a socially inclusive workplace which seeks to bring in people of different backgrounds, abilities and ethnicities. On March 31, 2019, 10% of our employee base i.e. ~600 were Employees With Disability (EWDs) across 54 hotels, 32 cities, ~5400 rooms.

The second plank of our strategy is creating hotels that are designed to qualify for the L.E.E.D. Gold/IGBC Standard. Our buildings are designed for universal access and offer energy saving, efficient use of water & other natural resources, reduction of CO2 emission and overall improvement in environmental quality.

What sets Lemon Tree apart as a mid-market player, is that our hotels - public areas and designated rooms - offer differently abled guests the same useful features as available in a deluxe hotel – and that too at a moderate price. Moreover, our employees are highly sensitized towards people with disability including Speech & Hearing Impaired (SHI), Orthopaedically Handicapped (OH) and Down Syndrome (DS) – as they work with them in the hotel teams daily.

Principle 1: Policies Related to Ethics, Bribery and Corruption

1. **Whistleblower Policy**

   Code of Conduct and Vigil Mechanism

   Lemon Tree Hotels Ltd. believes in the conduct of its affairs and management of its development, operations and business in an equitable and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior and aims to build and strengthen an ethical culture and trust in the organization. Accordingly, a Code of Conduct has been formulated for laying down the principles and standards that should govern the actions of the Company, its subsidiaries, associates, directors and employees and requires them to observe highest standards of business and personal ethics in the conduct of their affairs, duties and responsibilities.

   The complete code of conduct is available at website of the Company i.e www.lemontreehotels.com.

2. **Anti-bribery mechanism for new properties/land acquisition**

   The following stringent processes are being followed to avoid any bribery and corruption occurring when a new property is being bought/built/taken over by Lemon Tree Hotels:

   1) Finalization of city/land.
   2) Due diligence of land/property.
   3) Verification of antecedents of owner and their credibility.
   4) Invitation of tenders.
   5) Completion of all statutory compliances, prior to the hotel opening.
   6) Getting all mandatory licenses in place before the commencement of hotel operations.
   7) Inside and outside surveys by auditors.

   Loopholes are plugged with strong internal mechanism.

Principle 2: Incorporation of Social or Environmental Concerns, Risks and/or Opportunities in Products and Services

The company runs its hotel operations on a sustainability platform and maintains the highest standards of safety and compliance.

Lemon Tree's sustainability strategy (for new constructions) is to design and build hotels that are environmentally friendly and innovative in design. Our goal is to follow the Gold standard specifications of L.E.E.D/IGBC (Indian Green Building Council) for all new constructions. L.E.E.D/IGBC certification will be taken for new construction hotels, as each project is completed & launched, within 1 year of opening.

Examples of environmentally friendly initiatives implemented across the group:

1. AAC blocks (fly ash) used in the construction of the building. A waste material being put to a purposeful use. Also the walls are built with a cavity (with insulation inserted in between) to reduce the heat load on the building, hence reduce energy requirements.
2. Green cover: a green cover is developed around the building to reduce the heat load and aid with natural cooling.
3. Double glazed windows used for all guest rooms/office area to reduce the heat load, hence reduce energy requirements. Also noise pollution is reduced. For future construction, we are using low-e glass.
4. Window wall ratio is being maintained at less than 40%, in order to reduce the heat load and yet capture natural light.
5. Material is recycled at our construction sites, to reduce the consumption of natural resources.
6. Material with less embedded energy is being used for construction.
7. Green plumbing fixtures are used across sites.

Examples of specific measures and their impact:

1. Double Glazed Units (DGU) for room windows: we have installed double glazed units (DGU) in the windows of all rooms. It minimizes heat dissipation by a factor of 14 W/sqm degK, between the internal and external environment.
2. VFD; VRF; Energy saver card (key card access to power in guest rooms): we have installed (1) VFDs for major

equipment leading to energy saving of ~25% (2) VRF for all public area air-conditioning. Better control and effective air-conditioning. Saving ~20% (3) Energy saver card – for all unoccupied guest rooms we save on power consumption as the in-room power is accessible only on insertion of the key card. Saving ~50%

3. High usage of/conversion to LED lights, across the group: conversion to LED fixtures helps us save electricity consumption vs that of CFL by ~50%. Also replacement cost of bulbs minimizes to 0 after 2 years of usage. Additionally, manpower cost and time is saved greatly by there being no need to replace a bulb.

4. Use of green fixtures and dual-flush system: these environmentally friendly fixtures and flush systems manage and restrict the flow of water, thereby reducing total water usage. At the same time, the user/guests is able to use water without experiencing any difficulty.

5. Installation of Sewage Treatment Plant (STP): all hotels in the portfolio have an STP plant. All water from bathrooms, kitchen, laundry, etc. is treated in this plant. The treatment involves the MBBR technology to reduce organic matter; maintains BOD and COD of the water was per Government norms.

6. Organic Waste Converter: the OWC machine with shredder is installed in ~12 hotels. All food waste (wet garbage) is put into the OWC and kept for 15 days to be converted into compost. This is then used as manure for horticulture purpose. The ROI is 100% because the earlier collection process came to us at a cost (now that money is saved) and the compost becomes a useful product and the wet garbage is not being thrown in a landfill, thereby not polluting the environment.

Principle 3: Wellbeing and Engagement of Employees

		As on 31 March 2019
1	Total number of employees (permanent)	5323
2	Total number of outsourced employees (temporary/contractual/casual basis)	990
3	Total number of permanent women employees	389
4.1	Total number of permanent Employees With Disability	535
4.2	Total number of Employees With Disability	535
5	List of employee associations that are recognized by management	1. Maharashtra Rajya Rashtriya Kamgar Sanghatana 2. Bhartiya Kamgar Sena 3. CITU
6	Percentage of permanent employees who are members of recognized employee associations	1.39%
7.1	Number of complaints related to child labour/forced labour/involuntary labour	NIL (we do not employ child/forced/involuntary labour)
7.2	Number of complaints related to sexual harrasment	NIL Pending NIL
7.3	Discriminatory employment	NIL (we do not discriminate while hiring)
7.4	Number of man hours/days for leadership training	NA
7.5	Number of man hours/days for staff training	NA

Learning and Development Strategy

Lemon Tree's focus on Learning and Development began in the early years itself. This area of work has been developed extensively over the years and resources added to the function so that today it is one of our key strengths. The focus is on building world class capability within the L&D team internally and creating content for all key functions at Lemon Tree. Over the years, we have carefully curated detailed SOPs in the areas of Front Office, Housekeeping, Food & Beverage and Sales and this has been developed into training modules at different level. At each stage the goal is to identify Hi-Potential employees and Super High Achievers – who can be take up the growth ladder by training them ahead of that role being assigned to them, thereby boosting their career path. The vision of the L&D function is to enable talent at all levels and create a pipeline of new leaders within the system. This is done to match the growth of the company in terms of inventory being added every year.

Vision

- Enabling and enhancing talent across all levels with a special focus on leadership development
- Continuously drive & strengthen customer focus and service excellence
- Impact identified business KRA's

Our Learning Cycle

Key Drivers
- Service Excellence
- Customer Retention
- Brand Ownership

Baseline

- Capability Mapping through Review of Prior Learning (RPL)
- Gap Analysis
- Understanding KRAs

- Role Learning Plan

Pedagogy

1. Tell-Show-Do-Assess
2. Visual training aids
3. Learning gamification

Gender Focus

Lemon Tree's goal is to create more opportunities for women from all walks of life and with different backgrounds/ qualifications. This translates to a recruitment focus on hiring women, across all units and the Corporate Office, based on their qualifications and our role requirements.

Within this focus, the company lays special emphasis on marginalized or excluded women. This is explained ahead in Principle 4 under the inclusion and mainstreaming initiative implemented by Lemon Tree Hotels.

Employee health and well-being

Lemon Tree Hotels provides opportunities to all employees to benefit from good health practices and exercise. This is usually done in conjunction with a subject matter expert or firm, an NGO or even a bank. It could be health checkups or yoga lessons or even participation in city marathons. The goal is to give each individual a chance to do one of these activities through their work place, if they do not have a way of doing it privately. Also by organizing activities as a group – e.g. marathon participation - we are able to build team spirit amongst the employees.

Principle 4: Respect the Interests of All Stakeholders, Especially Those Who Are Vulnerable and Marginalized

Within The Company

As mentioned, our effort at the group level has been to offer hotels with universal access for guests of all abilities as well as to build a socially inclusive workplace. To make inclusion/ diversity a part of our DNA, we are creating an inclusive work environment which seeks to bring in people of different backgrounds, abilities and ethnicities and offer them work as a unified team. The goal is mainstreaming 'Opportunity Deprived Indians' ODIs:

Employees With Disability (EWDs):

Physical

- Speech and Hearing Impaired
- Orthopedically Handicapped
- Acid Survivors
- Low Vision. Going forward, also Visually Impaired

Intellectual

- Down Syndrome
- Autism

People who belong to Economically/Socially marginalized segments:

1. Below Poverty Line
2. Widowed or abandoned/battered/destitute/divorced women
3. Orphans
4. Individuals from economically weak families
5. Communities who do not get education and employment opportunities easily i.e. North Eastern States, Bihar, Jharkand, Chhattisgarh, Orissa, tribal/interior areas of any state, etc.

Lemon Tree has been hiring EWDs since 2007 and now 10% of employees (~600 people) are EWDs. Initially, we inducted EWDs only in back-end roles like Kitchen Stewarding and Housekeeping, where direct guest interaction was minimal. Also the focus was only on deaf employees. This gave us an opportunity to develop standard operating procedures and training modules in an iterative manner. Subsequently we extended this initiative to restaurants, where interaction with guests is an integral part of the job role. We now also regularly hire orthopaedic impairment, low vision, Acid Survivors, Down Syndrome and Autism. The last two, fall under Intellectual & Developmental Disability & require external support.

Definitions for the Economically/Socially marginalized segments

Below Poverty Line (BPL) Individuals

We follow the guidelines laid down by the Government of India - based on the principle of 'Income based poverty line in India':

- Below Poverty Line – BPL
- Above Poverty Line – APL

For the purpose of hiring, Lemon Tree focuses on:

- BPL – individuals who have the BPL ration card issued by their District Revenue Officer.

Individuals from economically weak families

We target economically needy families as defined (and audited) by our partner NGOs (government recognized). These individuals are children of drivers, maids, rickshaw pullers, daily contract workers, small shop owners, etc.

Widowed or abandoned/battered women

A widow, with or without children:

- War widow - whose spouse has sacrificed his life for the nation, during insurgency operations/war or in the normal course of life, while in the armed forces (Army/ Navy/Air Force)
- Needy widow or abandoned/battered women

The aim is to help her make a living to sustain herself and her children.

Orphans

A needy orphan, attached to a registered NGO/orphanage and brought up with support of that orphanage. This individual should be of legal working age (18 years+).

Focus States

Lemon Tree attempts to bring in people from different parts/states of India and especially those communities who do not get employment opportunities easily. For this segment, we consider those who have studied upto Class 9 and not beyond that. Examples of such communities include North Eastern States (Seven Sister States) of Assam, Nagaland, Arunachal Pradesh, Sikkim, Manipur, Meghalaya and Mizoram as well as Siliguri (part of West Bengal). Also notified underdeveloped districts in states like Bihar, Chhattisgarh, Jharkhand and Orissa.

With The Community

Tribal Art

Lemon Tree Hotels is the largest buyer nationally of tribal art from Bastar, Madhya Pradesh. This enables the group to support poor tribal craftsmen in this region and allows the chain to showcase their art extensively across its hotels.

Giving Back To Society

Lemon Tree Hotels supports and partners these NGOs and societies:

- **Goonj:** which provides clothes and utensils to the impoverished, especially as part of disaster relief
- **Suniye:** that runs a school for Speech and Hearing Impaired children from economically weaker sections of society. It provides extensive life skills support to these children.
- **Akshaya Patra:** whose focus is to eliminate hunger in the city. It regularly provides a free meal to approximately 2000 destitute people in Delhi, across the city.
- **Muskaan:** which provides comprehensive education, vocational training and work opportunities to young people who are intellectually challenged.
- **Ramanujan Society:** where LTH has donated gifts to students for successfully clearing the IIT entrance exam.

Art Objects Through People For Animals

Lemon Tree Hotels is a large supporter of art objects promoted by People for Animals. This money helps support the initiatives undertaken by PFA for the welfare and care of animals across India.

Principle 5: Respect and Promote Human Rights

Lemon Tree hotels believes in nurturing an inclusive and diverse work force. The focus is on building diversity through gender, ethnicity, geography, mainstreaming Opportunity Deprived Indians (ODIs) including Employees With Disability and employees from economically marginalized segments. This effort is now part of the company's culture and DNA. In the process we take great care to protect and promote human rights for all.

This philosophy cuts across hiring as well as the customers we serve. Lemon Tree has become a brand of choice for persons with special needs as they are aware of our inclusive culture and hence know that our employees are well sensitized and able to effectively serve guests who have special requirements. For deaf guests, it is very encouraging that all our employees can communicate in Indian Sign Language.

Safety of our employees, especially women is paramount to us. We have put in place a robust ombudsman policy. Briefly,

Principle 6: Address Environmental Issues and Respect the Environment

Lemon Tree has a deep commitment to preserving the environment and has built in sustainability practices into the construction and running of hotels.

Definition of Sustainability

The most commonly accepted definition is that of the Brundtland Commission of the United Nations in 1987:

"Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

It contains two key concepts:

- the concept of 'needs', in particular the essential needs of the world's poor
- the idea of 'limitations' imposed by the state of technology and social organization

Another popular definition of Sustainability is the notion that organizations must pursue a Triple Bottom Line, namely:

People

Fair and beneficial business practices toward labor and the community.

Planet

Sustainable environmental practices

Profit

Economic value created by the organization after deducting all costs

Caring for the Environment

- Our existing and upcoming hotels are designed and constructed to qualify for the L.E.E.D Gold Standard. Leadership in Energy and Environment Design (L.E.E.D) is the internationally recognized eco-friendly building certification standard awarded by the United States Green Building Council (USGBC) and the Indian Green Building Council (IGBC) to buildings designed for energy savings, efficient use of water, reduction of CO2 emission and overall improvement in environmental quality.

- Lemon Tree Premier and Red Fox Hotel, Delhi Aerocity certified in 2014
- Lemon Tree Premier, City Center, Gurgaon certified in 2016

- Planting of trees, shrubs on hotel premises
- Universal design, for greater access for differently abled people

Energy Conservation

- Variable Refrigerant Volume (VRV) technology for air-conditioning: 30% more efficient and provides superior comfort as compared to conventional air-conditioning
- Heat Recovery Ventilators (HRV) with thermal enthalpy wheels: for heat recovery from washroom exhausts
- Chilled water reset through building automation: to reduce power consumption required for cooling building
- Heat pumps: for heat recovery, for heating domestic water.
- LED lighting and CFL Lighting: both consume far less energy than traditional lighting
- Key Tag Energy Saver System: conserves energy in unoccupied rooms
- Natural/day lighting: reduces power consumption dramatically
- Double Glazed Vacuum Sealed Windows: conserves energy (by ~ 5%) and reduces noise
- Auto Time Management (for lighting, air-conditioning and ventilation fans) through timers and motion sensors: helps conserve energy
- Energy-Efficient Hydro-Pneumatic System with Variable-frequency Drive (VFD) motors for water supply: ensures constant pressure and reduces load on pumps
- LT Voltage Stabilizer: is energy saving and prevents damage to equipment due to sudden power fluctuations
- Thermal Insulation: increases room comfort and conserves energy
- Use of BEE certified equipment e.g. air-conditioner, refrigerator, fans, etc.: reduces energy consumption
- Solar Panel for hot water: alternative, renewable energy
- Wind power: alternative, renewable energy. Implemented at our hotels in Chennai. We are working on more cities and hotels, to implement this initiative at.

Water Conservation

- Sewage Treatment Plant (STP): recycles water used across the hotel. Approximately 30% of this recycled water is used in the garden and flush systems
- Aerators/Flow Restrictors including Duel Flush System: maintains water force and yet reduces outflow, hence saving water
- Rain Water Harvesting: protects and replenishes the ground water table
- Auto Flush For Public Urinals: minimizes water wastage
- Guest engagement program – water saving poster placed in all rooms that quantifies the saving of water each guest can do by not getting their linen changed daily – encourages them to do their small bit to save precious water when they are travelling

Green Fuels and Green Materials

- Use of CNG instead of LPG: leads to reduction of pollution
- Use of Green Building Material e.g.
- Recycled Wood/Medium Density Fiberboard (MDF): saves trees
- Rubber Wood: environmentally friendly as it makes use of trees that have already served a useful function.
- Particle Board : engineered wood manufactured from wood chips, sawmill shavings or saw dust
- AAC blocks i.e. cement concrete blocks in flyash: offers several benefits including thermal efficiency i.e. reduces the heating and cooling load in buildings; resource efficiency gives it lower environmental impact in all phases of its life cycle; light weight increases chances of survival during seismic activity.

Waste Management

- Sewage Treatment: prevents pollution

Noise Pollution Management

- Double Glazed Vacuum Sealed Windows: reduces external noise level below 50 decibels
- Environmental Seals: prevents entry of noise and smoke (in case of fire) into the room
- Noiseless Generators: acoustically insulated, the sound level is dampened to a minimal level

Operational Practices

- All our restaurants serve a half glass of water, and on request can serve a full glass. This helps save a number of litres daily. And guests feel that they too are participating in our sustainability program.

- Laundry paper/cloth bags instead of plastic: environmentally friendly
- Recycled garbage bio-degradable bags: environmentally friendly
- Water glasses inverted and placed on a cork surface: thereby doing away with plastic covers
- Pencils not plastic pens

Principle 7: Membership of Trade Chamber/Association for the Advancement and Improvement of Public Good

Lemon Tree Hotels has been participating in hotel industry forums and associations for a number of years. Also the work being done in skilling by the government, in partnership with the private sector is another area where the company has proactively taken steps to participate and lead these initiatives. To name a few:

- Hotel Association of India (HAI)
- Federation of Hotels and Restaurants Association of India (FHRAI)
- Tourism & Hospitality Skills Council (THSC)
- Skills Council for Persons With Disability (SCPwD) – Lemon Tree Hotels leads this council

Our stewardship of SCPwD has been both pioneering and path-breaking, in that we have helped shape the training methodology and content for people with special needs across 11 industries and guided the SCPwD team on setting up a robost mechanism for training, certification and job placement.

Principle 8: Support Inclusion and Equity in the Organization

The company's focus on equal opportunity is central to its business model and has been detailed under Principle 4 of the Business Responsibility Report. Please refer to that section.

Principle 9: Engage with Customers in a Responsible Manner and Provide Value to Them

Lemon Tree Hotels keeps the 'guest' in the center and offers a range of products, services and benefits that not only attract the first time consumer, but make our customers loyal to the brand. This occurs in the following ways:

- Delivering on the brand specs for 3 segments of the mid-market i.e. upper midscale (Lemon Tree Premier), midscale (Lemon Tree Hotels) and economy (Red Fox Hotel), especially for first time users
- Run a robust loyalty program – Lemon Tree Smiles – which offers members the best rates, most relevant inclusions e.g. ultra high-speed WiFi, earns them points faster and drives recognition across the group's hotels in India
- Ease of access to reservations and offers, both online and offline through:
    - Lemontreehotels.com
    - Central Reservation Center
    - 360 approach and investment in Digital Marketing
    - Online travel agent partners including Trip Advisor, Make My Trip, Booking.com, Expedia and many more
    - Offline travel agents and tour operators, both domestic and international. Including guests who books as FITs or as groups/series
    - Meetings, Incentives, Conferences & Exhibitions (MICE) focus
    - A driven, effective and powerful sales force across all our cities in India
    - Establishing and leveraging a robust CRM mechanism

Another important area of focus is customer feedback and Online Reputation Management (ORM). A dedicated team works on this for the group and the goal is to address errors in service and failures in the shortest possible time through a well structured process between the Hotel Operations Team and the ORM team.

INDEPENDENT AUDITOR'S REPORT

To The Members of Lemon Tree Hotels Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Lemon Tree Hotels Limited ("the Parent"), its subsidiaries and Limited Liability Partnership Firm (the Parent, its subsidiaries and Limited Liability Partnership Firm together referred to as "the Group") which includes the Group's share of profit in its associates comprising the Consolidated Balance Sheet as at March 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries, Limited Liability Partnership and associates referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the sub-paragraphs (a) and (b) of the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
Uncertain tax position (including deferred tax asset) **(Refer Note 17.1 to the Consolidated Financial Statements)** Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits (including MAT credit) and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. The carrying amount of deferred tax assets (including MAT credit available) is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.	**Principal Audit Procedures** Our procedures in relation to Uncertain tax position (including deferred tax asset) included understanding management's process for recognition of deferred tax assets for all deductible temporary differences, the carry forward of unused tax credits (including MAT credit) and any unused tax losses; We assessed whether the methodology used to calculate and recognise the deferred tax asset is appropriate considering the tax rates applicable as per the tax laws, past performance, future projections and probability for the availability of the taxable profit against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. We also tested the accuracy and completeness of the inputs to the calculation, mathematical accuracy of the calculation and appropriateness of the related disclosures provided in the Consolidated Financial Statements.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion & Analysis, Board's Report, Business Responsibility Report and Report on Corporate Governance, but does not include the consolidated financial statements, and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries and associates audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries and associates, is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its Associates in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates 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 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates are responsible for assessing the ability of the Group and of its associates to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group and of its associates.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent and its subsidiary and associate companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material

uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

(a) We did not audit the financial statements of 22 subsidiaries and 1 Limited Liability Partnership Firm (as mentioned below), whose financial statements reflect total assets of ₹ 117,967.42 lacs as at March 31, 2019, total revenues of ₹ 15,048.07 lacs and net cash inflows amounting to ₹ 468.20 lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 79.66 lacs for the year ended March 31, 2019, as considered in the consolidated financial statements, in respect of 3 associates (as mentioned below), whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, Limited Liability Partnership and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, Limited Liability Partnership and associates is based solely on the reports of the other auditors.

Subsidiaries and Limited Liability Partnership Firm included in consolidated financial statements and not audited by us are as below:

A. Subsidiaries -

1. PSK Resorts and Hotels Private Limited
2. Canary Hotels Private Limited
3. Sukhsagar Complexes Private Limited
4. Nightingale Hotels Private Limited
5. Manakin Resorts Private Limited
6. Begonia Hotels Private Limited
7. Oriole Dr Fresh Hotels Private Limited
8. Carnation Hotels Private Limited
9. Grey Fox Project Management Company Private Limited
10. Dandelion Hotels Private Limited
11. Lemon Tree Hotel Company Private Limited
12. Red Fox Hotel Company Private Limited
13. Meringue Hotels Private Limited
14. Valerian Management Services Private Limited
15. Inovoa Hotels and Resorts Limited
16. Iora Hotels Private Limited
17. Ophrys Hotels Private Limited
18. Bandhav Resorts (P) Limited
19. Celsia Hotels Private Limited
20. Poplar Homestead Holdings Private Limited
21. Madder Stays Private Limited
22. Jessamine Stays Private Limited

B. **Limited liability partnership firm -**

1. Mezereon Hotels LLP

C. **Associates -**

1. Mindleaders Learning India Private Limited
2. Pelican Facilities Management Private Limited
3. Hamstede Living Private Limited

(b) We did not audit the financial statements of Krizm Hotel Private Limited Employee Welfare Trust (the "Trust") whose financial statements reflect total revenues of ₹ Nil, total assets of ₹ 915.33 lacs and net cash inflows of ₹ 90.08 lacs for the year ended March 31, 2019, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of such trust, is based solely on the report of other auditor.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries, Limited Liability Partnership and associates incorporated in India referred to in the Other Matters section above we report, to the extent applicable, that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors of the Parent as on March 31, 2019 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies and associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014,as amended in our opinion and to the best of our information and according to the explanations given to us:

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates.(Refer note 33)

ii) The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts.(Refer note 46)

iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent, its subsidiary companies and associate companies incorporated in India. (Refer note 47)

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Vijay Agarwal
(Partner)
(Membership No. 094468)

Place: New Delhi
Date: May 29, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls over financial reporting of Lemon Tree Hotels Limited (hereinafter referred to as "Parent") and its subsidiary companies and its associate companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies and its associate companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and associate companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies and its associate companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 22 subsidiary companies and 3 associate companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Vijay Agarwal
(Partner)
(Membership No. 094468)

Place: New Delhi
Date: May 29, 2019

CONSOLIDATED BALANCE SHEET
as at March 31, 2019

	Note	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	158,942.55	144,889.23
(b) Capital work-in-progress	4	66,386.54	55,590.95
(c) Investment Property	5	241.33	245.71
(d) Intangible assets	6	1,193.52	848.65
(e) Intangible assets under development	6	-	316.95
(f) Financial assets	7		
(i) Investments		625.86	261.20
(ii) Loans		171.11	1,615.50
(iii) Other non- current financial assets		5,249.31	4,699.70
(g) Deferred tax assets (net)	17.1	2,035.21	-
(h) Non-current tax assets (net)	17.2	1,863.93	1,873.41
(i) Other non-current assets	8	20,818.29	21,660.75
		257,527.65	**232,002.05**
Current assets			
(a) Inventories	9	598.37	538.83
(b) Financial assets			
(i) Trade receivables	10	8,441.92	5,252.37
(ii) Cash and Cash equivalents	10	3,139.70	2,102.96
(iii) Investments	7	2,866.79	1,195.30
(iv) Loans	10	-	26.55
(v) Other current financial assets	10	339.09	1,661.52
(c) Other current assets	11	4,270.48	3,037.72
		19,656.35	**13,815.25**
Total Assets		**277,184.00**	**245,817.30**
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	12	78,929.55	78,639.32
(b) Other Equity	13	8,572.84	2,844.81
Equity attributable to owners of the parent		**87,502.39**	**81,484.13**
(c) Non-controlling interests	14	43,218.43	42,864.35
Total Equity		**130,720.82**	**124,348.48**
Liabilities			
Non-current liabilities			
(a) Financial liabilities	15		
(i) Borrowings		113,473.11	93,131.37
(ii) Other non- current financial liabilities		275.74	136.55
(b) Provisions	16	173.38	161.62
(c) Deferred tax liabilities (net)	17.1	-	425.21
(d) Other non-current liabilities	18	3,346.79	2,720.53
		117,269.02	**96,575.28**
Current liabilities			
(a) Financial liabilities	19		
(i) Borrowings		122.06	3,570.04
(ii) Trade payables		9,577.14	8,112.65
(iii) Other current financial liabilities		16,451.66	11,171.07
(b) Provisions	16	380.53	266.30
(c) Other current liabilities	20	2,662.77	1,773.48
		29,194.16	**24,893.54**
Total Liabilities		**146,463.18**	**121,468.82**
Total Equity and Liabilities		**277,184.00**	**245,817.30**
See accompanying notes forming part of the financial statements.	1 to 47		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration No. 11736600/W-100018

Vijay Agarwal
Partner

Place : New Delhi
Date : May 29, 2019

For and on behalf of the Board of Directors of
Lemon Tree Hotels Limited

Patanjali G. Keswani
(Chairman & Managing Director)
DIN-00002974

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 29, 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2019

	Note	For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
Revenue from operations	21	54,950.62	48,426.15
Other Income	22	993.17	780.68
Total Income (I)		**55,943.79**	**49,206.83**
Expenses			
Cost of food and beverages consumed	23	4,982.31	4,358.52
Employee benefits expense	24	12,053.05	10,957.49
Other expenses	25	21,038.76	19,492.69
Total Expenses (II)		**38,074.12**	**34,808.70**
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I-II)		17,869.67	14,398.13
Finance costs	26	8,469.63	7,836.90
Finance income	27	(458.52)	(476.19)
Depreciation and amortization expense	28	5,411.48	5,261.74
Profit before exceptional items and tax		**4,447.08**	**1,775.68**
Share of profit of associate		79.66	57.51
Profit before tax		**4,526.74**	**1,833.19**
Tax expense:			
(1) Current tax	30	1,384.77	627.59
(2) Deferred tax			
- MAT credit entitlement related to current year		(999.92)	-
- MAT credit entitlement related to earlier years		(1,301.30)	-
- Deferred tax expense related to current year		1,645.28	(249.76)
- Deferred tax asset not recognized in earlier years		(1,839.97)	-
		(1,111.14)	**377.83**
Profit for the year		5,637.88	1,455.36
Other comprehensive loss			
Items that will not be reclassified to profit and loss			
(i) Remeasurements of defined benefit plans		(11.91)	(1.91)
(ii) Income tax effect		3.18	0.10
		(8.73)	**(1.81)**
Total comprehensive Income for the year		5,629.15	1,453.55
Profit for the year		5,637.88	1,455.36
Attributable to:			
Equity holders of the parent		5,287.83	1,419.43
Non-controlling interests		350.05	35.93
Total comprehensive Income for the year		5,629.15	1,453.55
Attributable to:			
Equity holders of the parent		5,277.15	1,419.08
Non-controlling interests		352.00	34.47
Earnings per equity share			
(1) Basic	29	0.67	0.18
(2) Diluted	29	0.67	0.18
See accompanying notes forming part of the financial statements.	1 to 47		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration No. 11736600/W-100018

Vijay Agarwal
Partner

Place : New Delhi
Date : May 29, 2019

For and on behalf of the Board of Directors of
Lemon Tree Hotels Limited

Patanjali G. Keswani
(Chairman & Managing Director)
DIN-00002974

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 29, 2019

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
as at March 31, 2019

A. Equity Share Capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. of shares	Amount ₹ in lakhs
As at April 1, 2017	**781,213,033**	**78,121.30**
Issued during the year - Exercise of ESOP	2,318,370	231.84
Issued during the year - other than ESOP	2,820,248	282.02
Change in shares held by ESOP trust	41,600	4.16
As at March 31, 2018	**786,393,251**	**78,639.32**
Issued during the year	2,500,781	250.08
Issued during the year - other than ESOP	3,333,000	333.30
Change in shares held by ESOP trust	(2,931,461)	(293.15)
As at March 31, 2019	**789,295,571**	**78,929.55**

B. Other Equity
For the year ended March 31, 2019

₹ in lakhs

	Reserves and Surplus						Items of Other comprehensive income	Non-controlling interests	Other equity
	Capital reserve	Capital redemption reserve	Securities Premium	Share Based Payments	General Reserves	Surplus in the statement of profit and loss	Remeasurement gains (losses) on defined benefit plans and income tax effect		
As at April 1, 2017	**8,200.20**	**45.00**	**8,954.37**	**242.12**	**3,035.24**	**(17,754.30)**	**13.27**	**42,836.28**	**45,572.18**
Profit/(Loss) for the yar	-	-	-	-	-	1,455.36	-	-	1,455.36
Other Comprehensive Income for the year	-	-	-	-	-	-	(1.81)	-	(1.81)
Total Comprehensive Income for the year attributable to non-controlling interests	-	-	-	-	-	(34.47)	-	34.47	-
Issue of share capital	-	-	324.33	-	-	-	-	-	324.33
Share-based payments	-	-	-	94.54	-	-	-	-	94.54
Exercise of share options	-	-	239.22	-	-	-	-	-	239.22
Amount transferred from share based payment reserve to securities premium	-	-	88.39	(88.39)	-	-	-	-	-
Amount on acquisition of additional interest in subsidiary (also refer note 41)	(1,965.58)	-	-	-	-	1.48	-	-	(1,964.10)
Change in shares held by ESOP trust	-	-	(4.16)	-	-	-	-	-	(4.16)
Movement during the year due to non-controlling interest	-	-	-	-	-	-	-	(6.40)	(6.40)
As at March 31, 2018	**6,234.62**	**45.00**	**9,602.15**	**248.27**	**3,035.24**	**(16,331.93)**	**11.46**	**42,864.35**	**45,709.16**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at March 31, 2019

₹ in lakhs

	Reserves and Surplus						Items of Other comprehensive income	Non-controlling interests	Other equity
	Capital reserve	Capital redemption reserve	Securities Premium	Share Based Payments	General Reserves	Surplus in the statement of profit and loss	Remeasurement gains (losses) on defined benefit plans and income tax effect		
Profit/(Loss) for the year	-	-	-	-	-	5,637.88	-	-	5,637.88
Other Comprehensive Income for the year	-	-	-	-	-	-	(8.73)	-	(8.73)
Total Comprehensive Income for the year attributable to non-controlling interests	-	-	-	-	-	(352.00)	-	352.00	-
Share-based payments	-	-	-	93.15	-	-	-	-	93.15
Amount transferred from share based payment reserve to securities premium	-	-	341.42	(341.42)	-	-	-	-	-
Exercise of share options	-	-	670.88	-	-	-	-	-	670.88
Amount on disposal of interest in subsidiary (also refer note 41)	23.97	-	-	-	-	-	-	-	23.97
Change in shares held by ESOP trust	-	-	(337.12)	-	-	-	-	-	(337.12)
Movement during the year	-	-	-	-	-	-	-	2.08	2.08
As at March 31, 2019	**6,258.59**	**45.00**	**10,277.33**	**-**	**3,035.24**	**(11,046.05)**	**2.73**	**43,218.43**	**51,791.27**

See accompanying notes forming part of the financial statements. 1 to 47

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration No. 11736600/W-100018

Vijay Agarwal
Partner

Place : New Delhi
Date : May 29, 2019

For and on behalf of the Board of Directors of
Lemon Tree Hotels Limited

Patanjali G. Keswani
(Chairman & Managing Director)
DIN-00002974

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 29, 2019

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2019

		For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
A.	**Cash flow from operating activities**		
	Profit /(loss) before tax	4,526.74	1,833.19
	Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
	Depreciation and amortisation expenses	5,411.48	5,261.74
	Lease equalisation reserve	626.26	637.78
	Finance income (including fair value change in financial instruments)	(323.41)	(461.93)
	Finance costs	8,002.79	7,370.62
	Advance written off	-	0.35
	Provision for gratuity	53.15	25.60
	Provision for leave encashment	38.74	16.33
	Share based payments to employees	93.16	94.54
	Excess provision/ credit balances written back	(9.14)	(6.06)
	Profit on relinquishment of rights	(861.00)	(670.00)
	Provision for litigations	22.20	21.98
	Provision for doubtful debts	0.64	5.18
	Net loss on sale of property, plant and equipment	1.71	8.63
	Net gain on sale of current investments	(41.90)	(8.99)
	Operating profit before working capital changes:*	**17,541.42**	**14,128.96**
	Movements in working capital:		
	Increase in trade receivables	(3,190.19)	(2,113.02)
	Increase in loans and advances and other current assets	2,371.82	(2,191.04)
	(Increase) / Decrease in inventories	(59.54)	(45.16)
	Increase in liabilities and provisions	3,339.89	1,989.03
	Cash Generated from Operations	**20,003.42**	**11,768.77**
	Direct taxes paid (net of refunds)	(1,336.63)	(317.18)
	Net cash flow from operating activities (A)	**18,666.77**	**11,451.59**
B.	**Cash flows used in investing activities**		
	Purchase of property, plant and equipment including CWIP, capital advances and capital creditors	(28,019.32)	(24,323.27)
	Proceeds from sale of property, plant and equipment	19.10	28.27
	Profit on relinquishment of rights	861.00	670.00
	Profit on sale of shares in subsidiaries	23.97	(1,965.58)
	(Purchase)/sale of other non current investments	(364.66)	(260.94)
	(Purchase)/sale of current investments	(1,555.08)	(504.00)
	Interest received	89.16	348.94
	Net Cash flow used in investing activities (B)	**(28,945.83)**	**(26,006.58)**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2019

		For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
C	**Cash flows from financing activities****		
	Proceeds from issuance of share capital	623.98	1,077.40
	Proceeds from Minority Interest (issuance of share capital by Subsidiaries)	2.08	(6.39)
	Proceeds from long term borrowings	61,525.69	64,039.60
	Repayment of long term borrowings	(39,625.77)	(39,625.77)
	Repayment of short term borrowings	(3,447.98)	(3,178.24)
	Interest paid	(7,762.20)	(7,409.89)
	Net Cash flow from financing activities (C)	**11,315.80**	**14,896.71**
	Net increase/(decrease) in cash and cash equivalents (A + B + C)	1,036.74	341.72
	Cash and cash equivalents at the beginning of the year	2,102.96	1,759.21
	Cash and cash equivalents acquired on amalgamation (Refer note 42)	-	2.03
	Cash and cash equivalents at the end of the year	**3,139.70**	**2,102.96**
	Components of cash and cash equivalents		
	Cash on Hand	57.91	70.17
	Balances with Scheduled Banks in		
	- Current accounts	3,081.79	2,032.79
	Total cash and cash equivalents	**3,139.70**	**2,102.96**

*Includes working capital movement on account of amalgamation (Refer note 42)
**There are no non-cash changes arising from financing activities.

See accompanying notes forming part of the financial statements. 1 to 47

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration No. 11736600/W-100018

For and on behalf of the Board of Directors of
Lemon Tree Hotels Limited

Vijay Agarwal
Partner

Patanjali G. Keswani
(Chairman & Managing Director)
DIN-00002974

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 29, 2019

Place : New Delhi
Date : May 29, 2019

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

1. Corporate Information

Lemon Tree Hotels Limited (the Company) is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Asset No. 6, Aerocity Hospitality District, New Delhi-110037.

The Company, its subsidiaries, associates and limited liability partnership (together referred as ("The Group") intend to carry out business of developing, owning, acquiring, renovating, operating, managing and promoting hotels, motels, resorts, restaurants, etc. under the brand name of Lemon Tree Hotel, Lemon Tree Premier and Red Fox Hotel. Also, some of the Group companies provide Project Management Services and Learning & Development services.

The consolidated financial statements are approved for issue by the Board of directors on May 29, 2019.

2 Basis of preparation of financial statements and Significant accounting policies

2.1 Basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), and the provisions of the Companies Act ,2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

The consolidated financial statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities which are measured at fair value/ amortised cost (refer note 36).

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing account standard required a change to the accounting policy hitherto to in use.

The consolidated financial statements are presented in Indian Rupees (INR) and all values are rounded off to the nearest lakhs, expect where otherwise indicated.

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries, associates and limited liability partnership (together referred as "The Group") as at March 31, 2019.The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its return

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31st March.

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On transition to IND AS, the Group has elected to continue with the carrying value of all of its property plant and equipment recognised as at April 1, 2015 in the consolidated financial statements, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income and expenses of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiaries are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income and expenses relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary (including deemed acquisition/ deemed disposal), without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Summary of significant accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued

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Operations are measured in accordance with that standard.

- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with Ind AS 18 Revenue.

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

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

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions

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of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Distributions received from an associate reduce the carrying amount of the investment. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate . On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there is any objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

(b) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading

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- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

(c) Foreign currencies

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange 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. 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 recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(d) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

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

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

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, and unquoted financial assets measured at fair value. External valuers are involved for valuation of significant assets and liabilities. The management selects external valuer on various criteria such as market knowledge, reputation, independence and whether professional standards are

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maintained by valuer. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 30)
- Quantitative disclosures of fair value measurement hierarchy (note 36)
- Financial instruments (including those carried at amortised cost) (note 36)

(e) Revenue recognition

Effective April 1, 2018, the Company has applied Ind AS 115 "Revenue from Contracts with Customers" which establishes a comprehensive framework to depict timing and amount of revenue to be recognised. The Company has adopted Ind AS 115 using cumulative catch-up transition method, where any effect arising upon application of this standard is recognised as at the date of initial application (i.e April 1, 2018). The standard is applied only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated - i.e. the comparative information continues to be reported under previous standards on revenue i.e Ind AS 18 and Ind AS 11. There was no impact on adoption of Ind AS 115 to the financial statements of the Company.

In arrangements for room revenue and related services, the Company has applied the guidance in Ind AS 115 for recognition of Revenue from contract with customer, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering room revenue and related services as distinct performance obligations. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognized.

Sales tax/ value added tax (VAT)/Goods & service tax(GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Rooms, Restaurant, Banquets and Other Services

Income from guest accommodation is recognized on a day to day basis after the guest checks into the Hotels and are stated net of allowances. Incomes from other services are recognized as and when services are rendered. Sales are stated exclusive of Service Tax, Value Added Taxes (VAT), GST and Luxury Tax. Difference of revenue over the billed as at the period-end is carried in financial statement as unbilled revenue separately.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, sale of food and beverage are recognized at the points of serving these items to the guests. Sales are stated exclusive of Sales Tax / VAT/GST.

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter

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period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividends

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Management Fee

Revenue from management services comprises fixed & variable income. Fixed income is recognised pro-rata over the period of the contract as and when services are rendered. Variable income is recognised on an accrual basis in accordance with the terms of the relevant agreement.

(f) **Taxes**

Tax expense represents current income tax and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or 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
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

- When the deferred tax asset relating to 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
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in

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other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date.

If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

Sales/ value added taxes/GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes/GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(g) **Property, plant and equipment**

On transition to IND AS, the Company has elected to continue with the carrying value of all of its property plant and equipment recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment.

Capital work in progress is stated at cost, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Freehold land is not depreciated.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation on fixed assets is provided as per Schedule II of Companies Act, 2013 on Straight Line Method over its economic useful life of fixed assets as follows:

Fixed Assets	Useful life considered
Plant & Machinery	15 Years
Building	60 Years
Electrical installations and fittings	10 Years
Office Equipments	5 Years
Furniture and Fixtures	8 Years
Crockery, cutlery and soft furnishings	3 Years
Commercial Vehicles	6 Years
Private Vehicles	8 Years
Computers	3 Years

The Group, based on management estimates, depreciates certain items of building, plant and equipment over estimated useful lives which are lower than the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the

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difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end, and adjusted prospectively if appropriate.

(h) Intangible assets

On transition to IND AS, the Company has elected to continue with the carrying value of all of its property plant and equipment recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as 3 years and the same shall be amortised on Straight line basis over its useful life.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

(i) Investment properties

On transition to IND AS, the Company has elected to continue with the carrying value of all of its Investment properties recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such Investment properties.

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Group depreciates building component of investment property over 60 years from the date of original purchase.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

(j) Borrowing costs

Borrowing cost includes interest expense as per Effective Interest Rate (EIR).

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset until such time that the assets are substantially ready for their intended use. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such current investments is deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the company during the year. Capitalisation of borrowing costs is suspended and charged to profit and loss during the extended periods when the active development on the qualifying assets is interrupted.

Effective interest rate(EIR) is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortised cost of a financial liability after considering all the contractual terms of the financial instrument.

(k) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of

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the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee

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

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless either:

(a) Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis, or

(b) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Group as a lessor

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

Operating lease receipt are recognised as income in the statement of profit and loss on a straight-line basis over the lease term unless either:

(a) Another systematic basis is more representative of the time pattern of the user's benefit even if the receipt from the lessee are not on that basis, or

(b) The receipts from the lessee are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If receipts from the lessee vary because of factors other than general inflation, then this condition is not met.

Stamp duties payable to local authorities on registration of lease agreements, are recognised as prepaid expense and charged off to Statement of Profit and Loss on an equitable basis over the lease term.

Conversion charges payable to local authorities on conversion of use of industrial plot for hotel purposes, are recognised as prepaid expense and charged off to statement of profit and loss on an equitable basis over the lease term.

(l) Inventories

Stock of food & beverages, stores and operating supplies are valued at lower of cost and net realisable Value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a first in first out basis.Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make sale.

(m) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal 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 Group 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.These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

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The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the entity operates, or for the market in which the asset is used.

Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(n) Provisions

General

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent Assets/ Liabilities

Contingent assets are not recognised. However, when realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

Contingent liabilities are disclosed in notes to accounts when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(o) Deferred Revenue

The Group operates a loyalty point's programme, which allows customers to accumulate points when they obtain services in the Group's Hotels. The points can be redeemed for free products/ nights, subject to a minimum number of points being obtained. Consideration received is allocated between the Room Revenue and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is determined by applying a statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

(p) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The group has no obligation, other than the contribution payable to the provident fund. The group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution

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for the year ended March 31, 2019

already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Retirement benefit in the form of gratuity is a defined benefit scheme. Gratuity liability of employees is accounted for on the basis of actuarial valuation on projected unit credit method at the close of the year. Group's contribution made to Life Insurance Corporation is expenses off at the time of payment of premium.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Retirement benefits in the form of Superannuation Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

The Group treats leaves expected to be carried forward for measurement purposes. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Remeasurement gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

(q) Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)

- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A debt instrument is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables etc. For more information on receivables, refer to Note 10.

Debt instrument at FVTOCI

A debt instrument is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments included within the FVTPL or FVTOCI category are measured at fair value with all changes recognized in the P&L or OCI.

Derecognition

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 Group's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the 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) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Trade receivables or any contractual right to receive cash or another financial asset

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for the year ended March 31, 2019

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging

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instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 15.

Financial guarantee contracts

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

If a financial guarantee is an integral element of a debt instrument held by the entity, it should not be accounted for separately.

Derecognition

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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, to realise the assets and settle the liabilities simultaneously.

(r) Cash and cash equivalents

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

(s) Share-based payments

Certain employees (including senior executives) of the Group receive part of their remuneration in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over share (equity-settled transactions).

The cost of equity-settled transactions with employees is determined measured at fair value at the date at which they are granted using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

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

(t) Cash Flow Statement

Cash flows are reported using the indirect method, where by profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(u) Measurement of EBITDA

The Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Group does not include depreciation and amortization expense, interest income, finance costs, and tax expense.

(v) Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity shareholders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity shareholders of the Company by the weighted average number of Equity shares outstanding during the period plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

(w) Recent accounting pronouncements issued but not yet effective upto the date of issuance of financial statements

a) Ind AS 116, Leases

Ind AS 116 – 'Leases' was notified on 30th March 2019, which is applicable for the accounting period beginning from 1st April 2019. For lessees, the standard eliminates the classification of leases as either operating or finance, as required by Ind AS 17, and instead introduces a single lease accounting model. Applying that model a lessee is required to recognize, (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value and (b) depreciation of leased assets separately from interest on lease liabilities in the income statement. Lessor Accounting under Ind AS 116 will not be having any transitional impact on initial recognition. Under Ind AS 17, the company was charging lease rental in statement of Profit and loss, which would be charged as depreciation and finance cost under Ind AS 116, having a favourable impact on EBITDA.

A lessor shall recognise lease payments from leases as income on either straight-line or another systematic basis. The standard permits two possible methods of transition:

- Full retrospective - Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective - Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

  Under modified retrospective approach, the lessee records the lease liability at the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either at:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

The company is in the process of evaluating the impact of transitioning from old standard i.e Ind AS 17 to new standard i.e Ind AS 116 and the transition approach.

b) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments

This Appendix clarifies how to apply the recognition and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in Ind AS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Appendix. The Company is in the process of evaluating the impact of this Appendix.

c) Amendment to Ind AS 12- Income Taxes

On March 30, 2019, the amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The amendment is effective from annual period beginning from April 1, 2019. The Company does not have any impact on account of this amendment.

d) Amendment to Ind AS 19- Employee Benefits

On March 30, 2019, the amendments to Ind AS 19, in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity, to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 01, 2019. The Company does not have any impact on account of this amendment.

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for the year ended March 31, 2019

3. Property, plant and equipment

₹ in lakhs

Particulars	Tangible Assets										
	Freehold land	Building on freehold land	Building on leasehold land	Plant and Machinery	Electrical fittings	Electrical equipments	Office equipments	Furniture and Fixtures	Crockery, cutlery and soft furnishings	Computers	Vehicles	Total (Tangible Assets)
Gross Carrying amount												
As at April 1, 2017	36,850.61	57,096.06	27,796.52	14,249.68	4,113.04	2,432.94	335.03	5,866.79	1,094.08	274.84	509.72	150,619.31
Additions	6,025.90	2,045.19	1.68	264.08	129.58	129.18	23.23	192.82	108.69	55.78	421.09	9,397.22
Acquired on amalgamation (Refer note 42)	-	-	-	-	0.08	-	0.12	0.65	-	1.20	-	2.05
Disposals	-	0.28	-	19.36	0.08	0.87	1.27	5.60	-	2.11	125.39	154.96
As at March 31, 2018	**42,876.51**	**59,140.97**	**27,798.20**	**14,494.41**	**4,242.62**	**2,561.25**	**357.11**	**6,054.66**	**1,202.77**	**329.71**	**805.42**	**159,863.62**
Additions	261.86	13,766.68	34.18	2,778.70	37.44	146.51	22.62	1,189.73	803.49	105.00	212.27	19,358.48
Disposals	-	-	-	11.67	-	-	-	-	-	-	32.60	44.27
As at March 31, 2019	**43,138.37**	**72,907.65**	**27,832.38**	**17,261.44**	**4,280.06**	**2,707.76**	**379.73**	**7,244.39**	**2,006.26**	**434.71**	**985.09**	**179,177.83**
Depreciation												
As at April 1, 2017	-	1,606.63	1,131.64	2,197.42	1,310.93	709.74	74.47	2,001.23	595.49	142.92	125.76	9,896.24
Charge for the year	-	953.68	533.37	1,304.42	623.84	378.39	45.54	931.60	220.81	70.85	133.70	5,196.19
Disposals	-	0.04	-	9.90	-	0.48	1.15	4.70	-	0.91	100.87	118.05
As at March 31, 2018	**-**	**2,560.26**	**1,665.01**	**3,491.94**	**1,934.77**	**1,087.64**	**118.86**	**2,928.14**	**816.31**	**212.86**	**158.59**	**14,974.39**
Charge for the year	-	1,073.30	545.17	1,369.28	560.53	313.48	44.49	869.97	284.77	70.52	152.84	5,284.35
Disposals	-	-	-	9.05	-	-	-	-	-	-	14.41	23.46
As at March 31, 2019	**-**	**3,633.56**	**2,210.18**	**4,852.17**	**2,495.30**	**1,401.12**	**163.35**	**3,798.11**	**1,101.08**	**283.38**	**297.02**	**20,235.28**
Net Block												
As at March 31, 2019	**43,138.37**	**69,274.09**	**25,622.20**	**12,409.27**	**1,784.76**	**1,306.64**	**216.38**	**3,446.28**	**905.18**	**151.33**	**688.07**	**158,942.55**
As at March 31, 2018	42,876.51	56,580.71	26,133.19	11,002.47	2,307.86	1,473.61	238.26	3,126.52	386.46	116.85	646.83	144,889.23

Net book value	As at March 31, 2019	As at March 31, 2018
Property, plant and equipment	158,942.55	144,889.23

Notes

a). Certain property, plant and equipments are pledged as collateral against borrowings, the details related to which have been described in Note no. 15 on "Borrowings".

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4. **Capital work-in-progress**

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
Hotel at Shimla		
Material	956.64	568.53
Project staff expenses	89.64	72.43
Salary wages & bonus	36.52	29.73
Professional charges	84.40	83.57
Others	3.30	2.66
	1,170.50	**756.92**
Hotel at City Center Pune		
Material	12,673.58	7,096.25
Professional charges	1,597.51	1,538.34
Borrowing cost	264.38	1,072.29
Salary wages & bonus	153.51	155.74
Project staff expenses other than salary	274.22	89.00
Travelling	17.92	12.26
Rates and taxes	1,782.54	1,666.51
Others	9.32	21.04
Less capitalised during the year	(16,772.99)	
	-	**11,651.43**
Hotel at Mumbai		
Material	16,250.85	9,677.34
Professional charges	2,137.67	2,093.51
Borrowing cost	2,230.29	966.47
Salary wages & bonus	327.07	271.56
Project staff expenses other than salary	400.96	272.55
Travelling	54.91	41.93
Rates and taxes	5,186.04	5,161.16
Others	182.54	182.54
	26,770.33	**18,667.06**
Hotel at Udaipur		
Material	14,818.99	9,728.08
Professional charges	1,742.43	1,249.02
Borrowing cost	1,527.46	680.56
Salary wages & bonus	242.38	168.64
Project staff expenses other than salary	175.45	49.35
Travelling	27.88	16.62
Rates and taxes	46.89	46.89
Others	0.26	0.26
	18,581.74	**11,939.42**
Hotel at Kolkata		
Material	6,706.87	2,768.79
Professional charges	860.90	659.42
Borrowing cost	591.41	204.11
Salary wages & bonus	129.18	90.73
Project staff expenses other than salary	137.32	62.95
Travelling	15.59	5.33
Others	1.35	1.35
	8,442.62	**3,792.68**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
Hotel at MIAL Aerocity, Mumbai		
Material	1,035.97	71.12
Professional charges	3,439.22	3,168.92
Lease rent	5,271.57	4,006.00
Salary wages & bonus	97.84	23.93
Project staff expenses other than salary	91.45	8.52
Travelling	29.19	25.98
Rates and taxes	1,413.59	1,280.37
Others	42.52	31.87
	11,421.35	**8,616.71**
Hotel at Bandhavgarh, Madhya Pradesh		
Material	-	740.95
Professional charges	-	213.54
Salary wages & bonus	-	18.46
Project staff expenses other than salary	-	0.10
Travelling	-	4.41
Rates and taxes	-	0.66
Others	-	6.31
	-	984.43
Less:- Capitalised during the year	-	(984.43)
	-	-
Hotel at Dehradun		
Material	1,463.03	157.01
Professional charges	95.01	-
Salary, Wages & Bonus	19.11	-
Project staff expenses other then salary	11.42	1.10
Rates and Taxes	7.92	0.82
Others	4.34	7.80
Less: capitalised during the year	(1,600.82)	
	-	**166.73**
Hotel at Banjara Hills		
Material	-	175.78
Project staff expenses other than salary	-	20.49
Miscellaneous government expenses/fees	-	7.36
	-	203.63
Less:- Capitalised during the year	-	(203.63)
	-	-
Total	**66,386.54**	**55,590.95**

5. **Investment property**

Particulars	**Total ₹ in lakhs**
Cost or valuation	
As at April 1, 2017	258.89
Additions	-
As at March 31, 2018	**258.89**
Additions	-
As at March 31, 2019	**258.89**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

Particulars	Total ₹ in lakhs
Depreciation and Impairment	
As at April 1, 2017	8.79
Charge for the year	4.39
As at March 31, 2018	**13.18**
Charge for the year	4.38
As at March 31, 2019	**17.56**
Net Block	
As at March 31, 2019	**241.33**
As at March 31, 2018	245.71

Information regarding income and expenditure of Investment property:

	March 31, 2019 ₹ in lakhs	March 31, 2018 ₹ in lakhs
Rental income derived from investment property	18.02	15.50
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(1.00)	(0.97)
Profit arising from investment properties before depreciation and indirect expenses	**17.02**	**14.52**
Less – Depreciation	(4.38)	(4.39)
Profit arising from investment properties before indirect expenses	**12.64**	**10.14**

The Group's investment properties consist of a commercial property in India. The management has determined that the investment property consist of one classes of asset − office space − based on the nature, characteristics and risks of the property. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties.

As at March 31, 2019 and March 31, 2018, the fair values of the property is ₹ 258.89 lakhs and ₹ 258.89 lakhs respectively. These valuations are based on valuations performed by an external independent valuer at the time of acquisition of property. The management has considered these valuations on the basis that there is no material change in the value of property since acquired.

Reconciliation of fair value:

Particulars	₹ in lakhs
Opening balance as at 1 April 2017	**258.89**
Fair value difference	-
Purchases	-
Closing balance as at March 31, 2018	**258.89**
Fair value difference	-
Purchases	-
Closing balance as at March 31, 2019	**258.89**

Description of valuation techniques used and key inputs to valuation on investment properties:

Valuation technique	Significant unobservable Inputs
Sales comparable method	Location
	Size of building
	Quality of building
	Visibility of unit
	Furnished/unfurnished

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

6. Intangible assets

₹ in lakhs

Particulars	Software	Goodwill	Total
Cost or valuation			
As at April 1, 2017	266.73	673.42	940.15
Additions (refer note 42)	47.84		47.84
Acquired on Amalgamation (Refer note 42)		2.63	2.63
As at March 31, 2018	**314.57**	**676.05**	**990.62**
Additions	471.83	-	471.83
As at March 31, 2019	**786.40**	**676.05**	**1,462.45**
Amortisation and impairment			
As at April 1, 2017	79.23	-	79.23
Amortisation	62.75	-	62.75
As at March 31, 2018	**141.97**	**-**	**141.97**
Amortisation	126.96	-	126.96
Disposals	-	-	-
As at March 31, 2019	**268.93**	**-**	**268.93**
Net Block			
As at March 31, 2019	**517.47**	**676.05**	**1,193.52**
As at March 31, 2018	172.59	676.05	848.65

Net book value	As at March 31, 2019	As at March 31, 2018
Intangible assets	1,193.52	848.65
Intangible assets under development (Software implementation)	-	316.95

7. Financial assets

		As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
(i)	**Investments**		
	Unquoted equity shares of associate companies (at cost)		
	340,000 (March 31, 2018: 340,000) equity shares of Mind Leaders Learning India Private Limited of ₹ 1 each fully paid.	198.31	60.91
	Unquoted compulsory convertible preference shares of associate companies at cost		
	27,00,000 (Previous year: Nil) 0.001% Compulsorily Convertible Preference shares of Hamstede Living Private Limited of ₹10 each fully paid	227.25	-
	Quoted investments at fair value through Profit & Loss		
	Mutual funds		
	24,915.549 (March 31, 2018: 9,633.444) Units of Reliance Low Duration Fund - Direct Growth Plan Growth option	657.87	340.99
	8,228.985 (March 31, 2018: 15,084.926) units of Reliance Money Manager Fund-Direct Growth Plan Growth Option	217.28	583.84
	9,785.595 (March 31, 2018: Nil) units of Reliance Liquid Fund-Direct Growth Plan Growth Option	446.41	-
	5,791.874 (March 31, 2018: 3,788.341) units of Reliance liquid fund treasury plan	152.93	173.31
	23145.106 units (March 31, 2018: Nil) Units of Reliance liquid fund - Direct Plan Growth Plan - Growth option	1,055.85	-
	389.747 (March 31, 2018: 389.747) Units of Reliance Liquid Fund-Cash Plan-Direct Growth Plan	11.91	10.94
	6,676.324 (March 31, 2018: 1599.181) Units of Reliance Treasury Plan-Direct Growth Plan	304.57	67.80
	703 (March 31, 2018: 703) units of Reliance liquid fund direct plan	19.97	18.41

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

		As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
	Other unquoted investments at fair value through Profit and Loss		
	2,567 (March 31, 2018: 2,567) equity shares of SEP Energy Private Limited of ₹10 each fully paid.	0.26	0.26
	3,184 (March 31, 2018: 3184) equity shares of School of Hospitality India Private Limited of ₹10 each fully paid.	200.04	200.04
		3,492.65	**1,456.50**
	Aggregate book value of quoted investments	2,866.79	1,195.30
	Aggregate book value of unquoted investments	625.86	261.20
	Current	2,866.79	1,195.30
	Non-Current	625.86	261.20
		3,492.65	1,456.50
(ii)	**Loans**		
	Unsecured, considered good		
	Loans to employees at amortised cost	171.11	1,615.50
		171.11	1,615.50
(iii)	**Other Non- current financial assets**		
	Unsecured, considered good		
	Security deposits at amortised cost	3,837.31	3,525.88
	Interest accrued on deposits with banks	500.89	341.15
	Fixed deposits under lien*	911.11	832.67
		5,249.31	**4,699.70**

*Fixed deposits under lien includes deposits lien marked with banks against guarantees issued in favour of various Government departments.

8 **Other non-current assets**

	As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
Unsecured, considered good		
Capital advances	1,727.76	1,369.12
Balance with statutory/ government authorities	48.81	48.81
Prepaid expenses	1,060.84	1,106.59
Unamortized portion of security deposits and loans	17,980.88	19,136.23
Total	**20,818.29**	**21,660.75**

9 **Inventories**

	As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
(Valued at lower of cost or net realisable value)		
Food and beverages (excluding liquor and wine)	137.41	154.12
Liquor and wine	119.18	105.43
Stores, cutlery, crockery, linen, provisions and others	341.78	279.28
Total	**598.37**	**538.83**

As at March 31, 2019: ₹ 41.98 lakhs, (March 31, 2018: ₹ 36.14 lakhs) was recognised as an expense for inventories carried at net realisable value

Refer footnote to Note 15 for inventories pledged.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

10 Financial assets

		As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
(i)	**Trade receivables**		
	Trade receivables	8,441.92	5,252.37
		8,441.92	**5,252.37**
	Break-up for security details:		
	Unsecured, considered good	8,443.22	5,252.37
	Unsecured, considered doubtful	39.47	40.50
		8,482.69	**5,292.87**
	Impairment Allowance (allowance for bad and doubtful debts)		
	Unsecured, considered good	1.30	-
	Unsecured, considered doubtful	39.47	40.50
		40.77	**40.50**
	Total Trade receivables	**8,441.92**	**5,252.37**

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days from the date of invoice.

		As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
(ii)	**Cash and cash equivalents**		
	Balance with banks		
	On current accounts	3,081.79	2,032.79
	Cash on hand	57.91	70.17
		3,139.70	**2,102.96**

Apart from the balance shown above, as on March 31, 2018, the Company has ₹ 32,233.37 lakhs in escrow account maintained with Axis Bank on account of proceeds from IPO. This amount has not been included in the balance with banks shown above as the same has been held in trust on behalf of selling shareholders. In the current year the same has been paid.

		As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
(iii)	**Loans**		
	Loans and advances to employees	-	26.55
		-	**26.55**

		As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
(iv)	**Other current financial assets**		
	Other bank balances - fixed deposits	1.68	0.35
	Security deposits	337.41	331.76
	Commission receivable	-	1.68
	Expenses recoverable	-	1,327.73
		339.09	**1,661.52**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

11 Other current assets

	As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
Advances recoverable		
- Employee advance	1.09	1.04
- Others, considered good	1,283.48	485.49
- Others, considered doubtful	8.76	8.76
	1,293.33	**495.29**
Provision for doubtful advances	8.76	8.76
	1,284.58	**486.53**
Unbilled revenue	0.12	13.75
Balance with statutory/ government authorities	1,012.10	859.91
Prepaid expenses	779.57	441.13
Unamortized portion of security deposits and loans	1,194.11	1,236.40
Total	**4,270.48**	**3,037.72**

12 Share capital

Authorised Share Capital	Equity shares	
	No. of shares	₹ In lakhs
As at April 1, 2017	998,550,000	99,855.00
Increase/(decrease) during the year	2,890,000	289.00
As at March 31, 2018	**1,001,440,000**	**100,144.00**
Increase during the year	-	-
As at March 31, 2019	**1,001,440,000**	**100,144.00**
	5% Redeemable Cumulative Preference Shares	
	No. of shares	₹ In lakhs
As at April 1, 2017	145,000	145.00
Increase/(decrease) during the year	-	-
As at March 31, 2018	**145,000**	**145.00**
Increase during the year	-	
As at March 31, 2019	**145,000**	**145.00**

Terms/rights attached to equity shares

The company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity 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 equity shares held by the shareholders.

Issued equity capital

Equity shares of INR 10 each issued, subscribed and fully paid	No. of shares	₹ In lakhs
As at April 1, 2017*	781,213,033	78,121.30
Issued during the year - Exercise of ESOP	2,318,370	231.84
Issued during the year - other than ESOP	2,820,248	282.02
Change in shares held by ESOP trust	41,600	4.16
As at March 31, 2018*	**786,393,251**	**78,639.32**
Issued during the year	2,500,781	250.08
Issued during the year - other than ESOP	3,333,000	333.30
Change in shares held by ESOP trust	(2,931,461)	(293.15)
As at March 31, 2019*	**789,295,571**	**78,929.55**

* excluding 2,950,893 equity shares (March 31, 2018: 19,432 shares, March 31, 2017: 61,032 shares) held by ESOP trust which has been consolidated in accordance with the requirement of IndAS 102. The movement is explained below :-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

	Share capital		Shares held by ESOP trust		Share capital (net)	
	No. of shares	₹ In lakhs	No. of shares	₹ In lakhs	No. of shares	₹ In lakhs
As at April 1, 2017	781,274,065	78,127.41	61,032	6.10	781,213,033	78,121.30
Issued during the year - Exercise of ESOP	2,318,370	231.84	-	-	2,318,370	231.84
Issued during the year - other than ESOP	2,820,248	282.02	-	-	2,820,248	282.02
Change in shares held by ESOP trust	-	-	(41,600)	(4.16)	41,600	4.16
As at March 31, 2018	**786,412,683**	**78,641.27**	**19,432**	**1.94**	**786,393,251**	**78,639.32**
Issued during the year	2,500,781	250.08	-	-	2,500,781	250.08
Issued during the year - other than ESOP	3,333,000	333.30	-	-	3,333,000	333.30
Change in shares held by ESOP trust	-	-	2,931,461	293.15	(2,931,461)	(293.15)
As at March 31, 2019	**792,246,464**	**79,224.65**	**2,950,893**	**295.09**	**789,295,571**	**78,929.55**

Details of shareholders holding more than 5% shares in the Company

	As at March 31, 2019		As at March 31, 2018	
	No. of shares	% held	No. of shares	% held
Equity shares of ₹ 10 each fully paid up				
Maplewood Investment Limited	98,408,065	12.42%	192,908,118	24.53%
Spank Management Services Private Limited	207,685,759	26.21%	207,375,759	26.37%
RJ Corp Limited	53,427,784	6.74%	78,748,368	10.01%
APG Strategic Real Estate Pool N.V.	118,730,914	14.99%	118,730,914	15.10%
SBI Large and Midcap Fund	56,817,761	7.17%		

Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 34

Aggregate number of bonus share issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

	March 31, 2019 No. of shares	March 31, 2018 No. of shares
Equity shares allotted as fully paid, pursuant to amalgamations (Refer note 42)	88,997,722	88,997,722
Equity shares allotted as fully paid bonus shares by capitalization of securities premium and capital redemption reserve	646,125,652	646,125,652

In addition, the company has issued total 11,501,015 shares (March 31, 2018 : 6,980,404) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

13 Other equity

Securities Premium	₹ In lakhs
As at April 1, 2017	8,954.37
Add: premium on issue of shares	324.33
Add: additions on ESOPs excercised	239.22
Add: transferred from stock options outstanding	88.39
Change in shares held by ESOP trust	(4.16)
As at March 31, 2018	**9,602.15**
Add: additions on ESOPs excercised	670.88
Add: transferred from stock options outstanding	341.42
Change in shares held by ESOP trust	(337.12)
As at March 31, 2019	**10,277.33**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

Retained Earnings	₹ In lakhs
As at April 1, 2017	(17,741.03)
Profit for the year	1,419.08
On disposal of subsidiary	1.48
As at March 31, 2018	**(16,320.47)**
Profit for the year	5,277.15
As at March 31, 2019	**(11,043.32)**

Capital Reserve	₹ In lakhs
As at April 1, 2017	8,200.20
Less: Amount on acquisition of additional interest in subsidiary (also refer note 41)	(1,965.58)
As at March 31, 2018	**6,234.62**
Add: Gain on disposal of subsidiary (Also refer Note 41)	23.97
As at March 31, 2019	**6,258.59**

General Reserve	₹ In lakhs
As at April 1, 2017	3,035.24
Increase/(decrease) during the year	-
As at March 31, 2018	**3,035.24**
Increase/(decrease) during the year	-
As at March 31, 2019	**3,035.24**

Share-based payments	₹ In lakhs
As at April 1, 2017	242.12
Add:- Expense for the year (Refer note 34)	94.54
Less:- transferred to securities premium on exercise of stock options	(88.39)
As at March 31, 2018	**248.27**
Add:- Expense for the year (Refer note 34)	93.16
Less:- transferred to securities premium on exercise of stock options	(341.42)
As at March 31, 2019	**-**

Capital redemption reserve	₹ In lakhs
As at April 1, 2017	45.00
Increase/(decrease) during the year	-
As at March 31, 2018	**45.00**
Increase/(decrease) during the year	-
As at March 31, 2019	**45.00**

	As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
Other reserves		
Securities Premium	10,277.33	9,602.15
Retained Earnings	(11,043.32)	(16,320.47)
Capital Reserve	6,258.59	6,234.62
General Reserve	3,035.24	3,035.24
Share-based payments	(0.00)	248.27
Capital redemption reserve	45.00	45.00
	8,572.84	**2,844.81**

Notes:

Capital reserve: Capital reserve represents reserve on consolidation of subsidiary.

General reserve: Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paidup capital of the Company for that year, then the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn.

Share-based payments: The Group has a share option scheme under which options to subscribe for the Group's shares have been granted to certain executives and senior employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 34 for further details of the plan.

Capital redemption reserve: The Companies Act provides that companies redeeming its preference shares at face value or nominal value is required to transfer an amount into capital redemption reserve. This reserve can be used to issue fully paid-up bonus shares to the shareholders of the Company.

Securities premium: Securities premium comprises premium received on issue of shares

Retained earnings: Retained earnings comprise balances of profit and loss at each year end.

14 Non-controlling interest

	As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
Non-controlling interest	43,218.43	42,864.35

15 Financial liabilities

	As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
(i) Borrowings		
Non-current borrowings		
Term Loans		
Loans from Banks (Secured)		
Kotak Mahindra Bank Limited (Refer footnote 1 to 7 below)	11,220.01	12,471.73
RBL Bank Ltd. (Refer footnote 8 & 9 below)	3,140.25	3,715.98
Yes Bank Limited (Refer footnote 10 to 16 below)	44,433.92	39,686.57
HDFC Bank Limited (Refer footnote 20 to 24 below)	27,996.47	12,984.26
Vehicle loans (Refer footnote 17 below)	375.12	368.40
Axis Bank Limited (Refer footnote 25 & 26 below)	20,787.24	16,554.76
Loans from financial institutions (Secured)		
Aditya Birla Finance Limited (Refer footnote 18 to 19 below)	5,520.10	7,349.67
Total non-current borrowings	**113,473.11**	**93,131.37**
Current maturity of long term loans from banks		
Kotak Mahindra Bank Limited (Refer footnote 1 to 7 below)	1,272.49	1,182.63
RBL Bank Ltd. (Refer footnote 8 & 9 below)	599.95	915.95
Yes Bank Limited (Refer footnote 10 to 16 below)	696.25	1,043.50
HDFC Bank Limited (Refer footnote 20 to 24 below)	2,123.43	82.13
Vehicle loans (Refer footnote 17 below)	136.35	108.83
Axis Bank Limited (Refer footnote 25 & 26 below)	975.00	916.25
Current maturity of loans from financial institutions		
Aditya Birla Finance Limited (Refer footnote 18 & 19 below)	158.00	154.00
Total current maturity of loans	**5,961.47**	**4,403.29**
Less: Amount clubbed under "other current financial liabilities"	(5,961.47)	(4,403.29)
Net current borrowings	-	-
	119,434.58	**97,534.66**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

Footnotes to Note 15 (i) "Borrowings"

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2019	Carrying rate of Interest as at March 31, 2018	Repayment/ Modification of terms	Security/ Principal terms and conditions
1	Kotak Mahindra Bank Limited	217.00	NA	9.40% (interest rate @ 6 months MCLR rate+ 0.60%)	The loan is repayable in 60 monthly installments of Rs 1,666,667 each along with interest. Repaid entire loan during the year.	The Term Loan is secured by way of: a) Exclusive charge on all existing and future current assets of the borrower's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon. b) Subservient charge over all existing and future current assets of the Company except current assets of the company's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon on which bank has exclusive charge. c) Equitable Mortgage by way of exclusive charge on the plot of Land at Sector-29, Gurgaon owned by the borrower. Also, exclusive charge over Moveable Fixed assets of the Hotel Property at Sector-29, Gurgaon.
2	Kotak Mahindra Bank Limited	1,633.00	9.45% (interest rate @ 6 months MCLR rate+ 0.60%)	9.40% (interest rate @ 6 months MCLR rate+ 0.60%)	The loan is repayable in 20 quarterly installments.	
3	Kotak Mahindra Bank Limited	431.00	9.45% (interest rate @ 6 months MCLR rate+ 0.60%)	9.40% (interest rate @ 6 months MCLR rate+ 0.60%)	The loan is repayable in 60 montly installments.	
4	Kotak Mahindra Bank Limited	5,200.00	9.35% (interest rate @ 6 months MCLR rate+ 0.50%)	8.80%	The loan is repayable in 28 quarterly installments.	The Term Loan is secured by way of: a) Exclusive charge on all existing and future current assets of the borrower's commercial space at Sector-60, Gurgaon. b) Minimum asset cover of 1.25x to be maintained throughout the tenor of bank's loan as per valuation accepted by bank. c) Subservient charge over all existing and future current assets of the borrower except current assets of the borrower's commercial space at Sector-60, Gurgaon on which bank has exclusive charge. d) Equitable Mortgage by way of exclusive charge on the on the proportionate share of land and building of commercial space of the borrower at Sector-60, Gurgaon. e) Exclusive charge over Moveable Fixed assets of commercial space at Sector-60, Gurgaon.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2019	Carrying rate of Interest as at March 31, 2018	Repayment/ Modification of terms	Security/ Principal terms and conditions
5	Kotak Mahindra Bank Limited	3,730.00	9.25%	9.40%	Loan shall be repaid by way of 120 equal monthly installments starting from month following the month of first disbursement of loan.	The loan is secured by: - First and exclusive charge on all existing and future current assets and moveable fixed assets of the company - First and exclusive equitable charge on immoveable properties being land and building situated at 54B/55A Hosur Main road Electronic city Phase 1 Bangalore Karnataka - Corporate guarantee of Fleur Hotels Pvt Ltd.
6	Kotak Mahindra Bank Limited	2,300.00	9.15%	9.40%		
7	Kotak Mahindra Bank Limited	6,000.00	9.35%	8.90% (6 months MCLR plus 50 bps)	The loan is repayable in 48 quarterly installments starting from 39th month following the month of first disbursement.	The loan is secured by: - First and exclusive charge on all existing and future current assets, movable and immovable fixed assets of the hotel - Red Fox Sector - 60, Gurgaon. - Subservient charge on all existing and future current assets of the Borrower except current assets of the hotel - Red Fox Sector - 60, Gurgaon. - Equitable Mortgage by way of exclusive charge on the land and building of Red Fox Hotel Sector-60, Gurgaon. -Minimum asset cover 1.2x to be maintained throughout the tenor of bank loan as per valuation accepted by bank.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2019	Carrying rate of Interest as at March 31, 2018	Repayment/ Modification of terms	Security/ Principal terms and conditions
8	RBL Bank Ltd.	3,000.00	9.80	10.25%	The loan is repayable in scattered quarterly installment beginning from March 2014. Interest is payable monthly as and when due.	It is secured by : (i) Exclusive charge on all the Project's immovable properties (except land), present and future. (ii) Exclusive charge by way of hypothecation of all the project's movables including movable plant & machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future.
9	RBL Bank Ltd.	2,420.00	9.80	9.8% (interest rate @ 1 year MCLR rate+ 0.55%)	The loan is repayable in scattered quarterly installment. Interest is payable monthly as and when due.	(iii) Exclusive charge on the project's book debts, operating cash flows, receivables, commissions, bank accounts (wherever held), revenues of whatever nature and wherever arising, present and future subject to prior charge of bankers on specified current assets for securing working capital facilities and subject to prior approval of bank. (iv) Exclusive charge by way of assignment or creation of charge in favour of the lender of - All the right, title, interest,benefits, claims and demands whatsoever of the borrower in agreements (developement agreement, management agreement, construction contract), duly acknowledged and consented to by the counter party; - All the rights,title, interest,benefits, claims and demands whatsoever of the borrower in clearances; - All the rights,title, interest,benefits, claims and demands whatsoever of the borrower in any letter of credit, guarantee, performance bond provided by any party to the project documents - All insurance contracts/insurance proceeds; (v) All Cash Flow routing to be done through Collection account maintained with bank. (vi) Right of substitution and other rights under the Substituition Agreement, on pari passu basis with other lenders. (Project implies to Red Fox Hotel at Property No. 6, Hospitality District, Delhi International Airport, New Delhi)
10	Yes Bank Limited	12,500.00	NA	9.40%	The loan is repayable in scattered quarterly installment beginning from February 2016. Interest is payable monthly as and when due	Following Charge has been satisfied during the year: a) First pari passu charge on the current assets, entire movable fixed assets and immovable assets of the Hotel Lemon Tree, Udyog Vihar, Hotel Lemon Tree, Pune, Hotel Lemon Tree, Ahemdabad, Hotel Lemon Tree, Chennai, Hotel Lemon Tree, Bangalore and Red Fox Hotel, Hyderabad. The charge for assets at Red Fox Hotel, Hyderabad has been removed before March 31, 2018.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2019	Carrying rate of Interest as at March 31, 2018	Repayment/ Modification of terms	Security/ Principal terms and conditions
11	Yes Bank Limited	12,000.00	9.80%	9.40%	The loan is repayable in scattered quarterly installment beginning from April 2017.	It is secured by: a) Exclusive charge on all immoveable fixed assets of Lemon Tree Premier, Hyderabad. b) Exclusive charge on all moveable fixed assets and current assets both present and future of LTP, Hyderabad. c) Corporate guarantee of Lemon Tree Hotels Limited.
12	Yes Bank Limited	6,000.00	9.80%	9.40%	The loan is repayable 44 structured quarterly installment after a moratorium period of 36 months from the date of first disbursement.	It is secured by : a) Exclusive charge on all immoveable fixed assets, moveable fixed assets and current assets of Lemon tree Sector 60 Gurgaon, and covention centre within Hotel premises of 20,000 sq.ft (appox.). b) Escrow of all receivables of the project including security deposits. c) Corporate guarantee of Lemon Tree Hotels Limited. d) DSRA equivalent to three months interest and one quarter principal to be created in case of any over dues beyond 30 days in the form of fixed deposits duly lien marked in favour of YBL. * Minimum security cover of 1.5x on immoveable and moveable fixed assets of the project.
13	Yes Bank Limited	2,500.00	9.80%	9.40%	The loan is repayable 48 structured quarterly installment after a moratorium period of 12 months from the date of first disbursement.	It is secured by: a) First charge on all present and future immoveable fixed assets of Red Fox Hotel, Kundli New Delhi. b) First charge on all moveable fixed assets and current assets both present and future of Red Fox Hotel, Kundli New Delhi. c) Escrow of all receivables of project including security deposits. d) Corporate guarantee of Lemon Tree Hotels Limited. e) DSRA equivalent to three months interest and one quarter principal to be created in case of any over dues beyond 30 days in the form of fixed deposits duly lien marked in favour of YBL. * Minimum security cover of 1.5x on immoveable and moveable fixed assets of the project.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2019	Carrying rate of Interest as at March 31, 2018	Repayment/ Modification of terms	Security/ Principal terms and conditions
14	Yes Bank Limited	3,500.00	9.80%	9.40%	The loan is repayable 48 structured quarterly installment after a moratorium period of 12 months from the date of first disbursement.	It is secured by: a) First charge on all present and future immoveable fixed assets of the project (including land and building) Lemon Tree Hotel, Whitefield Bangalore. b) First charge on all moveable fixed assets and current assets both present and future of Lemon Tree Hotel, Whitefield Bangalore. c) Escrow of all receivables of project including security deposits. d) Corporate guarantee of Lemon Tree Hotels Limited. e) DSRA equivalent to three months interest and one quarter principal to be created in case of any over dues beyond 30 days in the form of fixed deposits duly lien marked in favour of YBL. * Minimum security cover of 1.5x on immoveable and moveable fixed assets of the project.
15	Yes Bank Limited	20,500.00	9.80%	NA	The loan is repayable in 52 structured quarterly installments post moratorium period of 36 months from the date of first disbursement.	It is secured by: a) First charge on all present and future movable & immoveable fixed assets of the project. Lemon Tree Premier Hotel, Kolkata, Lemon Tree Premier Hotel in Pune, Lemon Tree Hotel in sector 60 Gurgaon and approximately 20,000 sqft convention centre within the hotel premises. b) Escrow of all receivables of the hotels including security deposits (if any). c) Corporate guarantee of Lemon Tree Hotels Limited. d) DSRA equivalent to 3 months interest and 1 quarter principle to be created in case of any over dues beyond 30 days in the form of fixed deposits duly lien marked in favour of YBL.
16	Yes Bank Limited	12,500.00	9.80%	9.65%	The loan is repayable 60 structured quarterly installment after a moratorium period of 60 months from the date of first disbursement.	It is secured by: a) Equitable mortgage over 80% share of Land and building (except 2nd basement, ground floor and first floor) on pari passu basis with other lenders for the project, Lemon Tree Premier Hotel, Andheri Mumbai. b) First charge (on pari passu basis) on the movable fixed assets and all current assets, both present and future of the project, Lemon Tree Premier Hotel, Andheri Mumbai. c) Corporate guarantee of Lemon Tree Hotels Limited.
17	Vehicle loan (different banks)	-		Rate of interest of these loans ranges from 8.00 % to 14.00 %	These loans are repaid on agreed monthly installments.	Vehicle loan is secured by hypothecation of underlying motor vehicle acquired out of such loans from HDFC Bank Limited, Axis Bank Limited and BMW Financial Services.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2019	Carrying rate of Interest as at March 31, 2018	Repayment/ Modification of terms	Security/ Principal terms and conditions
18	Aditya Birla Finance Limited	4,500.00	10.25% (linked with 1 year MCLR)	9.40%	The loan is repayable in 44 structured quarterly installments after moratorium of 12 months from the date of 1st disbursement.	It is secured by: a) First exclusive charge on the Immovable Fixed Assets (both present and future) of the Red Fox Hotel Hyderabad, to provide a minimum cover of 1.50x at all times during the tenor of the loan. b) First exclusive charge on all the Movable Fixed Assets (both present and future) of the Red Fox Hotel Hyderabad. c) First exclusive charge on Escrow of entire cash flow of Red Fox Hotel Hyderabad. d) DPN
19	Aditya Birla Finance Limited	2,350.00		11.4% (Benchmark rate + Spread)	The Loan is repayable in 44 Structured Quarterly Installments payable after moratorium period of 12 months from the date of first disbursement.	It is secured by: a) First exclusive charge on all the immovable fixed assets(both current and future) of the Lemon Tree Hotel EDM, Kaushambi Ghaziabad to provide minimum cover of 2.00x cover all the times during the tenure of loan, b) First exclusive charge on all the movable fixed assets(both current and future) of the Lemon Tree Hotel EDM, c) First exclusive charge on the escrow account of entire cash flow of Lemon Tree Hotel EDM, d) Unconditional & irrevocable Guarantee by Lemon Tree Hotels Limited, DPN
20	HDFC Bank Limited	2,100.00	9.60% (linked with 1 year MCLR)	9.00% (linked with 1 year MCLR)	The loan is repayable in 39 step-up quarterly installments.	It is secured by : a)First charge on all the fixed assets, both present and future, of the hotel "Lemon Tree" at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh, including hypothecation of all movables and mortgage of leasehold rights on land admeasuring 0.46 acres and building thereon. b) A first & exclusive charge on Projects (Lemon Tree" at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh) unencumbered-book debts,operating cash flows,receivables,comissions, banks accounts (whenever held) if any-present & future all revenues c) Mortgage of leasehold rights of the projects (Lemon Tree" at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh) land admeasuring 0.46 acre (2241.38 sq yrd) and building thereon.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2019	Carrying rate of Interest as at March 31, 2018	Repayment/ Modification of terms	Security/ Principal terms and conditions
21	HDFC Bank Limited	10,000.00	9.51% (linked with 1 year MCLR)	9.00% (linked with 1 year MCLR)	The loan is repayable in 44 consecutive quarterly installments after a moratorium of 1 year.	It is secured by : a) First pari passu charge by way of mortgage on Select properties. The borrower shall ensure asset cover ratio should not be less than 1.50x (based on market value of security) at all times. b) First pari passu charge by way of hypothecation in favor of the lender on all current assets and movable fixed assets including movable plant and machinery, machinery spares, tools and accessories, furniture and fixtures, vehicles and all other movable assets, present and future of Select Properties. Properties:- - Hotel Lemon Tree, Udyog Vihar - Hotel Lemon Tree, Pune, - Hotel Lemon Tree, Ahemdabad - Hotel Lemon Tree, Chennai -Lemon Tree Premier, Bangalore
22	HDFC Bank Limited	4,300.00	9.15%	9.00% (linked with 1 year MCLR)	The Loan is repayable in 28 quarterly installments.	It is secured by: - Exclusive charge by way of Equitable mortgage on all of the Project's (Red Fox Hotel situated at Khasra No.102/103/433, Village Jhalana , J.L.N. Marg , Jaipur) land and building. - Exclusive charge on Company's hotel movables, including movable plant and machinery, machinery spares, furniture and fixtures and all other movable assets, present and future. - Exclusive charge on Project's current assets - book debts, operating cash flows, receivables, commissions, bank accounts both present and future, all revenue. - Further it is secured by Coporate Guarantee of Lemon Tree Hotels Limited. - Pledge of 100% shares of SCPL held by Lemon Tree Hotels Limited.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2019	Carrying rate of Interest as at March 31, 2018	Repayment/ Modification of terms	Security/ Principal terms and conditions
23	HDFC Bank Limited	11,100.00	9.20% (linked with 1 year MCLR)	NA	The loan shalll be repaid in 27 Consecutive quarterly installments as per the schedule.	It is secured by : a) First pari passu charge on all movable fixed assets including movable plant and machinery, machinery spares, tools and accessories, furniture and fixtures, vehicles and all other movable assets, present and future of below mentioned properties Hotel Lemon Tree, Udyog Vihar, Hotel Lemon Tree, Pune, Hotel Lemon Tree, Ahemdabad, Hotel Lemon Tree, Chennai, Lemon Tree Premier, Bangalore. b) Stock in trade both present and future consisting of raw material, finished goods, goods in process of manufacturing and any other goods, moveable assets or merchandise whatsoever now or at anytime hereafter belonging to the security provider. c) All the book debts, amount outstanding, monies receivable, claims and bills which are now due and owing.
24	HDFC Bank Limited	6,000.00	9.25% (6 months MCLR+.70% p.a. spread)	NA	Tenor of 13 years	It is secured by: a) First and exclusive charge on movable and immovable fixed assets at the Lemon Tree Hotel Gachibowli, Hyderabad having market value of approx ₹ 100crs. b) First and exclusive charge on escrow account of entire cash flows of the Lemon Tree Hotel Gachibowli, Hyderabad. c) Corporate guarantee of Lemon Tree Hotels Limited having adjusted NW as on 31.03.2018 of ₹ 2152Mn.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2019	Carrying rate of Interest as at March 31, 2018	Repayment/ Modification of terms	Security/ Principal terms and conditions
25	Axis Bank Limited	16,248.00	9.60%	9.00%	Term Loan I & II is repayable in 40 quarterly instalments with first installment falling due after a period of 3 years from first disbursement. Term Loan III is repayable in 59 quarterly installments commencing 6 months after first disbursement.	It is secured by way of : (a) A first pari passu charge on the Borrower's properties & assets, both present & future, pertaining to the Lemon Tree Hotel project of the Company at Delhi Aerocity Hospitality District (Except Project Land). (b) A first pari passu charge on Company's all revenues and bank accounts of the Company, the Escrow account and each of the other accounts are required to be maintained/ created by the borrower under any project document or contract. (c) Right of substitution provided by DIAL under tripartite agreement between DIAL, Hyacinth Hotels and the Lender. (d) Pledge of 51% equity shares of the Company in favor of security trustee i.e. Axis Trustee. (e) Corporate guarantee of Lemon Tree Hotels Limited and Fleur Hotels Private Limited. A non fund based facility of ₹ 3.00 crores from Axis bank Ltd. is secured by second charge, ceded by the term loan lenders, on the aforementioned entire properties, assets, bank accounts, revenues, right of substitution pertaining to Lemon Tree Hotel project at Delhi Aerocity (except Project land) including pledge of 30% equity shares and guarantee of the Fleur Hotels Private Limited, the maturity date of the TL1 loan is February 2024 & for TL-2 loan of axis bank is September 2024.
26	Axis Bank Limited	9,500.00	9.85%	9.5% (linked with 1 year MCLR plus 1.25%)	The Loan is repayable in 60 quarterly instalments after a moratorium period of 5 years.	It is secured by: a) Equitable mortgage over 80% share of Land and building (except 2nd basement, ground floor and first floor) on pari passu basis with other lenders for the project, Lemon Tree Premier Hotel, Andheri Mumbai. b) First charge (on pari passu basis) on ther movable fixed assets and all current assets, both present and future of the project, Lemon Tree Premier Hotel, Andheri Mumbai. c) Corporate guarantee of Lemon Tree Hotels Limited.

(i) The Group has not defaulted in the repayment of loans and interest as at Balance Sheet date.

(ii) Bank loans availed by the Group are subject to certain covenants relating to interest coverage ratio, debt service coverage ratio, capital gearing ratio, fixed assets coverage ratio.

(iii) The Group has complied with the covenants as per the terms of the loan agreement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

		As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
(ii)	**Other financial liabilities**		
	Security deposits	275.74	136.55
		275.74	**136.55**

16 Provisions

	As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
Provision for gratuity	**264.10**	**199.04**
Current	93.26	37.42
Non-current	170.84	161.62
Provision for leave benefits	**176.18**	**137.45**
Current	173.64	137.45
Non-current	2.54	-
Provision for litigations (Refer note 33)	**113.63**	**91.43**
Current	113.63	91.43
Non-current	-	-
Total current	**380.53**	**266.30**
Total non-current	**173.38**	**161.62**

17.1 Deferred tax liability (net)

	As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
Property, plant and equipments and intangible assets	10,316.83	9,572.25
Fair value of investments	-	2.13
Capital Work-in-progress	0.85	-
Revaluation of land	417.04	377.64
Deferred tax liability	**10,734.72**	**9,952.02**
Impact of expenditure charged to the statement of profit and loss in the current/ earlier period but allowable for tax purposes on payment basis	367.28	86.39
Provision for doubtful debts and advances	5.13	7.12
Fair value of investments	3.70	-
Effect of unabsorbed depreciation and business loss	7,036.26	6,415.37
Provision for gratuity	74.01	49.89
Provision for leave compensation	49.11	37.11
Loyalty program	5.98	3.80
Provision for litigation	16.28	12.97
Provision for slow moving inventory	12.34	12.56
Expense on account of lease equalization reserve created	484.59	433.16
Security deposits	918.28	972.27
Provision for contingency	18.65	17.83
Loan to employee recorded at amortized cost	0.83	4.52
Borrowings	8.87	5.89
Prepaid expenses	5.71	3.69
Provision for expected credit losses	6.41	6.38
MAT credit entitlement receivable	3,756.50	1,457.86
Deferred tax asset	**12,769.93**	**9,526.81**
Deferred tax liability (net)	**(2,035.21)**	**425.21**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for period/year ended March 31, 2019 and March 31, 2018:

	March 31, 2019	March 31, 2018
Profit/(loss) before tax	4,526.74	1,833.19
Tax rate	34.61%	34.61%
Tax at statutory income tax rate	1,481.73	614.36
Effect of incomes taxable at nil/lower/MAT rate	(146.42)	(430.40)
Effect of non-deductible expenses	9.35	84.70
Income tax charge/ (credit) in respect of earlier year	(1,282.44)	(117.22)
Impact of change in tax rate	10.95	3.13
Unrecognized tax assets (net) and other adjustments	(1,195.60)	324.61
Other adjustments	11.29	(101.35)
Net	**(1,111.14)**	**377.83**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

17.2 Non-current tax assets (net)

	As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
Advance Income Tax (net of provision for taxation)	1,863.93	1,873.41
	1,863.93	**1,873.41**

18 Other Non-current liabilities

	As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
Reserve for lease equalisation	3,346.79	2,720.53
	3,346.79	**2,720.53**

19 Financial liabilities

		As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
(i)	**Borrowings**		
	Cash credit from banks (Secured)	122.06	3,570.04
		122.06	**3,570.04**

A The Cash credit facility and working capital loan from Kotak Mahindra Bank is repayable on demand and carries interest rate of 9.00% p.a. (March 31, 2018: 9.30% p.a.) and is secured by way of:

a.) Exclusive charge on all existing and future current assets of the borrower's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon.

b.) Subservient charge over all existing and future current assets of the Company except current assets of the company's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon on which bank has exclusive charge.

c) Equitable Mortgage by way of exclusive charge on the plot of Land at Sector-29, Gurgaon owned by the borrower. Also, exclusive charge over Moveable Fixed assets of the Hotel Property at Sector-29, Gurgaon.

B The Cash credit facility from HDFC Bank Ltd. (taken over from Yes Bank Ltd. during the Current Year) is repayable on demand and carries interest rate of 9.95% p.a.(March 31, 2018: 9.40% p.a.) and is secured by way of:

a) First pari passu charge on all immovable fixed assets, movable fixed assets and current assets (both present and future) including land and building of Hotel Lemon Tree, Udyog Vihar, Hotel Lemon Tree, Pune, Hotel Lemon Tree, Ahemdabad, Hotel Lemon Tree, Chennai, Hotel Lemon Tree, Bangalore and Red Fox Hotel, Hyderabad. The charge for assets at Red Fox Hotel, Hyderabad has been removed before March 31, 2018.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

		As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
(ii)	**Trade payables**		
	Trade Payables		
	-Micro and small enterprises	242.30	-
	-Other than Micro and small enterprises	9,334.84	8,112.65
		9,577.14	**8,112.65**

		As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
(iii)	**Other financial liabilities**		
	Current maturities of long-term borrowings	5,961.47	4,403.29
	Interest accrued but not due on borrowings	242.71	2.12
	Book overdraft	1,224.83	411.29
	Other payables		
	-Payable for capital goods	5,007.57	2,363.53
	-Sundry deposits	49.31	0.75
	-Payable to employees	21.15	16.97
	Outstanding dues of other creditors	3,944.62	3,973.12
		16,451.66	**11,171.07**

20 Other current liabilities

	As at March 31, 2019 ₹ In lakhs	As at March 31, 2018 ₹ In lakhs
Advance from customers	1,142.21	856.45
Deferred revenue- loyalty programme	17.12	10.97
Statutory dues	1,503.44	906.06
	2,662.77	**1,773.48**

21 Revenue From Operations

	For the year ended March 31, 2019 ₹ In lakhs	For the year ended March 31, 2018 ₹ In lakhs
Revenue from operations		
Sale of products and services		
- Room rental	39,390.41	34,161.11
- Food and beverage (excluding liquor and wine)	8,012.64	7,564.07
- Liquor and wine	1,306.81	963.61
- Banquet rentals	501.71	107.32
- Telephone and telex	20.23	41.62
- Other Services (including service charge income)	5,251.40	4,946.86
Other Operating Revenue		
- Management fee	464.79	637.79
- Commission income	2.63	3.77
Revenue from operations	**54,950.62**	**48,426.15**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

22 Other income

	For the year ended March 31, 2019 ₹ In lakhs	For the year ended March 31, 2018 ₹ In lakhs
Profit on relinquishment of rights (refer note 44)	861.00	670.00
Rent received	67.69	60.59
Excess provision/ credit balances written back	9.14	6.06
Exchange difference (net)	0.01	0.12
Miscellaneous income	55.33	43.92
	993.17	**780.68**

23 Cost of food and beverages consumed

		For the year ended March 31, 2019 ₹ In lakhs	For the year ended March 31, 2018 ₹ In lakhs
(a)	**Consumption of food and beverages excluding liquor and wine**		
	Inventory at the beginning of the year	154.12	102.47
	Add: Purchases	4,534.29	4,060.11
		4,688.41	**4,162.58**
	Less: Inventory at the end of the year	137.41	154.12
	Cost of food and beverage consumed	**4,551.00**	**4,008.46**
(b)	**Consumption of liquor and wine**		
	Inventory at the beginning of the year	105.43	111.86
	Add: Purchases	445.06	343.63
		550.49	**455.49**
	Less: Inventory at the end of the year	119.18	105.43
	Cost of liquor and wine consumed	431.31	350.06
		4,982.31	4,358.52

24 Employee benefit expense

	For the year ended March 31, 2019 ₹ In lakhs	For the year ended March 31, 2018 ₹ In lakhs
Salaries, wages and bonus	10,336.98	9,241.63
Contribution to provident fund and other funds	454.12	383.47
Share based payments to employees	93.16	94.54
Gratuity expense	56.82	52.05
Leave compensation expenses	49.29	23.34
Staff welfare expenses	1,062.68	1,162.45
Total	**12,053.05**	**10,957.49**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

25 Other expenses

	For the year ended March 31, 2019 ₹ In lakhs	For the year ended March 31, 2018 ₹ In lakhs
Consumption of stores, cutlery, crockery, linen, provisions and others	1,148.59	1,165.69
Lease rent	2,922.22	3,064.40
License fee	651.62	623.65
Power and fuel	5,269.77	4,845.96
Linen & uniform washing and laundry expenses	349.70	265.59
Guest transportation	1,062.99	1,109.16
Spa expenses	189.38	161.53
Subscription charges	102.26	98.12
Repair and maintenance		
- Buildings	498.35	469.77
- Plant and machinery	1,119.75	750.53
- Others	612.67	578.18
Rates and taxes	847.92	888.58
Insurance	124.87	99.40
Communication costs	863.22	862.95
Printing and stationery	259.85	276.85
Traveling and conveyance	183.38	175.84
Vehicle running and maintenance	196.29	188.43
Advertisement and business promotion	208.34	207.79
Commission -other than sole selling agent	2,244.41	1,354.06
Security and cleaning expenses	1,092.46	898.23
Membership and subscriptions	29.21	24.56
Legal and professional fees	692.57	865.78
Advances written off	-	0.35
Freight and cartage	22.38	14.51
Exchange difference (net)	-	0.06
Donations	21.03	4.75
Loss on sale of property, plant and equipment (net)	1.71	8.63
Provision for doubtful debts	0.64	5.18
Payment to auditor (Refer note below)	105.00	75.00
Miscellaneous expenses	218.18	409.16
	21,038.76	**19,492.69**
Payment to auditor		
Audit fee	102.00	64.00
Tax audit fee	3.00	3.00
Other services	-	8.00
Reimbursement of expenses	-	-
	105.00	**75.00**

Details of CSR expenditure:		For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
(a)	**Gross amount required to be spent by the company during the year**	26.12	25.19
(b)	**Amount spent during the year ending on March 31, 2019:**	In cash	Yet to be paid in cash
i)	Construction/acquisition of any asset	-	-
ii)	On purposes other than (i) above	23.98	2.15
(c)	**Amount spent during the year ending on March 31, 2018:**	In cash	Yet to be paid in cash
i)	Construction/acquisition of any asset	-	-
ii)	On purposes other than (i) above	4.68	20.51

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

26 **Finance costs**

	For the year ended March 31, 2019 ₹ In lakhs	For the year ended March 31, 2018 ₹ In lakhs
Interest		
- on term loans from banks	7,179.22	6,342.39
- on loans from financial institutions	585.21	554.26
- on loans from others	0.00	217.96
- on vehicle loans	34.97	28.12
- on other credit facilities from banks	201.48	225.63
- on income tax	1.52	2.67
- on others	1.91	2.25
Prepayment charges	-	4.03
Bank charges (including commission on credit card collection)	465.32	459.59
	8,469.63	**7,836.90**

27 **Finance income**

	For the year ended March 31, 2019 ₹ In lakhs	For the year ended March 31, 2018 ₹ In lakhs
Profit on sale of investment	41.90	8.99
Interest Income from financial assets at amortised cost:		
-Bank Deposits	79.69	78.41
-Others	161.13	335.10
Interest on income tax refund	93.21	5.27
Effect of change in discount rate	8.08	-
Fair value profit on financial instruments at fair value through profit or loss	74.51	48.42
	458.52	476.19

28 Depreciation and amortization expense

	For the year ended March 31, 2019 ₹ In lakhs	For the year ended March 31, 2018 ₹ In lakhs
Depreciation on tangible assets	5,284.35	5,196.17
Amortization of intangible assets	126.96	62.28
Depreciation on investment properties	4.39	4.39
Depreciation capitalized	(4.22)	(1.09)
Total	**5,411.48**	**5,261.74**

29 **Earnings per share (Basic and Diluted)**

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

The earnings and weighted average number of ordinary shares used in the calculation of Basic and Diluted EPS are as follows:

	March 31, 2019	March 31, 2018
Profit/(Loss) attributable to equity holders (for basic and diluted)	5,287.83	1,419.43
Weighted average number of equity Shares (for basic and diluted earnings per share)*	789,680,232	784,588,452
Basic and Diluted earnings per share	0.67	0.18

* The weighted average number of shares takes into account the weighted average effect of changes in share transactions during the year. The shares of the company has been listed on BSE Limited and National Stock Exchange of India Limited with effect from April 9, 2018.

30. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the 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.

Judgements

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

Operating lease commitments – Group as lessee

The Group has taken certain land and land and building on long term lease basis.The lease agreements generally have an escalation clause. These leases are generally non-cancellable. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life/ remaining economic life of the property and the fair value of the asset, that it does not have all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Further, the Group based on an evaluation of the terms and conditions of the respective agreements decided that wherever the escalations (generally 15% every 3 years or 20% every 4 years) are aligned to the average expected general inflation of the lease term period, operating lease payments are not required to be provided on a straight-line basis over the lease term as an expense in the statement of profit and loss and in other cases (including structured payment terms), operating lease payments are expensed on a straight-line basis over the lease term in the statement of profit and loss.

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. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

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 other valuation techniques. 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. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 36 for further disclosures.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

Further, the management has estimated the expected future cash receipts through the expected life of the financial asset of loans given to subsidiaries which is repayable on demand based on the financial position of the respective Subsidiaries and repayment period of the borrowings taken by these Subsidiaries.

In case there is a change in original estimated repayment period, amount received over book value of such loans or advances is adjusted from Deemed Investment.

Taxes

Till March 31, 2018, considering the history of past tax losses, the Company recognised deferred tax assets (including MAT credit) to the extent of probability that taxable profit will be generated in future against which the deductible temporary differences, carry forward of unabsorbed depreciation and tax losses can be utilised. Accordingly, it was considered prudent to recognize the deferred tax assets only to the extent of deferred tax liabilities. Now, the Company is reasonably certain based on the future projections that the Company will be able to generate taxable profit against which the deductible temporary differences, carry forward of unabsorbed depreciation and tax losses can be utilised and therefore has recognised deferred tax asset of ₹ 2,478.78 lakhs as at March 31, 2019.

31. Group information

The consolidated financial statements of the Group include subsidiaries, associates and limited liability partnership listed in the table below:

a) Subsidiaries under Direct Control

S. No.	Name of the Company	Principal activities	Country of Incorporation	% of equity interest	
				March 31, 2019	March 31, 2018
1.	Begonia Hotels Private Limited	Hotel Business	India	74.11%	74.11%
2.	Carnation Hotels Private Limited	Hotel Business	India	74.90%	100%
3.	Fleur Hotels Private Limited	Hotel Business	India	57.98%	57.98%
4.	Dandelion Hotels Private Limited	Hotel Business	India	100%	100%
5.	Lemon Tree Hotel Company Private Limited	Hotel Business	India	100%	100%
6.	PSK Resorts & Hotels Private Limited	Hotel Business	India	100%	100%
7.	Canary Hotels Private Limited	Hotel Business	India	100%	100%
8.	Grey Fox Project Management Company Private Limited	Project management services	India	100%	100%
9.	Nightingale Hotels Private Limited	Hotel Business	India	57.53%	57.53%
10.	Oriole Dr Fresh Hotels Private Limited	Hotel Business	India	100%	100%
11.	Red Fox Hotel Company Private Limited	Hotel Business	India	100%	100%
12.	Sukhsagar Complexes Private Limited	Hotel Business	India	100%	100%
13.	Manakin Resorts Private Limited (Subsidiary of PSK Resorts & Hotels Private Limited)	Hotel Business	India	10%	10%
14.	Meringue Hotels Private Limited	Hotel Business	India	59.48%	58.42%
15.	Poplar Homestead Holdings Private Limited	Rental Housing	India	100.00%	-
16.	Madder Stays Private Limited	Rental Housing	India	100.00%	-
17.	Jessamine Stays Private Limited	Rental Housing	India	100.00%	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

b) Subsidiaries under Indirect Control

S. No.	Name of the Company	Principal activities	Country of Incorporation	% of equity interest	
				March 31, 2019	March 31, 2018
1.	Manakin Resorts Private Limited (Subsidiary of PSK Resorts & Hotels Private Limited)	Hotel Business	India	90%	90%
2.	Celsia Hotels Private Limited (Subsidiary of Fleur Hotels Private Limited)	Hotel Business	India	57.98%	57.98%
3.	Inovoa Hotels & Resorts Limited (Subsidiary of Fleur Hotels Private Limited)	Hotel Business	India	57.98%	57.98%
4.	IORA Hotels Private Limited(Subsidiary of Fleur Hotels Private Limited)	Hotel Business	India	59.66%	57.98%
5.	Hyacinth Hotels Private Limited (Subsidiary of Fleur Hotels Private Limited)	Hotel Business	India	57.98%	57.98%
6.	Bandhav Resorts Private Limited (Subsidiary of Fleur Hotels Private Limited)	Hotel Business	India	57.98%	57.98%
7.	Ophrys Hotels Private Limited(Subsidiary of Fleur Hotels Private Limited)	Hotel Business	India	57.98%	57.98%
8.	Valerian Management Services Private Limited (Subsidiary of Grey Fox Project Management Company Private Limited)	Project Designing Services	India	100%	100%
9.	Meringue Hotels Private Limited (Subsidiary of Dandelion Hotels Private Limited upto September 1, 2017)	Hotel Business	India	40.52%	41.58%

c) Associate

S. No.	Name of the Company	Principal activities	Country of Incorporation	% of equity interest	
				March 31, 2019	March 31, 2018
1.	Mind Leaders Learning India Private Limited	Learning & Development	India	36.56%	36.56%
2.	Pelican Facilities Management Private Limited (Subsidiary of Mind Leaders Learning India Private Limited)	Facilities Management Services	India	36.56%	36.56%
3.	Hamstede Living Private Limited	Rental Housing	India	30%	-

d) Limited Liability Partnership

S. No.	Name of the LLP	Principal activities	Country of Incorporation	% interest	
				March 31, 2019	March 31, 2018
1.	Mezereon Hotels LLP (Capital contribution by Fleur Hotels Private Limited & Celsia Hotels Private Limited)	Hotel Business	India	57.98%	57.98%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

(e) Statutory Group Information

Name of the entity in the group		Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
		As % of consolidated net assets	₹ in lakhs	As % of consolidated profit and loss	₹ in lakhs	As % of consolidated other comprehensive income	₹ in lakhs	As % of total comprehensive income	₹ in lakhs
Parent									
	Lemon Tree Hotels Limited								
	Balance as at March 31, 2019	26.08%	34,085.85	41.89%	2,361.70	202.84%	(17.71)	41.64%	2,343.99
	Balance as at March 31, 2018	25.00%	31,081.95	-14.68%	(213.66)	-102.25%	1.85	-14.57%	(211.81)
Subsidiaries									
1	Fleur Hotels Private Limited								
	Balance as at March 31, 2019	1.74%	2,271.28	15.93%	897.93	-12.79%	1.12	15.97%	899.05
	Balance as at March 31, 2018	3.55%	4,420.16	31.30%	455.56	74.99%	(1.36)	31.25%	454.20
2	Celsia Hotels Private Limited								
	Balance as at March 31, 2019	0.36%	470.67	8.73%	492.19	-0.99%	0.09	8.75%	492.28
	Balance as at March 31, 2018	0.18%	219.00	24.85%	361.63	-35.74%	0.65	24.92%	362.27
3	Mezereon Hotels LLP								
	Balance as at March 31, 2019	0.00%	0.85	0.00%	(0.05)	0.00%	-	0.00%	(0.05)
	Balance as at March 31, 2018	0.00%	0.90	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
4	Inovoa Hotels & Resorts Limited								
	Balance as at March 31, 2019	1.89%	2,475.06	3.17%	178.73	-7.58%	0.66	3.19%	179.39
	Balance as at March 31, 2018	1.96%	2,431.04	4.71%	68.61	5.31%	(0.10)	4.71%	68.51
5	PSK Resorts & Hotels Private Limited								
	Balance as at March 31, 2019	0.00%	0.11	-0.01%	(0.80)	0.00%	0.00	-0.01%	(0.80)
	Balance as at March 31, 2018	0.00%	0.93	-0.03%	(0.47)	0.00%	-	-0.03%	(0.47)
6	Manakin Resorts Private Limited								
	Balance as at March 31, 2019	0.66%	861.40	-0.54%	(30.42)	-1.88%	0.16	-0.54%	(30.26)
	Balance as at March 31, 2018	0.74%	914.93	3.95%	57.42	-5.93%	0.11	3.96%	57.53
7	Canary Hotels Private Limited								
	Balance as at March 31, 2019	1.87%	2,446.84	-1.37%	(77.01)	-16.44%	1.44	-1.34%	(75.57)
	Balance as at March 31, 2018	2.02%	2,505.98	-14.84%	(215.93)	-9.02%	0.16	-14.84%	(215.77)
8	Meringue Hotels Private Limited								
	Balance as at March 31, 2019	9.68%	12,648.48	-1.59%	(89.72)	0.00%	0.00	-1.59%	(89.72)
	Balance as at March 31, 2018	7.78%	9,671.41	-0.53%	(7.76)	0.00%	-	-0.53%	(7.76)
9	Hyacinth Hotels Private Limited								
	Balance as at March 31, 2019	8.20%	10,720.11	8.40%	473.44	-2.98%	0.26	8.42%	473.70
	Balance as at March 31, 2018	8.46%	10,515.82	29.95%	435.87	4.38%	(0.08)	29.98%	435.79

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	Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
		As % of consolidated net assets	₹ in lakhs	As % of consolidated profit and loss	₹ in lakhs	As % of consolidated other comprehensive income	₹ in lakhs	As % of total comprehensive income	₹ in lakhs
10	Sukhsagar Complexes Private Limited								
	Balance as at March 31, 2019	1.11%	1,452.07	0.74%	41.65	-8.71%	0.76	0.75%	42.41
	Balance as at March 31, 2018	0.91%	1,128.30	-2.32%	(33.75)	-10.91%	0.20	-2.31%	(33.55)
11	Oriole Dr Fresh Hotels Private Limited								
	Balance as at March 31, 2019	0.71%	931.03	0.30%	16.97	-3.07%	0.27	0.31%	17.24
	Balance as at March 31, 2018	0.71%	878.39	3.34%	48.66	6.51%	(0.12)	3.34%	48.54
12	Nightingale Hotels Private Limited								
	Balance as at March 31, 2019	1.84%	2,409.23	6.32%	356.12	-6.36%	0.55	6.34%	356.67
	Balance as at March 31, 2018	1.82%	2,258.11	8.65%	125.95	76.53%	(1.38)	8.57%	124.57
13	Dandelion Hotels Private Limited								
	Balance as at March 31, 2019	-8.77%	(11,466.35)	-0.02%	(1.16)	0.00%	0.00	-0.02%	(1.16)
	Balance as at March 31, 2018	-8.82%	(10,965.64)	-0.20%	(2.95)	0.00%	-	-0.20%	(2.95)
14	Carnation Hotels Private Limited								
	Balance as at March 31, 2019	0.83%	1,083.79	8.90%	501.61	-19.62%	1.71	8.94%	503.32
	Balance as at March 31, 2018	0.86%	1,068.61	14.27%	207.70	53.00%	(0.96)	14.22%	206.74
15	Greyfox Project Management Company Private Limited								
	Balance as at March 31, 2019	0.14%	177.72	0.11%	6.16	0.00%	0.00	0.11%	6.16
	Balance as at March 31, 2018	0.07%	86.46	-8.99%	(130.90)	-5.12%	0.09	-9.00%	(130.81)
16	Pelican Facilities Management Private Limited								
	Balance as at March 31, 2019	0.00%	-	0.00%	0.00	0.00%	0.00	0.00%	-
	Balance as at March 31, 2018	0.00%	-	0.00%	0.00	0.00%	-	0.00%	-
17	Red Fox Hotel Company Private Limited								
	Balance as at March 31, 2019	0.00%	0.76	-0.01%	(0.73)	0.00%	0.00	-0.01%	(0.73)
	Balance as at March 31, 2018	0.00%	1.49	-0.04%	(0.53)	0.00%	-	-0.04%	(0.53)
18	Lemon Tree Hotel Company Private Limited								
	Balance as at March 31, 2019	0.00%	0.73	-0.01%	(0.73)	0.00%	0.00	-0.01%	(0.73)
	Balance as at March 31, 2018	0.00%	1.46	-0.01%	(0.18)	0.00%	-	-0.01%	(0.18)
19	Valerian Management Services Private Limited								
	Balance as at March 31, 2019	-0.04%	(55.38)	0.00%	0.00	0.00%	0.00	0.00%	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

	Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
		As % of consolidated net assets	₹ in lakhs	As % of consolidated profit and loss	₹ in lakhs	As % of consolidated other comprehensive income	₹ in lakhs	As % of total comprehensive income	₹ in lakhs
	Balance as at March 31, 2018	0.02%	29.57	-1.48%	(21.57)	0.00%	-	-1.48%	(21.57)
20	IORA Hotels Private Limited								
	Balance as at March 31, 2019	17.92%	23,426.83	-0.04%	(2.12)	0.00%	0.00	-0.04%	(2.12)
	Balance as at March 31, 2018	17.70%	22,004.65	-0.06%	(0.87)	0.00%	-	-0.06%	(0.87)
21	Ophrys Hotels Private Limited								
	Balance as at March 31, 2019	0.00%	0.90	-0.01%	(0.41)	0.00%	0.00	-0.01%	(0.41)
	Balance as at March 31, 2018	0.00%	1.31	-0.01%	(0.08)	0.00%	-	-0.01%	(0.08)
22	Begonia Hotels Private Limited								
	Balance as at March 31, 2019	0.77%	1,002.96	3.64%	205.15	-0.07%	0.01	3.64%	205.16
	Balance as at March 31, 2018	0.71%	886.82	21.57%	313.93	-32.38%	0.59	21.64%	314.52
23	Bandhav Resorts Private Limited								
	Balance as at March 31, 2019	1.95%	2,554.79	-0.71%	(40.22)	0.00%	0.00	-0.71%	(40.22)
	Balance as at March 31, 2018	1.88%	2,342.49	-1.87%	(27.24)	0.00%	-	-1.87%	(27.24)
24	Madder Stays Private Limited								
	Balance as at March 31, 2019	0.00%	0.88	0.00%	(0.15)	0.00%	0.00	0.00%	(0.15)
	Balance as at March 31, 2018	-	-	-	-	-	-	-	-
25	Poplar Homestead Holdings Private Limited								
	Balance as at March 31, 2019	0.00%	0.88	0.00%	(0.15)	0.00%	0.00	0.00%	(0.15)
	Balance as at March 31, 2018	-	-	-	-	-	-	-	-
26	Jessamine Stays Private Limited								
	Balance as at March 31, 2019	0.00%	0.88	0.00%	(0.15)	0.00%	0.00	0.00%	(0.15)
	Balance as at March 31, 2018	-	-	-	-	-	-	-	-
Non-controlling interests in all subsidiaries									
	Balance as at March 31, 2019	33.06%	43,218.43	6.21%	350.05	-22.36%	1.95	6.25%	352.00
	Balance as at March 31, 2018	34.47%	42,864.34	2.47%	35.93	80.64%	(1.46)	2.37%	34.47
Total	**Balance as at March 31, 2019**	**100.00%**	**130,720.82**	**100.00%**	**5,637.89**	**100.00%**	**(8.73)**	**100.00%**	**5,629.15**
	Balance as at March 31, 2018	**100.00%**	**124,348.49**	**100.00%**	**1,455.36**	**100.00%**	**(1.81)**	**100.00%**	**1,453.55**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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32. Gratuity and other post-employment benefit plans

The Group has a defined benefit gratuity plan (funded). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the board of trustees, which consists of an equal number of employer and employee representatives. The board of trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. The trust fund has taken a scheme of insurance, whereby these contributions are transferred to the insurer. The group makes provision of such gratuity liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method.

₹ In lakhs

Benefit Liability	March 31, 2019	March 31, 2018
Gratuity plan	264.10	199.04
Total	**264.10**	**199.04**

Risk analysis

Group is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefits plans and management estimation of the impact of these risks are as follows:

- Investment risk

  The most of the Indian defined benefit plans are funded with Life Insurance Corporation of India. Group does not have any liberty to manage the fund provided to Life Insurance Corporation of India.

  The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government of India bonds for Group's Indian operations. If the return on plan asset is below this rate, it will create a plan deficit.

- Interest risk

  A decrease in the interest rate on plan assets will increase the plan liability.

- Longevity risk/life expectancy

  The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. Increases in the life expectancy of the plan participants will increase the plan liability.

- Salary growth risk

  The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2019:

₹ In lakhs

	Opening Balance	Cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income						
	April 1, 2018	Service cost	Net interest expense/ income	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Remeasurement changes arising from changes in demographic assumptions	Remeasurement changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2019
Defined benefit obligation	357.02	44.17	25.38	69.55	(9.95)	-	-	2.66	10.42	13.08	-	429.70
Fair value of plan assets	157.98	-	11.11	11.11	(8.26)	1.17	-	-	-	1.17	3.60	165.60
Benefit liability	**199.04**	**44.17**	**14.27**	**58.44**	**(1.69)**	**(1.17)**	**-**	**2.66**	**10.42**	**11.91**	**(3.60)**	**264.10**

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2018:

₹ In lakhs

	Opening Balance	Cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income						
	April 1, 2017	Service cost	Net interest expense/ Income	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2018
Defined benefit obligation	301.56	40.69	19.82	60.51	(8.15)	-	-	(3.92)	7.02	3.10	-	357.02
Fair value of plan assets	130.02	-	8.46	8.46	(4.18)	1.19	-	-	-	1.19	22.49	157.98
Benefit liability	**171.54**	**40.69**	**11.36**	**52.05**	**(3.97)**	**(1.19)**	**-**	**(3.92)**	**7.02**	**1.91**	**(22.49)**	**199.04**

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The major categories of plan assets of the fair value of the total plan assets are as follows:

	March 31, 2019	March 31, 2018
Unquoted investments:		
Asset invested in insurance scheme with the LIC	100%	100%
Total	**100%**	**100%**

The principal assumptions used in determining gratuity obligations for the Group's plans are shown below:

	March 31, 2019	March 31, 2018
Discount rate:	%	%
Pension plan	6.60% to 7.00%	6.80% to 7.30%
Future salary increases:		
Pension plan	5.00	5.00
Life expectation for pensioners :	Years	Years
Pension plan		
Male	60	60
Female	60	60

A quantitative sensitivity analysis for significant assumption as at March 31, 2019 is as shown below:

India gratuity plan:

₹ In lakhs

	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	7.49	7.99	8.05	7.68

₹ In lakhs

	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	7.65	8.11	8.20	7.88

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years:

₹ In lakhs

Duration (Years)	For the year ended March 31, 2019	For the year ended March 31, 2018
1	243.04	191.08
2	58.83	49.05
3	46.91	43.55
4	35.42	34.54
5	27.78	25.71
Above 5	84.63	83.98
Total expected payments	**496.61**	**427.91**

The average duration of the defined benefit plan obligation at the end of the reporting period is 4.2 years (March 31, 2018: 4.31 years).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

33. **Commitments and contingencies**

a. **Leases**

Operating lease commitments — Group as lessee

The Group has taken office premises and hotel properties and staff hostels/others under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms except for few properties (including hotel property at Indore, Aurangabad, Gurgaon (2 properties), New Delhi Chandigarh, Banjara Hills Hyderabad, Goa and Dehradun). The lease for hotel property at Indore, Aurangabad, Gurgaon (2 properties), New Delhi, Chandigarh, Banjara Hills Hyderabad, Goa and Dehradun are non-cancellable for a period of twenty-nine, twenty-two, thirty, twenty-two, twenty-seven, sixty, thirty, twenty-five and twenty-nine years respectively.

The Group has recognised the following expenses as rent in the statement of Profit & Loss towards minimum lease payment.

₹ In lakhs

Particulars	For the year ended March 31, 2019	For the year Ended March 31, 2018
Lease Rent on Hotel Properties	3,311.35	3,441.33
Rent on Office Premises	47.41	39.17
Rent of staff hostel/Others	121.36	121.82
Total	**3,480.12**	**3,602.32**

Future minimum rentals payable under non-cancellable operating leases as at year end are, as follows:

₹ In lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Minimum Lease Payments :		
Not later than one year	3,582.38	3,468.02
Later than one year but not later than five years	15,515.93	15,331.25
Later than five years	119,823.57	123,304.71
Total	**138,921.88**	**142,103.98**

b. **Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for:

Estimated amount of contracts remaining to be executed and not provided for March 31, 2019 : ₹ 21,176.68 lakhs (March 31, 2018 : ₹ 30,576.67 lakhs)

c. **Contingent liabilities**

(i) **Legal claim contingency**

₹ In lakhs

	As at March 31, 2019	As at March 31, 2018
Counter Guarantees given in respect of guarantees issued by Company's bankers	783.50	1,471.48
Service tax	227.49	244.00
Luxury tax	42.45	42.45
VAT	12.92	56.60
Income Tax	23.60	23.60
Matters pending with consumer court	22.80	22.80
Property Tax	-	69.34
Total	**1,112.76**	**1,930.27**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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The Group's pending litigations above pertains to proceedings pending with Income Tax, Excise, Sales/VAT tax and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

(ii) During the current year, the Company and one of the subsidiary company, Hyacinth Hotels Private Limited (collectively known as "Companies") has received favorable order from Honorable High Court of Delhi (HC) in an ongoing case wherein the Company had received show cause notice from Collector of Stamps, Delhi ('Department') for non-payment of stamp duty as per Indian Stamp Act, 1899 on right to use the land given by Delhi International Airport (P) Ltd. (DIAL) under the Development Agreement dated May 25, 2009 ('DA').

(iii) Hyacinth Hotels Private Limited, one of the subsidiary company, has received a demand from South Delhi Municipal Corporation ('the Authority') wherein the Authority has called upon the subsidiary company to pay an amount of ₹ 68.19 lakhs (for the financial Years 2010-11 to financial years 2013-2014) towards annual value in respect of the hotel property situated in Hospitality District, Aerocity. The Subsidiary Company filed a writ petition in the high court against the said order. Pending adjudication, the High Court had given interim stay directing the subsidiary company to deposit ₹ 25 lakhs. The management based upon its assessment and expert's advice believes that any further liability against the aforesaid demand (including the demand for any subsequent year) is improbable to crystallize.

(iv) Malviya National Institute of Technology, Jaipur ("MNIT") filed an application before the Sub-divisional Officer ("SDO"), Jaipur against, among others, Sukhsagar Complexes Private Limited (one of the subsidiary), alleging that a portion of the land on which Red Fox Hotel, Jaipur has been constructed is owned by MNIT. Pursuant to an order dated December 31, 1999, the SDO, Jaipur, recorded certain land bearing khasra number 102/433 in the name of Gulab Chand and certain others, while removing the name of Malviya Regional Engineering College, the predecessor entity to MNIT. Against the order of the SDO, MNIT filed an appeal (appeal no. 327/2013) before the Divisional Commissioner, Jaipur ("Commissioner"), against Gulab Chand, Girdharilal Maninar and Gopal Das Johar, being the previous owners of the property sold to Sukhsagar, and also, among others, Sukhsagar, stating that Sukhsagar and Devashish Builders Private Limited had encroached on the land belonging to MNIT. The appeal was dismissed by the Commissioner pursuant to an order dated January 8, 2013 and the order passed by the SDO, dated December 31, 1999, was confirmed. Subsequently, Sukhsagar filed a review petition before the Commissioner challenging the order dated January 8, 2013 on grounds of certain procedural irregularities. The Commissioner, through an order dated September 4, 2013, recalled its previous order dated January 8, 2013. The Commissioner eventually dismissed the appeal filed by MNIT through an order dated September 11, 2013. MNIT filed a writ petition before the High Court of Rajasthan challenging the order of the Commissioner, dated September 11, 2013. The proceedings are in progress & the management based upon its assessment and expert's advice believes that any liability is improbable to crystallize.

(v) Meringue Hotels Private Limited (one of the subsidiary company), in 2006, had purchased a plot of land along with a factory unit on it, from Mistry Prabhudas Manji Engineering Private Limited. It had been represented to the subsidiary that the factory unit on the land had been shut since December 1998 due to illegal strikes by the workmen. The recovery officer of Employee State Insurance Corporation, Mumbai, issued a notice dated October 12, 2015 to the subsidiary informing it that ₹ 21.6 lakhs is due and payable towards arrears of contribution/ interest/ damages under the Employee State Insurance, Act, 1948 ("ESIC Act") for the period from April 1, 1992 up to March 31, 1998 and that Meringue has been declared as deemed defaulter under the ESIC Act. The notice also asked Meringue to show cause as to why a warrant of arrest should not be issued against it. Meringue filed an application (No. 25 of 2015) dated December 21, 2015 before the Employee's State Insurance Court, Mumbai ("ESIC Court") against the show cause notice issued by the recovery officer on the grounds that the show cause notice is not valid as it is inconsistent with the earlier order of the Court dated October 21, 2011 which required the ESIC to re-calculate the amount payable by Mistry Prabhudas Manji Engineering Private Limited after adjusting the sum already paid. The subsidiary requested the ESIC Court to grant an interim stay on enforcement of the aforementioned notice. Further, the subsidiary filed an application (No. 14 of 2016) before the ESIC Court for declaration that the notice dated October 12, 2015 is null and void as it was issued in violation of the order dated October 21, 2011 of the ESIC Court. The ESIC has filed its reply to the application on September 14, 2016. The proceedings are in progress and the management based upon its assessment and expert's advice believes that any liability is improbable to crystallize.

(vi) Oriole Dr. Fresh Hotels Private Limited (a subsidiary company) filed an arbitration petition (arbitration petition No. 160/2012), against the Delhi Developmental Authority (the "DDA") seeking quashing of invocation of a bank guarantee

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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amounting to ₹ 102.80 lakhs by DDA, recovery of ₹ 25 lakhs as compensation alleging harassment and mental agony, recovery of ₹ 10 lakhs towards cost of proceedings, and interest at the rate of 18% on blocked amount from December 28, 2010 till the date of return of pay order. This dispute pertains to an agreement for construction of a hotel by the subsidiary in Kondli, Delhi, entered into with DDA, as a successful bidder in an auction process conducted for this purpose. As per such agreement the subsidiary was required to provide a bank guarantee of ₹ 102.80 lakhs as performance security. The DDA allegedly sought to encash the bank guarantee on December 21, 2011 on grounds of non-performance of contractual obligations by the subsidiary. Consequently, on March 12, 2012 Oriole sent a notice of commencement of arbitration to DDA and on May 31, 2012, the subsidiary obtained an injunction (OMP No. 1/2012) from the High Court of Delhi restraining DDA and Axis Bank Limited from proceeding with the encashment of the bank guarantee until the completion of the arbitration proceedings. An arbitral tribunal was constituted on September 28, 2012 and Oriole filed its statement of claims on November 8, 2012. The proceedings are in progress and the management based upon its assessment and expert's advice believes that any further liability against the aforesaid demand is improbable to crystallize.

(vii) **Note on Provident Fund:**

Based upon the legal opinion obtained by the management, the Company found numerous interpretation issues and thus is in the process of evaluating the impact of the recent Supreme Court Judgment in the case of "Vivekananda Vidyamandir vs Regional Provident Fund Commissioner (II), West Bengal in relation to non-exclusion of certain allowances from the definition of "basic wages" of the relevant employees for the purpose of determining contribution to provident fund under the Employees Provident Fund & Miscellaneous provisions Act, 1952.

34. Employee Stock Option Plans:

a) Stock options granted on and after April 1, 2005.

The share-based payment scheme provided to the employees is as follows:

Date of grant	September 1, 2006, April 1,2007, October 1, 2007, April 1, 2008, January 12, 2009, April 1, 2009, April 1, 2010, October 1, 2010, April 1, 2011, April 1, 2012, April 1, 2015, January 1, 2018
Date of Board Approval of plan	July 18, 2006
Date of Shareholder's approval of plan	August 25, 2006
Number of options granted	13,249,207
Method of Settlement	Equity
Vesting Period	12-48 months & 15-39 months
Exercise Period	5 years from the date of vesting
Vesting Conditions	Employee remaining in the employment of the enterprise during the vesting period.

Details of vesting:

Vesting period from the grant date	Vesting Schedule*
On completion of 12 months	10%
On completion of 24 months	20%
On completion of 36 months	30%
On completion of 48 months	40%

*All ESOP's under ESOP Plan 2006 are granted as per general vesting schedule defined in the scheme except for ESOP's granted on 12th January 2009, 328,008 ESOP's granted on April 1, 2012 and 487,000 ESOP's granted on January 1, 2018 for which specific vesting schedule was decided.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

The details of activity have been summarized below:

	April'18 to March'19		April'17 to March'18	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	5,833,781	21.50	7,814,678	20.53
Granted during the year	-	-	487,000	21.50
Forfeited during the year	-	-	149,527	21.37
Exercised during the year	5,833,781	21.50	2,318,370	20.32
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	5,833,781	21.50
Exercisable at the end of the year	-	-	2,293,134	21.50
Weighted average remaining contractual life (in years)	-	-	5.70	-

The details of exercise price for stock options outstanding at the end of the year are:

Range of exercise prices (₹)		Number of options outstanding		Weighted average remaining contractual life of options (in years)		Weighted average exercise price (₹)	
As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
-	10.57-21.50	-	5,833,781	-	5.70	-	21.50

Stock Options granted

The weighted average fair value of stock options granted during the year was Rs Nil (Previous year ₹ 13.75). The Black Scholes model has been used for computing the weighted average fair value considering the following inputs:

	2019	2018
Weighted average share price	-	22.92
Exercise Price	-	21.50
Volatility	-	42.15%
Life of the options granted in years	-	5
Expected dividends	-	-
Average risk-free interest rate	-	7.47%
Expected dividend rate	-	-

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

35. Related Party Transactions

Names of related parties	
Key Management Personnel	- Mr. Patanjali Govind Keswani (Chairman and Managing Director)
	- Mr. Rattan Keswani (Deputy Managing Director)
	- Mr. Sanjeev Kaul Duggal (Independent Director) (upto April 1, 2017)
	- Mr. Gopal Sitaram Jiwarajka (Independent Director) (Resigned w.e.f 1st April, 2019)
	- Mr. Ravi Kant Jaipuria (Director)
	- Mr. Niten Malhan (Director) (upto August 13, 2018)
	- Mr. Anish Kumar Saraf (Director) (from August 13, 2018)
	- Mr. Sachin Doshi (Director) (upto August 1, 2017)
	- Mr. Pradeep Gupta (Director) (from June 15, 2017 to December 5, 2017)
	- Mr. Willem Albertus Hazeleger (Director) (from August 9, 2017)
	- Ms. Ila Dubey (Director) (upto May 31, 2017)
	- Mr. Aditya Madhav Keswani (Director)
	- Mr Paramartha Saikia (Independent Director) (from June 15, 2017)
	- Ms. Freyan Jamshed Desai (Independent Director) (from June 15, 2017)
	- Mr. Ashish Kumar Guha (Independent Director) (from June 15, 2017)
	- Mr. Pradeep Mathur (Independent Director) (from December 5, 2017)
	- Mr. Arvind Singhania (Independent Director) (from June 15, 2017)
Key Management Personnel/ Individuals having significant influence and their relatives (in Subsidiaries)	- Mr. Rattan Keswani (Whole Time Director of Carnation Hotels Private Limited)
	- Mr. J. K. Chawla (Individual having significant influence in Grey Fox Project Management Company Private Limited) (upto September 1,2017)
	- Mr. Rajesh Kumar (Whole Time Director of Canary Hotels Private Limited)
	- Mr. Sumant Jaidka (Whole Time Director of Inovoa Hotels & Resorts Limited)
	- Mr. Rajeev Janveja (Whole Time Director of Nightingale Hotels Private Limited
	- Ms. Natasha Yashpal (Whole Time Director of Oriole Dr. Fresh Hotels Private Limited (upto 31st December, 2018)
	- Mr. Nayan Sharad Parekh (Director of Meringue Hotels Private Limited) (upto September 1, 2017)
	- Mr. Hiten V. Parekh (Director of Meringue Hotels Private Limited) (upto September 1, 2017)
Relatives of key management personnel	- Mrs. Sharanita Keswani relative of Mr. Aditya Madhav Keswani
Enterprises owned or significantly influenced by key management personnel or their relatives	- Spank Management Services Private Limited
	- Toucan Real Estates Private Limited
Enterprises in which Director is common	- Alisha Retail Private Limited
	- Varun Beverages Limited
Associates	- Mind Leaders Learning India Private Limited
	- Pelican Facilities Management Private Limited (w.e.f. June 20, 2017)
	- Hamstede Living Private Limited (from March 13, 2019)

Additional related parties as per Companies Act 2013 with whom transactions have taken place during the year:

Chief Financial Officer : Mr. Kapil Sharma

Company Secretary : Mr. Nikhil Sethi

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The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year

(₹ in lakhs.)

Transactions with Related Party	Year Ended	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel) of Subsidiaries	Enterprises owned or significantly influenced by key management personnel or their relatives	Enterprises in which Director is common	Associate
Interest Received (gross)							
Mr. JK Chawla	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	-	0.23	-	-	-
Repayment of Loan Given							
Mr. JK Chawla	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	-	12.00	-	-	-
Mr. Rajesh Kumar	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	-	10.25	-	-	-
Hiten V Parekh	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	-	759.00	-	-	-
Nayan S Parekh	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	-	1,012.00	-	-	-
Repayment of Loan Taken							
Mr Patanjali Govind Keswani	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	589.87	-	-	-	-	-
Services obtained							
Spank Management Services Private Limited	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	-	-	648.29	-	-
Deposit Given							
Toucan Real Estates Private Limited	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	-	-	192.00	-	-
Loan (Repaid)							
Hiten V Parekh	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	-	759.00	-	-	-
Nayan S Parekh	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	-	1,012.00	-	-	-
Remuneration paid							
Mr. Patanjali Govind Keswani	**31-Mar-19**	**338.56**	-	-	-	-	-
	31-Mar-18	284.13	-	-	-	-	-

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Transactions with Related Party	Year Ended	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel) of Subsidiaries	Enterprises owned or significantly influenced by key management personnel or their relatives	Enterprises in which Director is common	Associate
Mr. Rattan Keswani	**31-Mar-19**	-	-	**218.18**	-	-	-
	31-Mar-18	-	-	215.36	-	-	-
Mr. JK Chawla	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	-	48.71	-	-	-
Mr. Sumant Jaidka	**31-Mar-19**			**61.75**			
	31-Mar-18	-	-	55.61	-	-	-
Mr. Rajesh Kumar	**31-Mar-19**	-	-	**44.11**	-	-	-
	31-Mar-18	-	-	40.47	-	-	-
Mr. Kapil Sharma	**31-Mar-19**	**116.47**	-	-	-	-	-
	31-Mar-18	75.93	-	-	-	-	-
Mr. Nikhil Sethi	**31-Mar-19**	**44.45**	-	-	-	-	-
	31-Mar-18	29.95	-	-	-	-	-
Others	**31-Mar-19**	-	-	**73.72**	-	-	-
	31-Mar-18	-	-	80.42	-	-	-
Advance given to party							
Toucan Real Estates Private Limited	**31-Mar-19**	-	-	-	**142.64**	-	-
	31-Mar-18	-	-	-	-	-	-
Deposit given							
Toucan Real Estates Private Limited	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	-	-	192.00	-	-
Sitting Fee paid							
Mr. Arvind Singhania	**31-Mar-19**	**0.60**	-	-	-	-	-
	31-Mar-18	0.60	-	-	-	-	-
Mr. Ashish Kumar Guha	**31-Mar-19**	**1.00**	-	-	-	-	-
	31-Mar-18	1.00	-	-	-	-	-
Ms. Freyan Jamshed Desai	**31-Mar-19**	**0.80**	-	-	-	-	-
	31-Mar-18	1.00	-	-	-	-	-
Mr. Gopal Sitaram Jiwarajka	**31-Mar-19**	**1.20**	-	-	-	-	-
	31-Mar-18	0.80	-	-	-	-	-
Mr. Paramartha Saikia	**31-Mar-19**	**1.00**	-	-	-	-	-
	31-Mar-18	1.00	-	-	-	-	-
Mr. Pradeep Mathur	**31-Mar-19**	**1.00**	-	-	-	-	-
	31-Mar-18	0.60	-	-	-	-	-

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Transactions with Related Party	Year Ended	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel) of Subsidiaries	Enterprises owned or significantly influenced by key management personnel or their relatives	Enterprises in which Director is common	Associate
Mr. Pradeep Gupta	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	0.40	-	-	-	-	-
Fees for professional services							
Mrs. Sharanita Keswani	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	21.00	-	-	-	-
Subscription in Share capital of the company							
Mind Leaders Learning India Private Limited in Equity Shares	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	-	-	-	-	3.40
Hamstede Living Private Limited in Equity Shares	**31-Mar-19**	-	-	-	-	-	**15.00**
	31-Mar-18	-	-	-	-	-	-
Hamstede Living Private Limited in Preference shares	**31-Mar-19**	-	-	-	-	-	**270.00**
	31-Mar-18	-	-	-	-	-	-
Sale of Investment							
Pelican Facilities Management Private Limited	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	-	-	-	-	1.00
Rent Recevied							
Hamstede Living Private Limited	**31-Mar-19**	-	-	-	-	-	**1.86**
	31-Mar-18	-	-	-	-	-	-
Sale of Services							
Hamstede Living Private Limited	**31-Mar-19**	-	-	-	-	-	**1.80**
	31-Mar-18	-	-	-	-	-	-
Purchase of Goods							
Alisha Retail Private Limited	**31-Mar-19**	-	-	-	-	**3.35**	-
	31-Mar-18	-	-	-	-	-	-
Varun Beverages Limited	**31-Mar-19**	-	-	-	-	**4.80**	-
	31-Mar-18	-	-	-	-	-	-
Training Fee Paid(Net of TDS)							
Mind Leaders Learning India Private Limited	**31-Mar-19**	-	-	-	-	-	**220.37**
	31-Mar-18	-	-	-	-	-	186.93

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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Transactions with Related Party	Year Ended	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel) of Subsidiaries	Enterprises owned or significantly influenced by key management personnel or their relatives	Enterprises in which Director is common	Associate
Balances outstanding at the year end - Trade Payable/Other Current Liabilities							
Mr. Kapil Sharma	**31-Mar-19**	**0.45**	-	-	-	-	-
	31-Mar-18	2.32	-	-	-	-	-
Mr. Rattan Keswani	**31-Mar-19**	-	-	**1.55**	-	-	-
	31-Mar-18	-	-	3.50	-	-	-
Mr. Rajeev Janveja	**31-Mar-19**	-	-	**0.92**	-	-	-
	31-Mar-18	-	-	0.58	-	-	-
Mr. Sumant Jaidka	**31-Mar-19**	-	-	**6.05**	-	-	-
	31-Mar-18	-	-	6.53	-	-	-
Others	**31-Mar-19**	**0.50**	-	**1.11**	-	-	-
	31-Mar-18	0.60	-	0.38	-	-	-
Balances outstanding at the year end - Loans & Advances							
Mind Leaders Learning India Private Limited	**31-Mar-19**	-	-	-	-	-	**19.20**
	31-Mar-18	-	-	-	-	-	26.35
Toucan Real Estates Private Limited	**31-Mar-19**	-	-	-	**142.64**	-	-
	31-Mar-18	-	-	-	-	-	-
Balance Outstanding at the year end- Deposit given							
Toucan Real Estates Private Limited	**31-Mar-19**	-	-	-	**192.00**	-	-
	31-Mar-18	-	-	-	192.00	-	-

Terms and conditions of transactions with related parties

Outstanding balances with related parties at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Commitments with related parties

The Group has not entered into any commitments with related parties during the year.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2019

36. Fair value measurement

This section gives an overview of the significance of financial instruments for the Company and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument

a. Financial assets

₹ in lakhs

	March 31, 2019		March 31, 2018	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Assets				
Trade Receivables	-	8,441.92	-	5,252.37
Investments	3,067.09	-	1,395.59	-
Security Deposits	-	4,174.72	-	3,857.64
Other bank balances	-	912.79	-	833.01
Cash and Cash Equivalents	-	3,139.70	-	2,102.96
Interest accrued on deposit with banks	-	500.89	-	341.15
Loans	-	171.11	-	1,642.04
Other amount recoverable	-	-	-	1,329.40
Total Financial Assets	**3,067.09**	**17,341.13**	**1,395.59**	**15,358.57**

	March 31, 2019		March 31, 2018	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Liabilities				
Borrowings	-	113,595.17	-	96,701.41
Trade Payables	-	9,577.14	-	8,112.65
Other Financial Liabilities	-	16,727.40	-	11,307.62
Total Financial Liabilities	**-**	**139,899.71**	**-**	**116,121.68**

Note: The financial assets above do not include investments in associates which are measured at cost in accordance with Ind AS 101, Ind AS 27 and Ind AS 28.

b. Fair value measurement hierarchy for assets and liabilities

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The Group categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

i) Level 1

Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

ii) Level 2

Inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.

iii) Level 3

Inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Group's assumptions about pricing by market participants.

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

Financial assets and liabilities measured at fair value

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

₹ in lakhs

	March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments as FVTPL				
Quoted mutual funds	2,866.78	-	-	2,866.78
Unquoted equity instruments	-	-	200.30	200.30

	March 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments as FVTPL				
Quoted mutual funds	1,195.29	-	-	1,195.29
Unquoted equity instruments	-	-	200.30	200.30

The management assessed that fair values of cash and cash equivalents, trade receivables, trade payables, bank overdrafts, other current financial assets and other current financial liabilities approximates their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of loans, security deposits, borrowings and other financial assets and liabilities are considered to be the same as their carrying values, as there is an immaterial change in the lending rates.

The following methods and assumptions were used to estimate the fair values:

- The fair values of the unquoted equity shares have been estimated using net assets basis. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- The fair values of the investment in mutual funds have been estimated based on NAV of the assets at each reporting date

37. Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's financial assets include loans, trade and other receivables, and cash & cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management advises on financial risks and the appropriate financial risk governance framework for the Group. The Group's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each risk, which are summarised as 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 of interest rate risk. Financial instruments affected by market risk include loans and borrowings.

Interest rate 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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group is carrying its borrowings primarily at variable rate. The Group expects the variable rate to decline, accordingly the Group is currently carrying its loans at variable interest rates.

₹ in lakhs

	March 31, 2019	March 31, 2018
Variable rate borrowings	119,045.17	100,627.47
Fixed rate borrowings	511.47	477.23

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

₹ in lakhs

	Increase/decrease in basis points	Effect on profit before tax
March 31, 2019		
INR	50	568.53
INR	-50	(568.53)
March 31, 2018		
INR	50	467.83
INR	-50	(467.83)

Foreign 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 Group has no exposure in foreign currency.

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 Group is exposed to credit risk from its operating activities (primarily trade receivables and deposits to landlords) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

(a) Trade receivables

Customer credit risk is managed by each business location subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with the assessment both in terms of number of days and amount.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 10. The Group does not hold collateral as security.

₹ in lakhs

Ageing	31-March-19	31-March-18
Not due	-	-
0-60 days past due	5,049.65	3,054.18
61-120 days past due	1,466.30	813.38
121-180 days past due	642.76	469.95
180-365 days past due	528.17	658.85
365-730 days past due	755.04	179.00
more than 730 days	-	77.01

Provision for doubtful debts (including provision for expected credit loss)

₹ in lakhs

Ageing	31-March-19	31-March-18
Not due	-	-
0-60 days past due	1.80	1.80
61-120 days past due	-	-
121-180 days past due	-	-
180-365 days past due	-	-
More than 365 days	38.97	38.70

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

Reconciliation of provision for doubtful debts - Trade receivables (including provision for expected credit loss)

₹ in lakhs

	31-March-19	31-March-18
Provision at beginning	40.50	36.65
Addition during the year	0.27	9.85
Reversal during the year	-	5.60
Utilized during the year		
Provision at closing	40.77	40.50

Reconciliation of provision for doubtful debts - Loans and deposits

₹ in lakhs

	31-March-19	31-March-18
Provision at beginning	8.75	8.75
Addition during the year	-	-
Reversal during the year	-	-
Utilised during the year	-	-
Provision at closing	8.75	8.75

(b) Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. Investment of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2019, March 31 2018 is the carrying amount as illustrated in Note 10.

Liquidity risk

The Group monitors its risk of a shortage of funds by estimating the future cash flows. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, cash credit facilities and bank loans. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturity within 12 months can be rolled over with existing lenders. As at March 31, 2019, the group had available ₹ 10,062 lakhs (March 31, 2018: ₹ 31,880 lakhs) of undrawn committed borrowing facilities.

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

₹ in lakhs

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended March 31, 2019						
Borrowings (other than convertible preference shares)	122.06	1,000.24	5,527.49	40,429.34	72,477.69	119,556.81
Trade and other payables	9,577.14	-	-	-	-	9,577.14
Other Financial Liabilities	10,765.93	-	-	-	-	10,765.93
	20,465.13	**1,000.24**	**5,527.49**	**40,429.34**	**72,477.69**	**139,899.71**
Year ended March 31, 2018						
Borrowings (other than convertible preference shares)	3,570.04	547.36	3,942.99	36,182.25	56,862.06	101,104.70
Trade and other payables	8,112.65	-	-	-	-	8,112.65
Other Financial Liabilities	6,904.33	-	-	-	-	6,904.33
	18,587.02	**547.36**	**3,942.99**	**36,182.25**	**56,862.06**	**116,121.68**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

38. **Capital management**

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

The Group 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 Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade payables, less cash and cash equivalents.

₹ in lakhs

	March 31, 2019	March 31, 2018
Borrowings (other than preference share)	119,556.64	101,104.70
Trade payables (Note 19)	9,577.14	8,112.65
Less: cash and cash equivalents (Note 10)	3,139.70	2,102.96
Net debt	**125,994.08**	**107,114.39**
Total capital	130,720.82	124,348.48
Capital and net debt	**256,714.90**	**231,462.87**
Gearing ratio	49%	46%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2019 and March 31, 2018.

39. **Segment Reporting**

The Group is into Hoteliering business. The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore there is no reportable segment for the Company as per the requirements of Ind AS 108 – "Operating Segments".

Information about geographical areas

The Company has only domestic operations and hence no information required for the Company as per the requirements of Ind AS 108 – "Operating Segments".

Information about major customers

No customer individually accounted for more than 10% of the revenue

40. The Group in the earlier years paid conversion charges of ₹ 603.98 lakhs in respect of land taken for lease of 60 years for construction of hotel building. The Group has amortized ₹ 10.07 lakhs (Previous year ₹ 10.07 lakhs) during the year in accordance with its accounting policy of amortizing the conversion charges over the period of lease as mentioned in Note 2.1 (k) above. The balance amount of ₹ 502.48 lakhs (March 31, 2018: ₹ 512.55 lakhs) has been shown in Note 8 and 11 as 'Prepaid conversion charges.'

41. **Changes in Ownership interest in Subsidiaries**

a. During the year, the Company has sold 25.10% additional stake of Carnation Hotels Private Limited (a subsidiary Company). The excess of consideration received over book value of ownership interest (shares) dissolved in the subsidiary is treated as equity transaction and gain of ₹ 23.97 lakhs is accounted for directly in equity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

b. During the previous year company acquired 25.10% additional stake of Grey Fox Project Management Company Private Limited (a subsidiary Company). The excess of consideration paid over book value of additional ownership interest (shares) acquired in the subsidiary was treated as equity transaction and gain of ₹ 10.21 lakhs was accounted for directly in equity.

c. During the previous year, company acquired 20.00% additional stake of Meringue Hotels Private Limited (a subsidiary Company). The excess of consideration paid over book value of additional ownership interest (shares) acquired in the subsidiary was treated as equity transaction and gain of ₹ 1,955.37 lakhs was accounted for directly in equity.

d. During the previous year, company sold 100% subsidiary Pelican Facilities Management Services Private Limited investment to associate Mind Leaders Learning India Private Limited at face value.

42. Scheme of Amalgamation

A) Acquisition by parent company

During the previous year ended March 31, 2018, the National Company Law Tribunal approved the order of scheme of amalgamation dated December 22, 2017 in respect of amalgamation of Aster Hotels & Resorts Private Limited, HeadStart Institute Private Limited and PRN Management Services Private Limited (the Transferor Companies) with Lemon Tree Hotels Limited and the scheme was effective from December 28, 2017. Investment had been nullified w.e.f. the Appointed date i.e. April 01, 2017.The Company had made the allotment of 56,511,722 equity shares to the shareholders of the Transferor Companies on January 22, 2018. The assets, liabilities and reserves of the Transferor Companies as at April 01, 2017 had been taken over at their fair values.

Name of the Company	Principal Activity	Date of Acquisition	Proportion of voting equity interest acquired	Consideration transferred
Aster Hotels & Resorts Private Limited	Hotel Business	April 1, 2017	100%	34,030,554 shares of Lemon Tree Hotels Limited held by Aster Hotels & Resorts Private Limited before amalgamation stands cancelled and the same number of shares have been issued to the shareholders of Aster Hotels for consideration other than cash.
HeadStart Institute Private Limited	Vocational Training & Education	April 1, 2017	100%	7,367,360 shares of Lemon Tree Hotels Limited held by HeadStart Institute Private Limited before amalgamation stands cancelled and the same number of shares have been issued to the shareholders of HeadStart Institute. for consideration other than cash.
PRN Management Services Private Limited	Management Services	April 1, 2017	100%	15,113,808 shares of Lemon Tree Hotels Limited held by PRN Management Services Private Limited before amalgamation stands cancelled and the same number of shares have been issued to the shareholders of PRN Mangement for consideration other than cash.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

Asset Acquired and liabilities recognised at the date of acquisition

₹ in lakhs

Particulars	Aster Hotels & Resorts Private Limited	HeadStart Institute Private Limited	PRN Management Services Private Limited
Current Assets			
Cash and cash equivalents	0.90	0.82	0.31
Other Assets	-	23.10	-
Non-current assets			
Plant and equipment	-	2.05	-
Current liabilities			
Short Term Loans	2.30	-	587.35
Other Liabilities	4.00	0.41	1.39
Total	**(5.40)**	**25.56**	**(588.43)**

Goodwill arising on acquisition

A qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of the acquiree and the acquirer, intangible assets that do not qualify for separate recognition or other factors.

₹ in lakhs

Particulars	Aster Hotels & Resorts Private Limited	HeadStart Institute Private Limited	PRN Management Services Private Limited	Total
Consideration transferred through issue of equity shares	7,316.58	1,583.98	3,249.47	12,150.03
Less : Fair Value of net assets acquired	7,311.16	1,586.69	3,249.55	12,147.40
Goodwill/(Capital Reserve) Arising on acquisition	**5.42**	**(2.71)**	**(0.08)**	**2.63**

43. During the earlier years, one of the subsidiary had entered into an Infrastructure development and services agreement with Delhi International Airport Limited (DIAL) to develop two hotels at Aero City, New Delhi for an initial term of 27 years, extendable at the option of the Subsidiary for an additional period of 30 years provided DIAL gets the extension from Airport Authority of India. DIAL is committed to take over the building at 'Book values', as defined in the aforesaid agreement in case the agreement is not extended further.

44. During the year, the Company has received ₹ 861 lakhs towards relinquishment of right according to settlement agreement entered into with the Developer with respect to purchase of certain parts of built-up structure along with proportionate interest in the land to establish and operate a four-star hotel at Jaipur with penalty as per Honorable High Court of Delhi (HC) order.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2019

45. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006.

₹ in lakhs

	March 31, 2019	March31, 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	242.30	Nil
The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

46. The Group does not have any long term contracts including derivative contracts for which there are any material foreseeable losses.

47. There has been no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

For and on behalf of the Board of Directors of
Lemon Tree Hotels Limited

Patanjali G. Keswani
(Chairman & Managing Director)
DIN-00002974

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 29, 2019

INDEPENDENT AUDITOR'S REPORT

To The Members of Lemon Tree Hotels Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Lemon Tree Hotels Limited ("the Company"), which comprise the Balance Sheet as at March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the Trust referred to in the Other Matters section below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	Auditor's Response
Impairment of Investment in subsidiaries and associates (Refer Note 7 to the Standalone Financial Statements) As at 31 March 2019, the Company has investment in subsidiaries and associates with an aggregated carrying amount of ₹ 72,184 lacs (51% of the total assets of the Company) as disclosed in Note 7 to the financial statements. Few entities had incurred losses after tax for the financial year ended March 31, 2019. This increased the risk that the carrying amount of the Company's investment in subsidiaries might exceed their recoverable amount. We identified the carrying value of the Company's investment in subsidiaries as a key audit matter because of its significance to total assets in the Company's financial statements and it required us to exercise judgement in evaluating the appropriateness of the assumptions used in deriving the recoverable amount to assess the adequacy of management impairment loss provision.	**Principal audit procedures performed:** We assessed the Company's evaluation on the reasonableness of the indicators and impairment testing of investments in subsidiaries and associates. We inquired management about the understanding of subsidiary's business and strategies, historical performance and free cash flows for the last 5 years. In case of losses of 2 subsidiaries, we obtained the projected cash flows of the subsidiary. We held discussions with management to understand the basis for the assumptions used, verified the mathematical accuracy of the free cash flow model and challenged the reasonableness of the discounted cash flow projections and the evidence supporting the underlying assumptions used by the Company, by comparing to approved budgets, considering budget accuracy, cost inflation and discount rates.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion & Analysis, Board's

Report, Business Responsibility Report and Report on Corporate Governance, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 statement 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its trust to express an opinion on the standalone financial statements.

We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the standalone financial statements of which we are the independent auditors. For the other entities or business activities included in the standalone financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

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

Other Matters

We did not audit the financial statements of Krizm Hotel Private Limited Employee Welfare Trust (the "Trust") whose financial statements reflect total revenues of ₹ Nil, total assets of ₹ 915.33 lacs and net cash inflows of ₹ 90.08 lacs for the year ended March 31, 2019, as considered in the standalone financial statements. These financial statements have been audited by other auditor whose report have been furnished to us by the management and our opinion on the standalone financial statements, in so far as it relates to the amounts and disclosures included in respect of such trust, is based solely on the report of other auditor.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the Trust, referred to in the Other Matters section above we report, to the extent applicable, that:

    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and the reports of the other auditors.

    c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

    d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

    e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

    g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

        In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements. (Refer note 31)

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.(Refer note 44)

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.(Refer note 45)

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Vijay Agarwal
(Partner)
(Membership No. 094468)

Place: New Delhi
Date: May 29, 2019

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Lemon Tree Hotels Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Vijay Agarwal
(Partner)
(Membership No. 094468)

Place: New Delhi
Date: May 29, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no discrepancies were noticed on such verification.

(c) According to the information, explanations given to us, and the records examined by us we report that:

i. based on the examination of the confirmation received by us from Kotak Mahindra Bank Limited, HDFC Bank Limited and VISTRA ITCL (India) Ltd (custodian) on behalf of Yes Bank in respect of immovable properties (freehold land and buildings disclosed as fixed asset in the financial statements), whose title deeds have been pledged as security for loans, are held in the name of the Company.

ii. based on the examination of the registered conveyance deed of remaining immovable properties provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of making investments. The Company has not granted any loans, made investments or provide guarantees under Section 185 of the Companies Act 2013. As per Section 186 (11) read with Schedule VI, provisions of Section 186 with respect to grant of loans and providing guarantees would not apply to the Company as the Company is providing infrastructural facilities.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) According to the information and explanations given to us, the maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013, hence reporting under clause (vi) of the Companies (Auditor's Report) Order, 2016 ("CARO 2016") is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including, Provident Fund, Employee's State Insurance, Income-tax, Sales Tax, Value Added Tax, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities. Also refer to the note 31(f) in the financial statement regarding management assessment on certain matters relating to the provident fund.

We are informed that the Excise duty and Customs duty is not applicable to the Company.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Value Added Tax, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

We are informed that the Excise duty and Customs duty is not applicable to the Company.

(c) There are no dues of Income tax, Sales tax, Customs Duty, Value Added tax and Excise duty which have not been deposited as on March 31, 2019 on account of disputes. Details of dues of Service Tax, which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Unpaid (₹ in Lacs)
Service Tax Rule, 1994	Service Tax	Central Excise and Service Tax Appellate tribunal	FY 2007-09 to 2012-13	113.55

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loans or borrowings from government and not issued any debentures.

(ix) In our opinion and according to the information and explanation given to us, the term loan have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, for all transactions with the related parties entered during the year and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under clause (xvi) of CARO 2016 is not applicable to the Company.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Vijay Agarwal
(Partner)
(Membership No. 094468)

Place: New Delhi
Date: May 29, 2019

BALANCE SHEET
as at March 31, 2019

	Note	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	43,243.28	44,901.89
(b) Capital work-in-progress	4	1,170.49	756.92
(c) Investment property	5	241.32	245.71
(d) Intangible assets	6	339.62	54.65
(e) Intangible assets under development	6	-	280.64
(f) Financial assets	7		
(i) Investments		72,384.52	71,572.71
(ii) Loans		171.11	1,615.50
(iii) Other financial assets		1,536.29	1,393.24
(g) Deferred tax assets (net)	8.1	2,478.78	-
(h) Non-Current tax assets (net)	8.2	777.84	970.04
(i) Other non-current assets	9	5,273.42	5,701.77
		127,616.67	**127,493.07**
Current assets			
(a) Inventories	10	202.61	199.52
(b) Financial assets			
(i) Trade receivables	11	4,966.53	2,063.87
(ii) Cash and cash equivalents	11	1,040.60	571.60
(iii) Investments	7	1,055.85	-
(iv) Loans	11	4,717.83	1,622.22
(v) Other financial assets	11	300.68	1,640.83
(c) Other current assets	12	2,038.50	1,092.80
		14,322.60	**7,190.84**
Total Assets		**141,939.27**	**134,683.91**
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	13	78,929.55	78,639.32
(b) Other equity	14	24,205.35	17,471.85
Total Equity		**103,134.90**	**96,111.17**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	28,030.89	26,273.41
(b) Provisions	16	98.02	98.02
(c) Other non-current liabilities	17	1,269.09	1,123.32
		29,398.00	**27,494.75**
Current liabilities			
(a) Financial liabilities	18		
(i) Borrowings		122.06	3,570.04
(ii) Trade payables		4,786.89	4,527.35
(iii) Other financial liabilities		2,919.62	2,042.90
(b) Provisions	16	204.28	118.37
(c) Other current liabilities	19	1,373.52	819.33
		9,406.37	**11,077.99**
Total Liabilities		**38,804.37**	**38,572.74**
Total Equity and Liabilities		**141,939.27**	**134,683.91**
The accompanying notes are an integral part of the financial statements.	**1 to 45**		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration No. 11736600/W-100018

Vijay Agarwal
Partner

Place : New Delhi
Date : May 29, 2019

For and on behalf of the Board of Directors of
Lemon Tree Hotels Limited

Patanjali G. Keswani
(Chairman & Managing Director)
DIN-00002974

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 29, 2019

STATEMENT OF PROFIT AND LOSS
for the year ended March 31, 2019

	Note	For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
Revenue from operations	20	27,332.25	23,108.41
Other income	21	932.00	705.03
Total Income (I)		**28,264.25**	**23,813.44**
Expenses			
Cost of food and beverages consumed	22	1,772.58	1,559.03
Employee benefits expense	23	5,764.88	5,093.36
Other expenses	24	10,691.54	9,652.22
Total expenses (II)		**18,229.00**	**16,304.61**
Earnings before interest, tax, depreciation and amortisation		10,035.25	7,508.83
(EBITDA) (I-II) (refer note 2.2 (s))			
Finance costs	25	3,479.99	3,428.85
Finance income	26	(273.39)	(524.28)
Depreciation and amortization expense	27	1,983.75	1,976.68
Profit before tax		**4,844.90**	**2,627.58**
Tax expense:			
Current tax (Under MAT)		1,004.79	413.33
Deferred tax			
- MAT credit entitlement related to current year		(999.92)	-
- MAT credit entitlement related to earlier years		(1,301.30)	-
- Deferred tax expense related to current year		1,657.00	-
- Deferred tax asset not recognized in earlier years		(1,839.97)	-
		(1,479.40)	**413.33**
Profit for the year		6,324.30	2,214.25
Other comprehensive income			
Items that will not be reclassified to profit or loss			
(i) Re-measurement (losses)/gains on defined benefit plans		(22.58)	2.35
(ii) Income tax effect		4.86	(0.50)
		(17.72)	**1.85**
Total comprehensive income for the year		**6,306.58**	**2,216.10**
Earnings per equity share			
(1) Basic	28	0.80	0.28
(2) Diluted	28	0.80	0.28
The accompanying notes are an integral part of the financial statements.	1 to 45		

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration No. 11736600/W-100018

Vijay Agarwal
Partner

Place : New Delhi
Date : May 29, 2019

For and on behalf of the Board of Directors of
Lemon Tree Hotels Limited

Patanjali G. Keswani
(Chairman & Managing Director)
DIN-00002974

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 29, 2019

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

Equity shares of INR 10 each issued, subscribed and fully paid	No. of shares	Amount ₹ in lakhs
At April 1, 2017	**781,213,033**	**78,121.30**
Issued during the year - Exercise of ESOP	2,318,370	231.84
Issued during the year - other than ESOP	2,820,248	282.02
Change in shares held by ESOP trust	41,600	4.16
At March 31, 2018	**786,393,251**	**78,639.32**
Issued during the year - Exercise of ESOP	5,833,781	583.38
Change in shares held by ESOP trust	(2,931,461)	(293.15)
At March 31, 2019	**789,295,571**	**78,929.55**

B. Other Equity

For the year ended March 31, 2019

₹ in lakhs

	Reserves and Surplus					Items of OCI	Total equity
	Capital redemption reserve	Securities premium	Share based payments reserve	General reserve	Surplus in the statement of profit & loss	Remeasurement (losses)/gains on defined benefit plans	
Balance at April 1, 2017	45.00	8,954.37	242.12	3,035.24	2,307.68	17.41	14,601.82
Profit for the year	-	-	-	-	2,214.25	-	2,214.25
Other Comprehensive Income for the year	-	-	-	-	-	1.85	1.85
Issue of share capital	-	324.33	-	-	-	-	324.33
Share-based payments	-	-	94.54	-	-	-	94.54
Amount transferred from share based payment reserve to securities premium	-	88.39	(88.39)	-	-	-	-
Change in shares held by ESOP trust	-	(4.16)	-	-	-	-	(4.16)
Exercise of share options	-	239.22	-	-	-	-	239.22
Balance at March 31, 2018	**45.00**	**9,602.16**	**248.26**	**3,035.24**	**4,521.93**	**19.26**	**17,471.85**
Profit for the year	-	-	-	-	6,324.30	-	6,324.30
Other Comprehensive Income for the year	-	-	-	-	-	(17.72)	(17.72)
Share-based payments	-		93.16	-	-	-	93.16
Amount transferred from share based payment reserve to securities premium	-	341.42	(341.42)	-	-	-	-
Change in shares held by ESOP trust	-	(337.12)	-	-	-	-	(337.12)
Exercise of share options	-	670.88		-	-	-	670.88
Balance at March 31, 2019	**45.00**	**10,277.34**	**-**	**3,035.24**	**10,846.23**	**1.54**	**24,205.35**

The accompanying notes are an integral part of the financial statements. 1 to 45

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration No. 11736600/W-100018

For and on behalf of the Board of Directors of
Lemon Tree Hotels Limited

Vijay Agarwal
Partner

Patanjali G. Keswani
(Chairman & Managing Director)
DIN-00002974

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 29, 2019

Place : New Delhi
Date : May 29, 2019

CASH FLOW STATEMENT

for the year ended March 31, 2019

		For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
A.	**Cash flow from operating activities**		
	Profit before tax	4,844.90	2,627.58
	Non-cash adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and amortisation expenses	1,983.75	1,976.68
	Lease equalisation reserve	145.77	145.77
	Finance income (including fair value change in financial instruments)	(203.78)	(524.29)
	Finance costs	3,278.95	3,234.30
	Provision for gratuity	33.56	15.32
	Provision for leave encashment	20.66	6.75
	Provision for loyalty programme	6.15	5.65
	Amortization of prepayment expenses	244.42	364.23
	Share based payments to employees	93.16	94.54
	Excess provision/ credit balances written back	-	(4.68)
	Profit on relinquishment of rights	(861.00)	(670.00)
	Provision for litigation	9.10	9.01
	Net (gain)/ loss on sale of property plant and equipment	0.82	(1.26)
	Net gain on sale of investments	(30.56)	-
	Operating profit before working capital changes:*	**9,565.90**	**7,279.60**
	Movements in working capital:		
	(Increase) in trade receivables	(2,902.67)	(607.16)
	Decrease/(Increase) in loans and advances and other current assets	1,927.53	(2,454.83)
	(Increase)/Decrease in inventories	(3.09)	3.44
	Increase in liabilities and provisions	805.22	811.70
	Cash Generated from Operations	**9,392.89**	**5,032.75**
	Direct taxes paid (net of refunds)	(802.31)	65.35
	Net cash flow from operating activities (A)	**8,590.58**	**5,098.10**
B.	**Cash flows used in investing activities**		
	Purchase of Property, Plant and Equipment (adjustment of CWIP, capital advances and capital creditors)	(694.67)	(1,306.61)
	Proceeds from sale of property plant and equipment	14.80	16.81
	Purchase of investment in subsidiary/associate companies	(814.16)	(19,041.29)
	(Purchase)/sale of current investments	(1,048.98)	-
	Sale of investment in subsidiary companies	26.04	1.00
	Redemption of preference shares in subsidiary companies	-	6,000.00
	Profit on relinquishment of rights	861.00	670.00
	Long term loan repaid by subsidiaries	-	11,813.02
	Short term loans (given)/repaid (to)/by subsidiaries	(3,095.61)	(1,009.68)
	Interest received	135.67	146.67
	Net Cash flow used in investing activities (B)	**(4,615.91)**	**(2,710.08)**

CASH FLOW STATEMENT
for the year ended March 31, 2019

		For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
C	**Cash flows used in financing activities****		
	Proceeds from issuance of share capital	623.99	1,077.41
	Proceeds from long term borrowings	4,603.22	10,648.52
	Repayment of long term borrowings	(2,001.11)	(10,264.73)
	(Repayment)/ proceeds of short term borrowings	(3,447.96)	(648.23)
	Interest paid	(3,283.81)	(3,197.80)
	Net Cash flow used in financing activities (C)	**(3,505.67)**	**(2,384.83)**
	Net increase in cash and cash equivalents (A + B + C)	469.00	3.19
	Cash and cash equivalents at the beginning of the year	571.60	566.38
	Cash and cash equivalents acquired on amalgamation (Refer note 42)	-	2.03
	Cash and cash equivalents at the end of the year	**1,040.60**	**571.60**
	Components of cash and cash equivalents		
	Cash on hand	23.66	26.89
	Balances with scheduled banks in		
	- Current accounts	1,016.94	544.71
	Total cash and cash equivalents	**1,040.60**	**571.60**

* Includes working capital movement on account of amalgamation (Refer note 42)

** There are no non-cash changes arising from financing activities.

The accompanying notes are an integral part of the financial statements. 1 to 45

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration No. 11736600/W-100018

Vijay Agarwal
Partner

Place : New Delhi
Date : May 29, 2019

For and on behalf of the Board of Directors of
Lemon Tree Hotels Limited

Patanjali G. Keswani
(Chairman & Managing Director)
DIN-00002974

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 29, 2019

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

1. **Corporate Information**

Lemon Tree Hotels Limited (the Company) is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Asset No. 6, Aerocity Hospitality District, New Delhi-110037.

The principal activities of the Company is to carry out business of developing, owning, acquiring, operating, managing, renovating and promoting hotels, motels, resorts, restaurants, etc. under the brand name of Lemon Tree Hotel, Lemon Tree Premier and Red Fox Hotel.

The financial statements are approved for issue by the Board of directors on May 29, 2019.

2. **Basis of preparation of financial statements and Significant accounting policies**

2.1 **Basis of preparation and Compliance with Ind AS**

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), and the provisions of the Companies Act ,2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

The financial statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities which are measured at fair value / amortised cost (refer note 34)

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing account standard required a change to the accounting policy hitherto to in use.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs, expect where otherwise indicated.

2.2 **Significant accounting policies**

(a) **Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(B) **Foreign currencies**

Functional and presentation currency

The Company's financial statements are presented in INR, which is also the Company's functional currency. Presentation currency is the currency in which the company's financial statements are presented. Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash. All the financial information presented in Indian Rupees (INR) has been rounded to the nearest of lakhs rupees, except where otherwise stated.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange 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. 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 recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(c) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

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

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

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value. External valuers are involved for valuation of significant assets and liabilities. The management selects external valuer on various criteria such as market knowledge, reputation, independence and whether professional standards are maintained by valuer. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes:

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

- Disclosures for valuation methods, significant estimates and assumptions (note 29)
- Quantitative disclosures of fair value measurement hierarchy (note 34)
- Financial instruments (including those carried at amortised cost) (note 34)

(d) Revenue recognition

Effective April 1, 2018, the Company has applied Ind AS 115 "Revenue from Contracts with Customers" which establishes a comprehensive framework to depict timing and amount of revenue to be recognised. The Company has adopted Ind AS 115 using cumulative catch-up transition method, where any effect arising upon application of this standard is recognised as at the date of initial application (i.e April 1, 2018). The standard is applied only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated - i.e. the comparative information continues to be reported under previous standards on revenue i.e Ind AS 18 and Ind AS 11. There was no impact on adoption of Ind AS 115 to the financial statements of the Company.

In arrangements for room revenue and related services, the Company has applied the guidance in Ind AS 115 for recognition of Revenue from contract with customer, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering room revenue and related services as distinct performance obligations. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognized.

Sales Tax/ Value Added Tax (VAT)/ Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Rooms, Restaurant, Banquets and Other Services

Income from guest accommodation is recognized on a day to day basis after the guest checks into the Hotels and are stated net of allowances. Incomes from other services are recognized as and when services are rendered. Sales are stated exclusive of Service Tax, Value Added Taxes (VAT), Goods and Service Tax (GST) and Luxury Tax. Difference of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue separately.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, sale of food and beverage are recognized at the points of serving these items to the guests. Sales are stated exclusive of Sales Tax / VAT/ Goods and Service Tax (GST).

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividends

Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Management Fee

Revenue from management services comprises fixed & variable income. Fixed income is recognised pro-rata over the period of the contract as and when services are rendered. Variable income is recognised on an accrual basis in accordance with the terms of the relevant agreement.

(e) Taxes

Tax expense represents Current income tax and Deferred tax.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

Current income tax

The tax currently payable is based on taxable profit for the period/year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or 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
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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

- When the deferred tax asset relating to 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
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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

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

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

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

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date.

If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

Sales/ Value Added Taxes/Goods & Service Tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(f) Property, plant and equipment

On transition to IND AS, the Company has elected to continue with the carrying value of all of its property plant and equipment recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment.

Capital work in progress is stated at cost. Property, Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Freehold land is not depreciated.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation on fixed assets is provided as per Schedule II of Companies Act, 2013 on Straight Line Method over its economic useful life of fixed assets as follows:

Fixed Assets	Useful life considered
Plant & Machinery	15 Year
Building	60 Years
Electrical equipments and fittings	10 Years
Office Equipments	5 Years
Furniture and Fixtures	8 Years
Crockery, cutlery and soft furnishings	3 Years
Commercial Vehicles	6 Years
Private Vehicles	8 Years
Computers	3 Years

The Company, based on management estimates, depreciates certain items of building, plant and equipment over estimated useful lives which are lower than the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end, and adjusted prospectively if appropriate.

(g) Intangible assets

On transition to IND AS, the Company has elected to continue with the carrying value of all of its Intangible assets recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such Intangible assets.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalised

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as 3 years and the same shall be amortised on Straight line basis over its useful life.

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

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

(h) Investment properties

On transition to IND AS, the Company has elected to continue with the carrying value of all of its Investment properties recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such Investment properties.

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Company depreciates building component of investment property over the remaining estimated useful life on the date of purchase after considering total economic useful life of 60 years.

Though the Company measures investment property using deemed cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an evaluation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

(i) Borrowing costs

Borrowing cost includes interest expense as per Effective Interest Rate (EIR).

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset until such time that the assets are substantially ready for their intended use. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such current investments is deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the year. Capitalisation of borrowing costs is suspended and charged to profit and loss during the extended periods when the active development on the qualifying assets is interrupted.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortised cost of a financial liability after considering all the contractual terms of the financial instrument.

(j) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are classified as operating lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless either:

(a) Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis, or

(b) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Company as a lessor

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

Operating lease receipt are recognised as income in the statement of profit and loss on a straight-line basis over the lease term unless either:

(a) Another systematic basis is more representative of the time pattern of the user's benefit even if the receipt from the lessee are not on that basis, or

(b) The receipts from the lessee are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If receipts from the lessee vary because of factors other than general inflation, then this condition is not met.

Stamp duties payable to local authorities on registration of lease agreements, are recognised as prepaid expense and charged off to Statement of Profit and Loss on an equitable basis over the lease term.

Conversion charges payable to local authorities on conversion of use of industrial plot for hotel purposes, are recognised as prepaid expense and charged off to statement of profit and loss on an equitable basis over the lease term.

(k) Inventories

Stock of food and beverages, stores and operating supplies are valued at lower of cost and net realisable Value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make sale.

(l) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal 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 Company's 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.These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the entity operates, or for the market in which the asset is used.

Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(m) Provisions

General

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent Assets/ Liabilities

Contingent assets are not recognised. However, when realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

Contingent liabilities are disclosed in notes to accounts when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(n) Deferred Revenue

The Company operates a loyalty point's programme, which allows customers to accumulate points when they obtain services in the Company's Hotels. The points can be redeemed for free products/ nights, subject to a minimum number of points being obtained. Consideration received is allocated between the Room Revenue and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is determined by applying a statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

(o) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Retirement benefit in the form of gratuity is a defined benefit scheme. Gratuity liability of employees is accounted for on the basis of actuarial valuation on projected unit credit method at the close of the year. Company's contribution made to Life Insurance Corporation is expensed off at the time of payment of premium.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Retirement benefits in the form of Superannuation Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

The Company treats leaves expected to be carried forward for measurement purposes. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Remeasurement gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

(p) **Financial instruments**

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

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)
- Equity instruments in subsidiaries/associates carried at cost

Debt instruments at amortised cost

A debt instrument is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. The difference between the transaction amount and amortized cost in case of interest free loan to subsidiaries based on the expected repayment period is considered as 'deemed investment on account of interest free loan to subsidiaries' (Refer Note 7(i)). After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest

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rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. If there is any change in estimate for payment of loan (provided that there was no error in original estimate) , difference in carrying amount and repayment has been adjusted as return on capital by the parent, based on condition/ situation prevailing on that date. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A debt instrument is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

The Company has designated compulsory redeemable preference shares investments in its subsidiaries at FVTPL. The difference between the transaction amount and amortized cost is considered as 'deemed investment in compulsory redeemable preference shares' (Refer Note 7(i)).

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity instruments

All equity investments (other than equity investments in subsidiaries) in scope of Ind AS 109 are measured at fair value. Equity instruments in subsidiaries are carried at cost in financial statements less impairments if any. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the 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) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

b) Financial assets that are debt instruments and are measured as at FVTOCI.

c) Trade receivables or any contractual right to receive cash or another financial asset.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

At each reporting date, for recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If

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credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Financial liabilities at amortised cost

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

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This category generally applies to borrowings. For more information refer Note 15.

Financial guarantee

Financial guarantees issued by the Company on behalf of group companies are designated as 'Insurance Contracts'. The Company assess at the end of each reporting period whether its recognised insurance liabilities (if any) are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in profit or loss.

If a financial guarantee is an integral element of debts held by the entity, it is not accounted for separately.

Derecognition

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

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, to realise the assets and settle the liabilities simultaneously.

(q) Cash and cash equivalents

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

(r) Share-based payments

Certain employees (including senior executives) of the Company receive part of their remuneration in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity settled transactions').

The cost of equity-settled transactions with employees measured at fair value at the date at which they are granted using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

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

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

(s) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/(loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, interest income, finance costs, and tax expense.

(t) Cash Flow Statement

Cash flows are reported using the indirect method, where by profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(u) Earnings Per Share (EPS)

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity shareholders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity shareholders of the Company by the weighted average number of Equity shares outstanding during the period plus the weighted average number of

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Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

Recent accounting pronouncement issued but not yet effective upto the date of issuance of financial statements

a) **Ind AS 116, Leases**

Ind AS 116 – 'Leases' was notified on March 30, 2019, which is applicable for the accounting period beginning from April 1, 2019. For lessees, the standard eliminates the classification of leases as either operating or finance, as required by Ind AS 17, and instead introduces a single lease accounting model. Applying that model a lessee is required to recognize, (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value and (b) depreciation of leased assets separately from interest on lease liabilities in the income statement. Lessor Accounting under Ind AS 116 will not be having any transitional impact on initial recognition. Under Ind AS 17, the company was charging lease rental in statement of Profit and loss, which would be charged as depreciation and finance cost under Ind AS 116, having a favourable impact on EBITDA.

A lessor shall recognise lease payments from leases as income on either straight-line or another systematic basis. The standard permits two possible methods of transition:

- Full retrospective - Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors.
- Modified retrospective - Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.

Under modified retrospective approach, the lessee records the lease liability at the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either at:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

The company is in the process of evaluating the impact of transitioning from old standard i.e Ind AS 17 to new standard i.e Ind AS 116 and the transition approach.

b) **Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments**

This Appendix clarifies how to apply the recognition and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in Ind AS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Appendix. The Company is in the process of evaluating the impact of this Appendix.

c) **Amendment to Ind AS 12- Income Taxes**

On March 30, 2019, the amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

The amendment is effective from annual period beginning from April 1, 2019. The Company does not have any impact on account of this amendment.

d) **Amendment to Ind AS 19- Employee Benefits**

On March 30, 2019, the amendments to Ind AS 19, in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity, to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

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for the year ended March 31, 2019

3. Property, plant and equipment

₹ in lakhs

Particulars	Freehold land	Building on freehold land	Building on leasehold Land	Plant and Machinery	Electrical fittings	Electrical equipments	Office equipments	Furniture and Fixtures	Crockery, cutlery and soft furnishings	Computers	Vehicles	Total
Gross Carrying Amount												
At April 1, 2017	8,717.26	16,228.25	11,957.87	4,657.33	1,805.49	938.76	54.35	2,264.84	235.49	113.25	262.54	47,235.43
Additions	1,796.15	1,182.02	-	104.50	11.89	63.80	15.78	49.71	77.83	41.37	285.46	3,628.51
Acquired on amalgamation (Refer note 42)	-	-	-	-	0.08	-	0.12	0.65	-	1.20	-	2.05
Disposals	-	0.28	-	14.10	0.08	0.87	1.27	5.60	-	2.11	89.33	113.64
At March 31, 2018	10,513.42	17,409.99	11,957.87	4,747.73	1,817.38	1,001.69	68.98	2,309.60	313.32	153.71	458.67	50,752.35
Additions	-	-	9.51	41.48	15.31	60.83	5.62	11.70	0.30	22.90	81.73	249.38
Disposals	-	-	-	-	-	-	-	-	-	-	17.69	17.69
At March 31, 2019	**10,513.42**	**17,409.99**	**11,967.38**	**4,789.21**	**1,832.69**	**1,062.52**	**74.60**	**2,321.30**	**313.62**	**176.61**	**522.71**	**50,984.04**
Depreciation												
At April 1, 2017	-	519.13	618.23	809.76	629.72	264.14	28.58	858.14	161.92	60.83	54.80	4,005.25
Charge for the year	-	270.35	277.00	436.30	288.39	158.02	16.09	341.47	40.78	31.14	83.76	1,943.30
Acquired on amalgamation (Refer note 42)	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	0.04	-	8.51	-	0.48	1.15	4.70	-	0.91	82.29	98.09
At March 31, 2018	-	789.44	895.23	1,237.55	918.11	421.68	43.52	1,194.91	202.70	91.06	56.27	5,850.46
Charge for the year	-	299.24	288.66	413.97	247.12	127.18	15.41	312.72	56.85	31.79	99.43	1,892.36
Disposals	-	-	-	-	-	-	-	-	-	-	2.06	2.06
At March 31, 2019	-	**1,088.68**	**1,183.89**	**1,651.52**	**1,165.23**	**548.86**	**58.93**	**1,507.63**	**259.55**	**122.85**	**153.64**	**7,740.76**
Net Book value												
At March 31, 2019	**10,513.42**	**16,321.31**	**10,783.49**	**3,137.69**	**667.47**	**513.66**	**15.67**	**813.68**	**54.07**	**53.75**	**369.07**	**43,243.28**
At March 31, 2018	10,513.42	16,620.55	11,062.65	3,510.19	899.27	580.01	25.46	1,114.68	110.62	62.65	402.38	44,901.89

Net book value	As at March 31, 2019	As at March 31, 2018
Property, plant and equipment	43,243.28	44,901.89

Notes

a) Certain property, plant and equipment are pledged as collateral against borrowings, the details related to which have been described in note 15 on 'borrowings'.

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4. Capital work-in-progress

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
Hotel at Shimla		
Material	956.63	568.53
Project staff expenses	89.64	72.43
Salary wages & bonus	36.52	29.73
Professional charges	84.40	83.57
Others	3.30	2.66
	1,170.49	**756.92**
Hotel at Banjara Hills, Hyderabad		
Material	-	175.78
Project staff expenses	-	20.49
Other expenses	-	7.36
	-	**203.63**
Less:- Capitalised during the year	**-**	**203.63**
	-	-
	1,170.49	756.92

5. Investment property

Particulars	Total ₹ in lakhs
Gross Carrying Amount	
At April 1, 2017	258.89
Additions	-
At March 31, 2018	**258.89**
Additions	-
At March 31, 2019	**258.89**
Depreciation and Impairment	
At April 1, 2017	8.79
Charge for the year	4.39
At March 31, 2018	**13.18**
Charge for the year	4.39
At March 31, 2019	**17.57**
Net Block	
At March 31, 2019	**241.32**
At March 31, 2018	245.71

Information regarding income and expenditure of Investment property:

	At March 31, 2019 ₹ in lakhs	At March 31, 2018 ₹ in lakhs
Rental income derived from investment property	18.02	15.50
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(1.00)	(0.97)
Profit arising from investment properties before depreciation and indirect expenses	**17.02**	**14.53**
Less – Depreciation	(4.39)	(4.39)
Profit arising from investment properties before indirect expenses	**12.63**	**10.14**

The Company's investment properties consist of a commercial property in Pune, India. The management has determined that the investment property consist of one classes of asset − office space − based on the nature, characteristics and risks of the property.

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The Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties.

As at March 31, 2019 and March 31, 2018, the fair values of the property is ₹ 258.89 lakhs and ₹ 258.89 lakhs respectively.

These valuations are based on valuations performed by an external independent valuer at the time of acquisition of property dated March 25, 2014

The management has considered these valuations on the basis that there is no material change in the value of property since acquired.

Description of valuation techniques used and key inputs to valuation on investment properties:

Valuation technique	Significant unobservable Inputs
Sales comparable method	Location
	Size of building
	Quality of building
	Visibility of unit
	Furnished/unfurnished

6. Intangible assets

₹ in lakhs

Particulars	Software	Goodwill	Total
Gross Carrying Amount			
At April 1, 2017	82.70	-	82.70
Additions	29.23	-	29.23
Acquired on amalgamation (Refer note 42)	-	2.63	2.63
Disposals	-	-	-
At March 31, 2018	111.93	2.63	114.56
Additions	371.96		371.96
Disposals	-	-	-
At March 31, 2019	**483.89**	**2.63**	**486.52**
Amortisation and impairment			
At April 1, 2017	30.91	-	30.91
Amortisation	28.99	-	28.99
Disposals	-	-	-
At March 31, 2018	**59.90**	**-**	**59.90**
Amortisation	87.00	-	87.00
Disposals	-	-	-
At March 31, 2019	**146.90**	**-**	**146.90**
Net Block			
At March 31, 2019	**336.99**	**2.63**	**339.62**
At March 31, 2018	52.03	2.63	54.65

Net book value	As at March 31, 2019	As at March 31, 2018
Intangible assets	339.62	54.65
Intangible assets under development (Software implementation)	-	280.64

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7. Financial assets

		As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
(i)	**Investments**		
	Investments at cost		
	Unquoted equity shares of subsidiary companies at cost		
	34,374,498 (Previous year 34,374,498) Equity shares of Fleur Hotels Private Limited of ₹ 10 each fully paid.	44,307.20	44,307.20
	11,869,100 (Previous year 11,869,100) Equity shares of PSK Resorts & Hotels Private Limited of ₹ 1 each fully paid	2,691.12	2,691.12
	345,945,400 (Previous year 345,945,400) Equity shares of Canary Hotels Private Limited of ₹ 1 each fully paid.	5,224.28	5,224.28
	6,195,000 (Previous year 6,195,000) Equity shares of Sukhsagar Complexes Private Limited of ₹ 10 each fully paid.	2,619.63	2,619.63
	75,000,000 (Previous year 75,000,000) Equity shares of Nightingale Hotels Private Limited of ₹ 1 each fully paid.	931.40	931.40
	571,428 (Previous year 571,428) Equity shares of Manakin Resorts Private Limited of ₹ 10 each fully paid.	390.69	390.69
	10,854,592 (Previous year: 10,854,592) Equity shares of Begonia Hotels Private Limited of ₹ 1 each fully paid.	48.86	48.86
	3,700,000 (Previous year 3,700,000) Equity shares of Oriole Dr Fresh Hotels Private Limited of ₹ 10 each fully paid.	2,643.97	2,643.97
	700,000 (Previous year 934,580) Equity shares of Carnation Hotels Private Limited of ₹ 1 each fully paid.#	7.00	9.35
	45,500,668 (Previous year 45,500,668) Equity shares of Grey Fox Project Management Company Private Limited of ₹ 1 each fully paid.	455.01	455.01
	115,000 (Previous year 115,000) Equity shares of Dandelion Hotels Private Limited of ₹ 1 each fully paid.	160.54	160.54
	350,000 (Previous year 350,000) Equity shares of Lemon Tree Hotel Company Private Limited of ₹ 1 each fully paid.	3.50	3.50
	300,000 (Previous year 300,000) Equity shares of Red Fox Hotel Company Private Limited of ₹ 1 each fully paid.	3.00	3.00
	1,280,209 (Previous year 1,225,209) Equity shares of Meringue Hotels Private Limited of ₹ 1 each fully paid.	11,582.44	11,075.89
	10,000 (Previous year nil) Equity shares of Poplar Homestead Holdings Private Limited of ₹ 10 each fully paid.	1.00	-
	10,000 (Previous year nil) Equity shares of Madder Stays Private Limited of ₹ 10 each fully paid.	1.00	-
	10,000 (Previous year nil) Equity shares of Jessamine Stays Private Limited of ₹ 10 each fully paid.	1.00	-
	Unquoted equity shares of associate companies at cost		
	150,000 (Previous year nil) Equity shares of Hamstede Living Private Limited of ₹ 10 each fully paid.	15.00	-
	340,000 (Previous year 340,000) Equity shares of Mind Leaders Learning India Private Limited of ₹ 1 each fully paid.	3.40	3.40
	Unquoted compulsory redeemable preference shares of subsidiary companies at fair value through Profit and loss		
	350,000 (Previous year 350,000) 5% Redeemable Non Cumulative Preference shares of Carnation Hotels Private Limited of ₹ 100 each fully paid.*	192.98	173.37
	Unquoted compulsory convertible preference shares of associate companies at cost		
	27,00,000 (Previous year Nil) 0.001% Compulsorily Convertible Preference shares of Hamstede Living Private Limited of ₹ 10 each fully paid**	270.00	-
	Deemed investment (equity portion) on account of interest free loan to subsidiaries		

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
Dandelion Hotels Private Limited	4.85	4.85
Meringue Hotels Private Limited	59.90	59.90
Oriole Dr Fresh Hotels Private Limited	14.46	14.46
Deemed investment (equity portion) in redeemable preference shares		
Sukhsagar Complexes Private Limited	74.89	74.89
Oriole Dr Fresh Hotels Private Limited	145.56	145.56
Canary Hotels Private Limited	22.99	22.99
Carnation Hotels Private Limited	224.30	224.30
Grey Fox Project Management Company Private Limited	84.25	84.25
Quoted mutual funds at fair value through profit and loss		
23,145 units (Previous Year: nil) of Reliance liquid fund - Direct Plan Growth Plan - Growth option	1,055.85	-
Unquoted equity shares of companies other than subsidiary and associate companies at fair value through profit and loss		
2,567 (Previous Year: 2,567) equity shares of SEP Energy Private Limited of ₹ 10 each fully paid.	0.26	0.26
9,126 (Previous Year : 9,126) equity shares of School of Hospitality India Private Limited of ₹ 10 each fully paid.	200.04	200.04
	73,440.37	**71,572.71**
Aggregate book value of unquoted investments	72,384.52	71,572.71
Aggregate book value of quoted investments	1,055.85	-
Current	1,055.85	-
Non-Current	72,384.52	71,572.71
Total	**73,440.37**	**71,572.71**

*The preference shares will be redeemed either at the option of the Company or at the option of the subsidiary at any-time after the expiry of one year or before expiry of ten years.

#Sold 234,580 equity shares to Mr. Rattan Keswani during the year

^Certain investments in equity shares of Sukhsagar Complexes Private Limited have been pledged for term loans taken by this company.

**The preference shares will be converted after 19 years and 364 days of their issuance. The preference share holder has the right to voluntarily convert such CCPS at any-time before the expiry of such period.

		As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
(ii)	**Loans**		
	(unsecured considered good unless otherwise stated)		
	Loans to employees at amortised cost	171.11	1,615.50
		171.11	**1,615.50**
(iii)	**Other financial assets**		
	Security deposits (unsecured, considered good)	1,060.52	985.58
	Interest accrued on deposits with banks	222.67	154.56
	Fixed deposits under lien*	253.10	253.10
		1,536.29	**1,393.24**

* Fixed deposits under lien includes deposits lien marked with banks against guarantees issued in favour of various Government departments.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

8.1 **Deferred tax assets (net)**

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
Property, plant and equipment and intangible assets	4,285.81	3,979.09
Impact of expenditure charged to the statement of profit and loss in the current/ earlier period but allowable for tax purposes on payment basis	-	0.80
Deferred tax liability	**4,285.81**	**3,979.89**
Impact of expenditure charged to the statement of profit and loss in the current/ earlier period but allowable for tax purposes on payment basis	282.29	-
Effect of unabsorbed depreciation and business loss	2,967.64	4,599.52
Gratuity	57.50	37.52
Leave compensation	31.86	24.40
Loyalty program	5.98	3.80
Provision for contingency	16.28	12.97
Provision for slow moving inventory	10.63	10.75
Expense on account of lease equalization reserve created	484.59	433.16
Security deposits	585.33	533.46
Loan to employee	0.83	4.52
Borrowings	14.25	15.54
Provision for doubtful debts and advances	6.19	6.14
Deferred tax asset	**4,463.37**	**5,681.78**
A. Deferred tax asset (net) *	**177.56**	**1,701.88**
B. MAT crdit entitlement	**2,301.22**	**1,340.26**
Net deferred tax asset (net) *	**2,478.78**	**3,042.14**

* Considering the historical performance and future projections, the Company has recognised deferred tax asset of ₹ 2,478.78 lakhs as at March 31, 2019. As March 31, 2018 the Company has recognised deferred tax asset on losses and other items only to the extent of deferred tax liability and accordingly not recognised deferred tax asset of ₹ 3,042.14 lakhs as at March 31, 2018.

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for year March 31, 2019 and March 31, 2018:

	March 31, 2019	March 31, 2018
Profit/(loss) before tax	4,844.90	2,627.58
Tax rate	34.94%	34.61%
Tax at statutory income tax rate	1,693.00	909.35
Effect of incomes taxable at nil/lower/MAT rate	(130.26)	(348.58)
MAT credit related to earlier years recognised in current year	(1,340.26)	-
DTA on unabsorbed depreciation and business loss not recognised last year	(1,701.88)	(103.14)
Unrecognized tax assets (net) and other adjustments	-	(44.30)
Net	**(1,479.40)**	**413.33**

8.2 **Non-Current tax assets (net)**

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
Advance Income Tax (net of provision for taxation)	777.84	970.04
	777.84	970.04

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

9. Other non-current assets

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
Unsecured, considered good		
Capital advances	7.95	28.24
Prepaid expenses (Refer note 38)	717.31	793.84
Unamortized portion of security deposits and loans	4,548.16	4,879.69
Total	**5,273.42**	**5,701.77**

10. Inventories

(valued at lower of cost and net realisable value)

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
Food and beverages (excluding liquor and wine)	50.01	57.64
Liquor and wine	33.95	31.54
Stores, cutlery, crockery, linen, provisions and others	118.65	110.34
Total	**202.61**	**199.52**

Upto the year ended March 31, 2019 : ₹ 30.41 lakhs (March 31, 2018: ₹ 31.05 lakhs) was recognised as provision for inventories carried at net realisable value

Refer footnote to Note 15 for inventories pledged.

11. Financial assets

		As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
(i)	**Trade receivables**		
	Trade receivables	4,966.53	2,063.87
	Trade receivables from related parties		
		4,966.53	2,063.87
	Break-up for security details:		
	Trade receivables		
	Unsecured, considered good	4,966.53	2,063.87
	Doubtful	15.95	15.95
		4,982.48	**2,079.82**
	Impairment Allowance (allowance for bad and doubtful debts)		
	Doubtful	15.95	15.95
		15.95	**15.95**
Total		**4,966.53**	**2,063.87**

No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non interest bearing and are generally on terms of 30 to 90 days from the date of invoice.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

		As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
(ii)	**Cash and cash equivalents**		
	Balance with banks		
	On current accounts	1,016.94	544.71
	Cash on hand	23.66	26.89
		1,040.60	**571.60**

Apart from the balance shown above, as on March 31, 2018, the Company had ₹ 32,233.37 lakhs in escrow account maintained with Axis Bank on account of proceeds from IPO. This amount was not included in the balance with banks shown above as the same was held in trust on behalf of selling shareholders. In current year, the same was repaid.

		As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
(iii)	**Loans**		
	Unsecured, considered good		
	Loans and advances to subsidiaries	4,717.83	1,622.22
		4,717.83	**1,622.22**

		As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
(iv)	**Other financial assets**		
	Unsecured, considered good		
	Security deposits	300.68	311.42
		300.68	311.42
	Others		
	Commission receivable	-	1.68
	Expenses recoverable	-	1,327.73
		300.68	1,640.83

12. Other current assets

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
Advances recoverable	349.97	277.35
Unbilled revenue	732.33	2.32
Balance with statutory/ government authorities	266.16	335.95
Prepaid expenses (Refer note 38)	445.62	188.48
Unamortized portion of security deposits and loans	244.42	288.70
Total	**2,038.50**	**1,092.80**

13. Share capital

Authorised Share Capital	Equity shares	
	No. of shares	₹ in lakhs
At April 1, 2017	998,550,000	99,855.00
Increase during the year (on amalgamation)	2,890,000	289.00
At March 31, 2018	**1,001,440,000**	**100,144.00**
Increase/(decrease) during the year	-	-
At March 31, 2019	**1,001,440,000**	**100,144.00**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

	5% Redeemable Cumulative Preference Shares	
	No. of shares	₹ in lakhs
At April 1, 2017	145,000	145.00
Increase/(decrease) during the year	-	-
At March 31, 2018	**145,000**	**145.00**
Increase/(decrease) during the year	-	-
At March 31, 2019	**145,000**	**145.00**

Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity 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 equity shares held by the shareholders.

Issued equity capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. of shares	₹ in lakhs
At April 1, 2017	**781,213,033**	**78,121.30**
Issued during the year - Exercise of ESOP	2,318,370	231.84
Issued during the year - other than ESOP	2,820,248	282.02
Change in shares held by ESOP trust	41,600	4.16
At March 31, 2018	**786,393,251**	**78,639.32**
Issued during the year - Exercise of ESOP	5,833,781	583.38
Change in shares held by ESOP trust	(2,931,461)	(293.15)
At March 31, 2019*	**789,295,571**	**78,929.55**

* excluding 29,50,893 equity shares (March 31, 2018: 19,432 shares) held by ESOP trust which has been consolidated in accordance with the requirement of IND AS 110. The movement is explained below :-

	Share capital		Shares held by ESOP trust		Share capital (net)	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
At April 1, 2017	**781,274,065**	**78,127.41**	**61,032**	**6.10**	**781,213,033**	**78,121.30**
Issued during the year - Exercise of ESOP	2,318,370	231.84	-	-	2,318,370	231.84
Issued during the year - other than ESOP	2,820,248	282.02	-	-	2,820,248	282.02
Change in shares held by ESOP trust	-	-	(41,600)	(4.16)	41,600	4.16
At March 31, 2018	**786,412,683**	**78,641.27**	**19,432**	**1.94**	**786,393,251**	**78,639.32**
Issued during the year - Exercise of ESOP	5,833,781	583.38	-	-	5,833,781	583.38
Change in shares held by ESOP trust	-	-	2,931,461	293.15	(2,931,461)	(293.15)
At March 31, 2019	**792,246,464**	**79,224.65**	**2,950,893**	**295.09**	**789,295,571**	**78,929.55**

Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of shares	% held	No. of shares	% held
Equity shares of ₹ 10 each fully paid up				
Maplewood Investment Limited	98,408,065	12.42%	192,908,118	24.53%
Spank Management Services Private Limited	207,685,759	26.21%	207,375,759	26.37%
RJ Corp Limited	53,427,784	6.74%	78,748,368	10.01%
APG Strategic Real Estate Pool N.V.	118,730,914	14.99%	118,730,914	15.10%
SBI Large and Midcap Fund	56,817,761	7.17%	-	-

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 32

Aggregate number of bonus share issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

	March 31, 2019 No. of shares	March 31, 2018 No. of shares
Equity shares allotted as fully paid, pursuant to amalgamations (Refer note 42)	88,997,722	88,997,722
Equity shares allotted as fully paid bonus shares by capitalization of securities premium and capital redemption reserve	646,125,652	646,125,652

In addition, the Company has issued total 11,501,015 shares (March 31, 2018 : 6,980,404) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

14. Other equity

Securities premium	₹ in lakhs
At April 1, 2017	**8,954.37**
Premium on issue of shares	324.33
Additions on ESOPs excercised	239.22
Transferred from stock options outstanding	88.39
Change in shares held by ESOP trust	(4.16)
At March 31, 2018	**9,602.16**
Additions on ESOPs excercised (excluding transferred from stock options outstanding)	670.88
Transferred from stock options outstanding	341.42
Change in shares held by ESOP trust	(337.12)
At March 31, 2019	**10,277.34**

Retained earnings	₹ in lakhs
At April 1, 2017	**2,325.09**
Profit for the year	2,216.10
At March 31, 2018	**4,541.19**
Profit for the year	6,306.58
At March 31, 2019	**10,847.77**

General reserve	₹ in lakhs
At April 1, 2017	**3,035.24**
Increase/(decrease) during the year	-
At March 31, 2018	**3,035.24**
Increase/(decrease) during the year	-
At March 31, 2019	**3,035.24**

Share-based payments	₹ in lakhs
At April 1, 2017	**242.12**
Add:- Expense for the year (Refer note 32)	94.54
Less:- transferred to securities premium on exercise of stock options	(88.39)
At March 31, 2018	**248.26**
Add:- Expense for the year (Refer note 32)	93.16
Less:- transferred to securities premium on exercise of stock options	(341.42)
At March 31, 2019	**-**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

Capital redemption reserve	₹ in lakhs
At April 1, 2017	**45.00**
Increase/(decrease) during the year	-
At March 31, 2018	**45.00**
Increase/(decrease) during the year	-
At March 31, 2019	**45.00**

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
Other reserves		
Securities premium	10,277.34	9,602.16
Retained earnings	10,847.77	4,541.19
General reserve	3,035.24	3,035.24
Share-based payments	-	248.26
Capital redemption reserve	45.00	45.00
Total	**24,205.35**	**17,471.85**

Notes:

Securities premium: Securities premium comprises of premium receievd on issue of shares

Retained earnings: Retained earnings represents balances of profit and loss at each period/year end.

General reserve: Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paidup capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn.

Share-based payments: The Company has a share option scheme under which options to subscribe for the Company's shares have been granted to certain executives and senior employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 32 for further details of the plan.

Capital redemption reserve: The Companies Act provides that companies redeeming its preference shares at face value or nominal value is required to transfer an amount into capital redemption reserve. This reserve can be used to issue fully paid-up bonus shares to the shareholders of the Company.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

15. Financial Liabilities

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
(i) Borrowings		
Non-current borrowings		
Term Loans		
Loans from Banks (Secured)		
Kotak Mahindra Bank Limited (Refer footnote 1, 2, 3 & 4 below)	1,317.51	1,980.80
RBL Bank Ltd. (Refer footnote 5 & 6 below)	3,140.25	3,715.98
Yes Bank Limited (Refer footnote 7 below)	-	10,872.66
HDFC Bank Limited (Refer footnote 9, 10 & 11 below)	19,917.27	9,449.53
Vehicle loans (Refer footnote 12 below)	222.04	254.44
Loans from financial institutions		
Aditya Birla Finance Limited (Refer footnote 8 below)	3,433.82	-
Total non-current borrowings	**28,030.89**	**26,273.41**
Current maturity of long term loans		
Kotak Mahindra Bank Limited (Refer footnote 1, 2, 3 & 4 below)	663.29	600.20
RBL Bank Ltd. (Refer footnote 5 & 6 below)	599.95	599.95
Yes Bank Limited (Refer footnote 7 below)	-	687.50
HDFC Bank Limited (Refer footnote 9, 10 & 11 below)	1,466.43	82.13
Vehicle loans (Refer footnote 12 below)	77.74	66.70
Current maturity of loans from financial institutions		
Aditya Birla Finance Limited (Refer footnote 8 below)	70.00	-
Total current maturity of loans	**2,877.41**	**2,036.48**
Less: Amount clubbed under "other current financial liabilities"	(2,877.41)	(2,036.48)
Net current borrowings	-	-

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

Footnotes to Note 15 (i) "Borrowings"

₹ in lakhs

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2019	Carrying rate of Interest as at March 31, 2018	Repayment/ Modification of terms	Security/ Principal terms and conditions
1	Kotak Mahindra Bank Limited	217.00	NA	9.40% (interest rate @ 6 months MCLR rate+ 0.60%)	The loan is repayable in 60 monthly installments of Rs 1,666,667 each along with interest. Repaid entire loan during the year.	The Term Loan is secured by way of: a) Exclusive charge on all existing and future current assets of the borrower's hotels located at Gurgaon (city centre new), Aurangabad, Indore and Sector-29, Gurgaon. b) Subservient charge over all existing and future current assets of the Company except current assets of the Company's hotels located at Gurgaon (city centre new), Aurangabad, Indore and Sector-29, Gurgaon on which bank has exclusive charge. c) Equitable Mortgage by way of exclusive charge on the plot of Land at Sector-29, Gurgaon owned by the borrower. Also, exclusive charge over Moveable Fixed assets of the Hotel Property at Sector-29, Gurgaon.
2	Kotak Mahindra Bank Limited	1,633.00	9.45% (interest rate @ 6 months MCLR rate+ 0.60%)	9.40% (interest rate @ 6 months MCLR rate+ 0.60%)	The loan is repayable in 60 monthly installments.	
3	Kotak Mahindra Bank Limited	431.00	9.45% (interest rate @ 6 months MCLR rate+ 0.60%)	9.40% (interest rate @ 6 months MCLR rate+ 0.60%)	The loan is repayable in 60 montly installments.	
4	Kotak Mahindra Bank Limited	5,200.00	9.35% (interest rate @ 6 months MCLR rate+ 0.50%)	8.80%	The loan is repayable in 28 quarterly installments.	The Term Loan is secured by way of: a) Exclusive charge on all existing and future current assets of the borrower's commercial space at Sector-60, Gurgaon. b) Minimum asset cover of 1.25x to be maintained throughout the tenor of bank's loan as per valuation accepted by bank. c) Subservient charge over all existing and future current assets of the borrower except current assets of the borrower's commercial space at Sector-60, Gurgaon on which bank has exclusive charge. d) Equitable Mortgage by way of exclusive charge on the on the proportionate share of land and building of commercial space of the borrower at Sector-60, Gurgaon. e) Exclusive charge over Moveable Fixed assets of commercial space at Sector-60, Gurgaon.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2019	Carrying rate of Interest as at March 31, 2018	Repayment/ Modification of terms	Security/ Principal terms and conditions
5	RBL Bank Ltd.	3,000.00	10.75%	10.25%	The loan is repayable in scattered quarterly installment beginning from March 2014. Interest is payable monthly as and when due.	It is secured by : (i) Exclusive charge on all the Project's immovable properties (except land), present and future. (ii) Exclusive charge by way of hypothecation of all the project's movables including movable plant & machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future. (iii) Exclusive charge on the project's book debts, operating cash flows, receivables, commissions, bank accounts (wherever held), revenues of whatever nature and wherever arising, present and future subject to prior charge of bankers on specified current assets for securing working capital facilities and subject to prior approval of bank. (iv) Exclusive charge by way of assignment or creation of charge in favour of the lender of - All the right, title, interest,benefits, claims and demands whatsoever of the borrower in agreements (developement agreement, management agreement, construction contract), duly acknowledged and consented to by the counter party; - All the rights,title, interest,benefits, claims and demands whatsoever of the borrower in clearances; - All the rights,title, interest,benefits, claims and demands whatsoever of the borrower in any letter of credit, guarantee, performance bond provided by any party to the project documents - All insurance contracts/insurance proceeds; (v) All Cash Flow routing to be done through Collection account maintained with bank. (vi) Right of substitution and other rights under the Substituition Agreement, on pari passu basis with other lenders. (Project implies to Red Fox Hotel at Property No. 6, Hospitality District, Delhi International Airport, New Delhi)
6	RBL Bank Ltd.	2,420.00	10.85%	9.8% (interest rate @ 1 year MCLR rate+ 0.55%)	The loan is repayable in scattered quarterly installment. Interest is payable monthly as and when due.	
7	Yes Bank Limited	Nil	NA	9.40%	The loan is repayable in scattered quarterly installment beginning from February 2016. Interest is payable monthly as and when due	It is secured by : a) First pari passu charge on the current assets, entire movable fixed assets and immovable assets of the Hotel Lemon Tree, Udyog Vihar, Hotel Lemon Tree, Pune, Hotel Lemon Tree, Ahemdabad, Hotel Lemon Tree, Chennai, Hotel Lemon Tree, Bangalore and Red Fox Hotel, Hyderabad. The charge for assets at Red Fox Hotel, Hyderabad has been removed before March 31, 2018. Loan takenover by HDFC Bank Limited during the year under review.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2019	Carrying rate of Interest as at March 31, 2018	Repayment/ Modification of terms	Security/ Principal terms and conditions
8	Aditya Birla Finance Limited	4,500.00	10.25% (linked with 1 year MCLR)	NA	The loan is repayable in 44 structured quarterly installments after moratorium of 12 months from the date of 1st disbursement.	It is secured by: a) First exclusive charge on the Immovable Fixed Assets (both present and future) of the Red Fox Hotel Hyderabad, to provide a minimum cover of 1.50x at all times during the tenor of the loan. b) First exclusive charge on all the Movable Fixed Assets (both present and future) of the Red Fox Hotel Hyderabad. c) First exclusive charge on Escrow of entire cash flow of Red Fox Hotel Hyderabad. d) DPN
9	HDFC Bank Limited	2,100.00	9.60% (linked with 1 year MCLR)	9.00% (linked with 1 year MCLR)	The loan is repayable in 39 step-up quarterly installments.	It is secured by : a)First charge on all the fixed assets, both present and future, of the hotel "Lemon Tree" at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh, including hypothecation of all movables and mortgage of leasehold rights on land admeasuring 0.46 acres and buildling thereon. b) A first & exclusive charge on Projects (Lemon Tree" at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh) unencumbered-book debts,operating cash flows,receivables,comissions, banks accounts (whenever held) if any-present & future all revenues c) Mortgage of leasehold rights of the projects (Lemon Tree" at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh) land admeasuring 0.46 acre (2241.38 sq yrd) and building thereon.
10	HDFC Bank Limited	10,000.00	9.51% (linked with 1 year MCLR)	9.00% (linked with 1 year MCLR)	The loan is repayable in 44 consecutive quarterly installments after a moratorium of 1 year.	It is secured by : a) First pari passu charge by way of mortgage on Select properties. The borrower shall ensure asset cover ratio should not be less than 1.50x (based on market value of security) at all times. b) First pari passu charge by way of hypothecation in favor of the lender on all current assets and movable fixed assets including movable plant and machinery, machinery spares, tools and accessories, furniture and fixtures, vehicles and all other movable assets, present and future of Select Properties. Properties:- - Hotel Lemon Tree, Udyog Vihar - Hotel Lemon Tree, Pune, - Hotel Lemon Tree, Ahemdabad - Hotel Lemon Tree, Chennai - Hotel Lemon Tree, Bangalore

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2019	Carrying rate of Interest as at March 31, 2018	Repayment/ Modification of terms	Security/ Principal terms and conditions
11	HDFC Bank Limited	11,100.00	9.20% (linked with 1 year MCLR)	NA	The loan shalll be repaid in 27 Consecutive quarterly installments as per the schedule.	It is secured by : a) First pari passu charge on all movable fixed assets including movable plant and machinery, machinery spares, tools and accessories, furniture and fixtures, vehicles and all other movable assets, present and future of below mentioned properties Hotel Lemon Tree, Udyog Vihar, Hotel Lemon Tree, Pune, Hotel Lemon Tree, Ahemdabad, Hotel Lemon Tree, Chennai, Lemon Tree Premier, Bangalore. b) Stock in trade both present and future consisting of raw material, finished goods, goods in process of manufacturing and any other goods, moveable assets or merchandise whatsoever now or at anytime hereafter belonging to the security provider. c) All the book debts, amount outstanding, monies receivable, claims and bills which are now due and owing.
12	Vehicle loan (different banks)	-		Rate of interest of these loans ranges from 8.00 % to 14.00 %	These loans are repaid on agreed monthly installments.	Vehicle loan is secured by hypothecation of underlying motor vehicle acquired out of such loans from HDFC Bank Limited, Axis Bank Limited and BMW Financial Services.

(i) The Company has not defaulted in the repayment of loans and interest as at Balance Sheet date.

(ii) Bank loans availed by the Company are subject to certain covenants relating to interest coverage ratio, debt service coverage ratio, capital gearing ratio, fixed assets coverage ratio.

(iii) The Company has complied with the covenants as per the terms of the loan agreement.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

16. Provisions

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
Provision for gratuity	164.55	108.41
Current	66.53	10.39
Non-current	98.02	98.02
Provision for compensated absences	**91.16**	**70.50**
Current	91.16	70.50
Non-current	-	-
Provision for litigations (Refer note 31)	**46.59**	**37.49**
Current	46.59	37.49
Non-current	-	-
Total current	**204.28**	**118.37**
Total non-current	**98.02**	**98.02**

17. Other non-current liabilities

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
Reserve for lease equalisation	1,269.09	1,123.32
Total	**1,269.09**	**1,123.32**

18. Financial liabilities

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
(i) Short term borrowings		
Cash credit from banks (Secured)	122.06	3,570.04
	122.06	**3,570.04**

A The Cash credit facility and working capital loan from Kotak Mahindra Bank is repayable on demand and carries interest rate of 9.00% p.a. (March 31, 2018: 9.30% p.a.) and is secured by way of:

a.) Exclusive charge on all existing and future current assets of the borrower's hotels located at Gurgaon (city centre new), Aurangabad, Indore and Sector-29, Gurgaon.

b.) Subservient charge over all existing and future current assets of the Company except current assets of the Company's hotels located at Gurgaon (city centre new), Aurangabad, Indore and Sector-29, Gurgaon on which bank has exclusive charge.

c) Equitable Mortgage by way of exclusive charge on the plot of Land at Sector-29, Gurgaon owned by the borrower. Also, exclusive charge over Moveable Fixed assets of the Hotel Property at Sector-29, Gurgaon.

B The Cash credit facility from HDFC Bank Ltd. (taken over from Yes Bank Ltd. during the Current Year) is repayable on demand and carries interest rate of 9.95% p.a.(March 31, 2018: 9.40% p.a.) and is secured by way of:

a) First pari passu charge on all immovable fixed assets, movable fixed assets and current assets (both present and future) including land and building of Hotel Lemon Tree, Udyog Vihar, Hotel Lemon Tree, Pune, Hotel Lemon Tree, Ahmedabad, Hotel Lemon Tree, Chennai, Hotel Lemon Tree, Bangalore and Red Fox Hotel, Hyderabad. The charge for assets at Red Fox Hotel, Hyderabad has been removed before March 31, 2018.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
(ii) Trade payables		
Trade Payables		
-Micro and small enterprises	96.75	-
-Other than Micro, small and medium enterprises	4,690.14	4,527.35
	4,786.89	**4,527.35**

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
(iii) Other financial liabilities		
Current maturities of long-term borrowings	2,877.41	2,036.48
Interest accrued but not due on borrowings	-	1.16
Book overdraft	-	2.37
Other payables		
-Payable for capital goods	42.21	2.89
Total	**2,919.62**	**2,042.90**

19. Other current liabilities

	As at March 31, 2019 ₹ in lakhs	As at March 31, 2018 ₹ in lakhs
Advance from customers	516.34	400.16
Deferred revenue- loyalty programme	17.12	10.97
Statutory dues	840.06	408.20
Total	**1,373.52**	**819.33**

20. Revenue from operations

	For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
Revenue from operations		
Sale of products and services		
- Room rental	17,140.80	14,931.18
- Food and beverage (excluding liquor and wine)	2,651.33	2,570.30
- Liquor and wine	341.61	239.21
- Banquet rentals	258.20	45.16
- Telephone and telex	10.74	31.10
- Other Services (including service charge income)	1,653.34	1,633.23
Other Operating Revenue		
- Management fee	5,276.23	3,658.23
Revenue from operations	**27,332.25**	**23,108.41**

21. Other Income

	For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
Profit on relinquishment of rights (refer note 41)	861.00	670.00
Profit on sale of Property, plant and equipment	-	1.26
Rent received	18.02	15.50
Profit on sale of shares/investment	30.56	-
Excess provision/ credit balances written back	-	4.68
Miscellaneous income	22.42	13.59
Total	**932.00**	**705.03**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

22. Cost of food and beverages consumed

		For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
(a)	**Consumption of food and beverages excluding liquor and wine**		
	Inventory at the beginning of the year	57.64	49.41
	Add: Purchases	1,641.63	1,464.07
		1,699.27	**1,513.48**
	Less: Inventory at the end of the year	50.01	57.64
	Cost of food and beverage consumed	**1,649.26**	**1,455.84**
(b)	**Consumption of liquor and wine**		
	Inventory at the beginning of the year	31.54	29.14
	Add: Purchases	125.73	105.59
		157.27	**134.73**
	Less: Inventory at the end of the year	33.95	31.54
	Cost of liquor and wine consumed	123.32	103.19
Total		**1,772.58**	**1,559.03**

23. Employee benefits expense

	For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
Salaries, wages and bonus	4,921.41	4,287.28
Contribution to provident fund and other funds	219.45	186.57
Share based payments to employees	93.16	94.54
Gratuity expense	30.14	31.03
Leave compensation expenses	30.34	9.52
Staff welfare expenses	470.38	484.42
Total	**5,764.88**	**5,093.36**

24. Other expenses

	For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
Consumption of stores, cutlery, crockery, linen, provisions and others	642.28	653.11
Power and fuel	2,189.36	1,909.03
Guest transportation	362.46	379.73
Spa expenses	46.16	42.21
Subscription charges	43.42	43.29
Repair and maintenance		
- Buildings	270.64	262.55
- Plant and machinery	552.09	405.30
- Others	169.89	167.56
Rent	1,959.60	1,763.54
License fees	187.30	174.74
Rates and taxes	387.99	307.43
Insurance	62.99	41.41
Communication costs	569.58	539.23
Printing and stationery	118.88	122.93
Traveling and conveyance	129.20	101.54

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

	For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
Vehicle running and maintenance	78.69	81.85
Advertisement and business promotion	111.18	150.12
Architect and design fee	665.83	839.07
Commission -other than sole selling agent	1,004.05	611.22
Security and cleaning expenses	525.34	418.19
Membership and subscriptions	20.62	18.95
Legal and professional fees	463.65	475.24
Freight and cartage	15.62	13.57
Donations *	3.90	0.07
Loss on sale of property, plant and equipment	0.82	-
Payment to auditor (Refer note below)	72.00	42.00
Miscellaneous expenses	38.00	88.34
Total	**10,691.54**	**9,652.22**
Payment to auditor		
for statutory audit fees	41.00	41.00
for limited review	30.00	-
for tax audit	1.00	1.00
	72.00	**42.00**

*** Details of CSR expenditure:**			For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
(a)	**Gross amount required to be spent by the company during the year**		3.87	-
(b)	**Amount spent during the year ending on March 31, 2019:**		In cash	Yet to be paid in cash
	i)	Construction/acquisition of any asset	-	-
	ii)	On purposes other than (i) above	3.90	-
(c)	**Amount spent during the year ending on March 31, 2018:**		In cash	Yet to be paid in cash
	i)	Construction/acquisition of any asset	-	-
	ii)	On purposes other than (i) above	-	-

25. Finance costs

	For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
Interest		
- on term loans from banks	2,887.41	2,708.39
- on loans from others	164.29	283.55
- on vehicle loans	25.77	16.73
- on other credit facilities from banks	201.48	225.63
- on income tax	0.56	0.03
Prepayment charges	-	4.03
Bank charges (including commission on credit card collection)	200.48	190.49
Total	**3,479.99**	**3,428.85**

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

26. Finance income

	For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
Interest Income from financial assets at amortised cost :		
- Bank Deposits	29.00	28.64
- Interest others	174.78	495.64
Fair value gain on investment at fair value through profit or loss	3.99	-
Interest on income tax refund	65.62	-
Total	**273.39**	**524.28**

27. Depreciation and amortization expense

	For the year ended March 31, 2019 ₹ in lakhs	For the year ended March 31, 2018 ₹ in lakhs
Depreciation of tangible assets	1,892.36	1,943.30
Amortization of intangible assets	87.00	28.99
Depreciation on investment properties	4.39	4.39
Total	**1,983.75**	**1,976.68**

28. Earnings per share (Basic and Diluted)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended March 31, 2019	For the year ended March 31, 2018
Profit attributable to equity holders (for basic and diluted) (₹ in lakhs)	6,324.30	2,214.25
Weighted Average Number of Equity Shares (for basic and diluted)*	789,680,232	784,588,452
Basic and Diluted EPS	0.80	0.28

* The weighted average number of shares takes into account the weighted average effect of changes in share transactions during the year. The shares of the Company has been listed on BSE Limited and National Stock Exchange of India Limited with effect from April 9, 2018.

29. Significant accounting judgements, 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.

Judgements

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

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

Operating lease commitments – Company as lessee

The Company has taken certain land and building on long term lease basis. The lease agreements generally have an escalation clause. These leases are generally non-cancellable. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life/ remaining economic life of the property and the fair value of the asset, that it does not have all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Further, the Company based on an evaluation of the terms and conditions of the respective agreements decided that wherever the escalations (generally 15% every 3 years or 20% every 4 years) are aligned to the average expected general inflation of the lease term period, operating lease payments are not required to be provided on a straight-line basis over the lease term as an expense in the statement of profit and loss and in other cases (including structured payment terms), operating lease payments are expensed on a straight-line basis over the lease term in the statement of profit and loss.

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. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

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 other valuation techniques. 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. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 34 for further disclosures.

Further, the management has estimated the expected future cash receipts through the expected life of the financial asset of loans given to subsidiaries which is repayable on demand based on the financial position of the respective Subsidiaries and repayment period of the borrowings taken by these Subsidiaries.

In case there is a change in original estimated repayment period, amount received over book value of such loans or advances is adjusted from Deemed Investment.

Taxes

Till March 31, 2018, considering the history of past tax losses, the Company recognised deferred tax assets (including MAT credit) to the extent of probability that taxable profit will be generated in future against which the deductible temporary differences, carry forward of unabsorbed depreciation and tax losses can be utilised. Accordingly, it was considered prudent to recognize the deferred tax assets only to the extent of deferred tax liabilities. Now, the Company is reasonably certain based on the future projections that the Company will be able to generate taxable profit against which the deductible temporary differences, carry forward of unabsorbed depreciation and tax losses can be utilised and therefore has recognised deferred tax asset of ₹ 2,478.78 lakhs as at March 31, 2019.

30. Gratuity

The Company has a defined benefit gratuity plan (funded). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. The Trust Fund has taken a Scheme of Insurance, whereby these contributions are transferred to the insurer. The Company makes provision of such gratuity liability in the books of accounts on the basis of actuarial valuation as per the Projected unit credit method.

₹ In lakhs

Benefit Liability	March 31, 2019	March 31, 2018
Gratuity plan	164.55	108.41
Total	**164.55**	**108.41**

Risk analysis

The Company is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefits plans and management estimation of the impact of these risks are as follows:

- Investment risk

  The most of the Indian defined benefit plans are funded with Life Insurance Corporation of India. Company does not have any liberty to manage the fund provided to Life Insurance Corporation of India.

  The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government of India bonds for Company's Indian operations. If the return on plan asset is below this rate, it will create a plan deficit.

- Interest risk

  A decrease in the interest rate on plan assets will increase the plan liability.

- Longevity risk/life expectancy

  The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. Increases in the life expectancy of the plan participants will increase the plan liability.

- Salary growth risk

  The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

Each year, the Board of Trustees reviews the level of funding in the Gratuity plan. Such a review includes the asset – liability matching strategy and investment risk management policy. The Board of Trustees decides its contribution based on the result of this annual review.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2019:

	Opening	Balance cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							₹ in lakhs
	April 1, 2018	Service cost	Net interest expense/ income	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Remeasurement changes arising from changes in demographic assumptions	Remeasurement changes arising from changes in financial assumptions	Experience adjustment	Sub-total included in OCI	Contributions by employer	March 31, 2019
Defined benefit obligation	253.28	27.55	17.73	45.28	(8.26)	-	-	1.65	21.55	23.20	-	313.50
Fair value of plan assets	144.87	-	10.14	10.14	(8.26)	0.62	-	-	-	0.62	1.58	148.95
Benefit liability	**108.41**	**27.55**	**7.59**	**35.14**	**-**	**(0.62)**	**-**	**1.65**	**21.55**	**22.58**	**(1.58)**	**164.55**

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2018:

	Opening	Balance cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							₹ in lakhs
	April 1, 2017	Service cost	Net interest expense/ Income	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2018
Defined benefit obligation	219.14	24.67	14.24	38.91	(3.75)	-	-	(2.48)	1.46	(1.02)	-	253.28
Fair value of plan assets	123.70	-	8.04	8.04	(3.75)	1.33	-	-	-	1.33	15.55	144.87
Benefit liability	**95.44**	**24.67**	**6.20**	**30.87**	**-**	**(1.33)**	**-**	**(2.48)**	**1.46**	**(2.35)**	**(15.55)**	**108.41**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

The major categories of plan assets of the fair value of the total plan assets are as follows:

	March 31, 2019	March 31, 2018
Unquoted investments:		
Asset invested in insurance scheme with the LIC	100%	100%
Total	**100%**	**100%**

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	March 31, 2019	March 31, 2018
Discount rate:		
Pension plan	6.60%	7.00%
Future salary increases:		
Pension plan	5.00%	5.00%
Life expectation for pensioners:	Years	Years
Pension plan		
Male	60	60
Female	60	60

A quantitative sensitivity analysis for significant assumption as at March 31, 2019 is as shown below:

India gratuity plan:

₹ in lakhs

	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
Assumptions	**Discount rate**		**Future salary increases**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	4.06	4.33	4.35	4.15

₹ in lakhs

	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018
Assumptions	**Discount rate**		**Future salary increases**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	4.76	5.03	5.08	4.89

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years:

₹ in lakhs

Duration (Years)	For the year ended March 31, 2019	For the year ended March 31, 2018
1	213.56	159.80
2	32.59	28.65
3	26.79	25.04
4	18.71	20.19
5	14.75	14.13
Above 5	42.16	48.05
Total expected payments	**348.56**	**295.86**

The average duration of the defined benefit plan obligation at the end of the reporting period is 2 years (March 31, 2018: 3 years).

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

31. Commitments and contingencies

(a) Leases

Operating lease commitments — Company as lessee

The Company has entered into operating leases on hotel buildings, office premises, staff hostels and others. These are generally cancellable and are renewable by mutual consent on mutually agreed terms except for few properties (including hotel properties at Indore, Aurangabad, Gurgaon, New Delhi, Hyderabad (Banjara Hills) and Chandigarh.) The lease for the hotel property at Indore, Aurangabad, Gurgaon, New Delhi, Hyderabad (Banjara Hills) and Chandigarh are non-cancellable for a period of twenty-nine, twenty-two, thirty, twenty-seven, thirty and sixty years respectively.

The Company has recognised the following expenses as rent in the statement of profit & loss towards minimum lease payment.

₹ in lakhs

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Lease Rent on Hotel Properties	1,978.13	1,777.29
Rent on Office Premises	47.41	39.17
Rent of staff hostel/Others	121.36	121.82
Total	**2,146.90**	**1,938.28**

Future minimum rentals payable under non-cancellable operating leases as at year end are as follows:

₹ in lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Minimum Lease Payments :		
Not later than one year	1,396.51	1,372.27
Later than one year but not later than five years	5,991.76	5,789.60
Later than five years	47,328.37	48,941.83
Total	**54,716.64**	**56,103.70**

(b) Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for:

Estimated amount of contracts remaining to be executed and not provided for March 31, 2019 ₹ 360.79 lakhs (March 31, 2018 ₹ 3,171.57 lakhs)

(c) Contingent liabilities

Legal claim contingency

₹ in lakhs

	As at March 31, 2019	As at March 31, 2018
Service tax	113.55	130.06
Luxury tax	36.00	36.00
Total	**149.55**	**166.06**

The Company's pending litigations above pertains to proceedings pending with Service tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

(d) During the current year, the Company has received favorable order from Honorable High Court of Delhi (HC) in an ongoing case wherein the Company had received show cause notice from Collector of Stamps, Delhi ('Department') for non-payment of stamp duty as per Indian Stamp Act, 1899 on right to use the land given by Delhi International Airport (P) Ltd. (DIAL) under the Development Agreement dated May 25, 2009 ('DA').

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

(e) During the earlier year, the Company has taken land on lease from one of the subsidiary companies for which South Delhi Municipal Corporation ('the Authority') has raised demand of ₹ 68.20 lakhs (for the financial Years 2010-11 to financial years 2013-2014) towards annual value in respect of the hotel property situated in Hospitality District, Aerocity. Considering that the area occupied by the Company is 41% of the hotel property, it has made provision of ₹ 46.59 lakhs in this regard.

(f) **Note on Provident Fund:**

Based upon the legal opinion obtained by the management, the Company found numerous interpretation issues and thus is in the process of evaluating the impact of the recent Supreme Court Judgment in the case of "Vivekananda Vidyamandir vs Regional Provident Fund Commissioner (II), West Bengal in relation to non-exclusion of certain allowances from the definition of "basis wages" of the relevant employees for the purpose of determining contribution to provident fund under the Employees Provident Fund & Miscellaneous provisions Act, 1952.

(g) **Financial guarantees**

The Company has issued financial guarantees to banks on behalf of and in respect of term loan facilities availed by its group companies for construction of new hotel project. In accordance with the policy of the Company (refer note 2.2(p)) the Company has designated such guarantees as 'Insurance Contracts' and classified them as contingent liabilities. Since these financial guarantees are an integral element of debts held by entities, hence, these have not been accounted for separately.

Accordingly, there are no assets and liabilities recognized in the balance sheet under these contracts. Refer below for details of the financial guarantees issued:

₹ in lakhs

Financial guarantees	Loan Outstanding As at March 31, 2019	As at March 31, 2019	As at March 31, 2018
Canary Hotels Private Limited	2,174.28	2,350.00	2,350.00
Hyacinth Hotels Private Limited	13,037.86	8,605.00	8,605.00
Sukhsagar Complexes Private Limited	3,535.79	4,300.00	4,300.00
Oriole Dr. Fresh Hotels Private Limited	2,432.24	2,500.00	2,500.00
Nightingale Hotels Private Limited	5,200.41	5,302.00	6,000.00
Fleur Hotels Private Limited	32,245.85	18,000.00	18,000.00
Meringue Hotels Private Limited	19,811.08	22,000.00	22,000.00
Total	**78,437.51**	**63,057.00**	**63,905.00**

32. **Employee Stock Option Plans:**

a) **Stock options granted on and after April 1, 2005.**

The Company has provided various share-based payment schemes to its employees. During the year ended March 31, 2019 the following schemes were in operation:

Date of grant	September 1, 2006, April 1,2007, October 1, 2007, April 1, 2008, January 12, 2009, April 1, 2009, April 1, 2010, October 1, 2010, April 1, 2011, April 1, 2012, April 1, 2015, January 1, 2018
Date of Board Approval of plan	July 18, 2006
Date of Shareholder's approval of plan	August 25, 2006
Number of options granted	13,249,207
Method of Settlement	Equity
Vesting Period	12-48 months & 15-39 months
Exercise Period	5 years from the date of vesting
Vesting Conditions	Employee remaining in the employment of the enterprise during the vesting period.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

Details of vesting:

Vesting period from the grant date	Vesting Schedule*
On completion of 12 months	10%
On completion of 24 months	20%
On completion of 36 months	30%
On completion of 48 months	40%

* All ESOP's under ESOP Plan 2006 are granted as per general vesting schedule defined in the scheme except for ESOP's granted on January 12, 2009, 328,008 ESOP's granted on April 1, 2012 and 487,000 ESOP's granted on January 1, 2018 for which specific vesting schedule was decided.

The details of activity have been summarized below:

	April'18 to March'19		April'17 to March'18	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	**5,833,781**	**21.50**	7,814,678	20.53
Granted during the year	-	-	487,000	21.50
Forfeited during the year	-	-	149,527	21.37
Exercised during the year	**5,833,781**	**21.50**	2,318,370	20.32
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	5,833,781	21.50
Exercisable at the end of the year	-	-	2,293,134	21.50
Weighted average remaining contractual life (in years)	-	-	5.70	-

The details of exercise price for stock options outstanding at the end of the year are:

Range of exercise prices (₹)		Number of options outstanding		Weighted average remaining contractual life of options (in years)		Weighted average exercise price (₹)	
As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
-	10.57-21.50	-	5,833,781	-	5.70	-	21.50

Stock Options granted

The weighted average fair value of stock options granted during the year was Rs Nil (Previous year ₹ 13.75). The Black Scholes model has been used for computing the weighted average fair value considering the following inputs:

	2019	2018
Weighted average share price	-	22.92
Exercise Price	-	21.50
Volatility	-	42.15%
Life of the options granted in years	-	5
Expected dividends	-	-
Average risk-free interest rate	-	7.47%
Expected dividend rate	-	-

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

33. **Related Party Transactions**

Names of related parties	
Subsidiary Company	- Begonia Hotels Private Limited
	- Carnation Hotels Private Limited
	- Celsia Hotels Private Limited
	- Fleur Hotels Private Limited
	- Dandelion Hotels Private Limited
	- Hyacinth Hotels Private Limited
	- Lemon Tree Hotel Company Private Limited
	- Manakin Resorts Private Limited
	- Meringue Hotels Private Limited
	- PSK Resorts & Hotels Private Limited
	- Nightingale Hotels Private Limited.
	- Oriole Dr. Fresh Hotels Private Limited
	- Red Fox Hotel Company Private Limited
	- Sukhsagar Complexes Private Limited
	- Pelican Facilities Management Private Limited (upto June 20, 2017)
	- Grey Fox Project Management Company Private Limited
	- Canary Hotels Private Limited
	- Valerian Management Services Private Limited
	- Ophrys Hotels Private Limited
	- Iora Hotels Private Limited
	- Inovoa Hotels and Resorts Limited
	- Bandhav Resorts Private Limited
	- Hamstede Living Private Limited (from December 6, 2018 to March 12, 2019)
	- Poplar Homestead Holdings Private Limited
	- Madder Stays Private Limited
	- Jessamine Stays Private Limited
Key Management Personnel	- Mr. Patanjali Govind Keswani (Chairman and Managing Director)
	- Mr.Rattan Keswani (Deputy Managing Director)
	- Mr. Sanjeev Kaul Duggal (Independent Director) (upto April 1, 2017)
	- Mr. Gopal Sitaram Jiwarajka (Independent Director) (Resigned w.e.f. April 1, 2019)
	- Mr. Ravi Kant Jaipuria (Director)
	- Mr. Niten Malhan (Director) (upto August 13, 2018)
	- Mr. Anish Kumar Saraf (Director) (from August 13, 2018)
	- Mr. Sachin Doshi (Director) (upto August 1, 2017)
	- Mr. Pradeep Gupta (Director) (from June 15, 2017 to December 5, 2017)
	- Mr. Willem Albertus Hazeleger (Director) (from August 9, 2017)
	- Ms. Ila Dubey (Director) (upto May 31, 2017)
	- Mr. Aditya Madhav Keswani(Director)
	- Mr. Pradeep Mathur (Independent Director) (from December 5, 2017)
	- Mr Paramartha Saikia (Independent Director) (from June 15, 2017)
	- Ms. Freyan Jamshed Desai (Independent Director) (from June 15, 2017)
	- Mr. Ashish Kumar Guha(Independent Director) (from June 15, 2017)
	- Mr. Arvind Singhania (Independent Director) (from June 15, 2017)
Relatives of key management personnel	- Mrs. Sharanita Keswani relative of Mr. Aditya Madhav Keswani

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for the year ended March 31, 2019

Names of related parties	
Enterprises owned or significantly influenced by key management personnel or their relatives	- Spank Management Services Private Limited
Enterprises in which Director is common	- Alisha Retail Private Limited
	- Varun Beverages Limited
Associate	- Mind Leaders Learning India Private Limited (w.e.f June 6, 2017)
	- Pelican Facilities Management Private Limited (w.e.f. June 20, 2017)
	- Hamstede Living Private Limited (w.e.f. March 13, 2019)

Additional related parties as per Companies Act 2013 with whom transactions have taken place during the year:

Chief Financial Officer : Mr. Kapil Sharma

Company Secretary : Mr. Nikhil Sethi

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year

₹ in lakhs

Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Enterprises in which Director is common	Associate
Reimbursement of expenses paid on behalf of party							
Fleur Hotels Private Limited	**31-Mar-19**	**5.48**	-	-	-	-	-
	31-Mar-18	2.73	-	-	-	-	-
Hyacinth Hotels Private Limited	**31-Mar-19**	**1.82**	-	-	-	-	-
	31-Mar-18	2.95	-	-	-	-	-
Begonia Hotels Private Limited	**31-Mar-19**	**0.53**	-	-	-	-	-
	31-Mar-18	9.23	-	-	-	-	-
Carnation Hotels Private Limited	**31-Mar-19**	**7.89**	-	-	-	-	-
	31-Mar-18	7.83	-	-	-	-	-
Meringue Hotels Private Limited	**31-Mar-19**	**17.37**	-	-	-	-	-
	31-Mar-18	0.63	-	-	-	-	-
Others	**31-Mar-19**	**3.02**	-	-	-	-	-
	31-Mar-18	1.12	-	-	-	-	-
Amount Received by the Party on behalf of the company							
Fleur Hotels Private Limited	**31-Mar-19**	**3.94**	-	-	-	-	-
	31-Mar-18	-	-	-	-	-	-
Celsia Hotels Private Limited	**31-Mar-19**	**1.60**	-	-	-	-	-
	31-Mar-18	-	-	-	-	-	-
Nightingale Hotels Private Limited	**31-Mar-19**	**1.08**	-	-	-	-	-
	31-Mar-18	-	-	-	-	-	-
Inovoa Hotels & Resorts Limited	**31-Mar-19**	**0.95**	-	-	-	-	-
	31-Mar-18	-	-	-	-	-	-
Canary Hotels Private Limited	**31-Mar-19**	**0.28**	-	-	-	-	-
	31-Mar-18	-	-	-	-	-	-

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for the year ended March 31, 2019

Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Enterprises in which Director is common	Associate
Amount Received by the Company on behalf of the Party							
Begonia Hotels Private Limited	**31-Mar-19**	**3.50**	-	-	-	-	-
	31-Mar-18	-	-	-	-	-	-
Hyacinth Hotels Private Limited	**31-Mar-19**	**3.38**	-	-	-	-	-
	31-Mar-18	-	-	-	-	-	-
Sukhsagar Complexes Private Limited	**31-Mar-19**	**0.88**	-	-	-	-	-
	31-Mar-18	-	-	-	-	-	-
Others	**31-Mar-19**	**0.13**	-	-	-	-	-
	31-Mar-18	-	-	-	-	-	-
Loans (given)							
Meringue Hotels Private Limited	**31-Mar-19**	**4,310.00**	-	-	-	-	-
	31-Mar-18	800.00	-	-	-	-	-
Canary Hotels Private Limited	**31-Mar-19**	**105.00**	-	-	-	-	-
	31-Mar-18	381.00	-	-	-	-	-
Carnation Hotels Private Limited	**31-Mar-19**	**78.00**	-	-	-	-	-
	31-Mar-18	118.00	-	-	-	-	-
Sukhsagar Complexes Private Limited	**31-Mar-19**	**300.00**	-	-	-	-	-
	31-Mar-18	288.00	-	-	-	-	-
Dandelion Hotels Private Limited	**31-Mar-19**	**7.00**	-	-	-	-	-
	31-Mar-18	49.61	-	-	-	-	-
Others	**31-Mar-19**	**100.61**	-	-	-	-	-
	31-Mar-18	80.22	-	-	-	-	-
Repayment of Loan Given							
Dandelion Hotels Private Limited	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	1,099.61	-	-	-	-	-
Meringue Hotels Private Limited.	**31-Mar-19**	**1,150.00**	-	-	-	-	-
	31-Mar-18	9,639.65	-	-	-	-	-
Oriole Dr. Fresh Hotels Private Limited	**31-Mar-19**	**60.00**	-	-	-	-	-
	31-Mar-18	857.95	-	-	-	-	-
Others	**31-Mar-19**	**595.00**	-	-	-	-	-
	31-Mar-18	921.24	-	-	-	-	-
Repayment of Loan taken							
Patanjali Govind Keswani	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	589.97	-	-	-	-
Services obtained(Net of TDS)							
Spank Management Services Private Limited	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	-	-	240.13	-	-
Grey Fox Project Management Company Private Limited	**31-Mar-19**	**465.36**	-	-	-	-	-
	31-Mar-18	230.55	-	-	-	-	-
Valerian Management services Private Limited	**31-Mar-19**	**65.34**	-	-	-	-	-
	31-Mar-18	47.84	-	-	-	-	-
Lease Rent Paid							
Hyacinth Hotels Private Limited	**31-Mar-19**	**199.10**	-	-	-	-	-
	31-Mar-18	174.74	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Enterprises in which Director is common	Associate
Rent Received							
Hamstede Living Private Limited	**31-Mar-19**	-	-	-	-	-	**1.86**
	31-Mar-18	-	-	-	-	-	-
Sale of Services							
Hamstede Living Private Limited	**31-Mar-19**	-	-	-	-	-	**1.80**
	31-Mar-18	-	-	-	-	-	-
Purchase of Goods							
Alisha Retail Private Limited	**31-Mar-19**	-	-	-	-	**3.35**	-
	31-Mar-18	-	-	-	-	-	-
Varun Beverages Limited	**31-Mar-19**	-	-	-	-	**4.80**	-
	31-Mar-18	-	-	-	-	-	-
Reimbursement of expenses incurred on company's behalf							
Hyacinth Hotels Private Limited.	**31-Mar-19**	**297.45**	-	-	-	-	-
	31-Mar-18	281.13	-	-	-	-	-
Celsia Hotels Private Limited	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	0.88	-	-	-	-	-
Remuneration paid							
Mr. Patanjali G Keswani	**31-Mar-19**	-	**338.56**	-	-	-	-
	31-Mar-18	-	284.13	-	-	-	-
Mr. Kapil Sharma	**31-Mar-19**	-	**116.47**	-	-	-	-
	31-Mar-18	-	75.93	-	-	-	-
Mr. Nikhil Sethi	**31-Mar-19**	-	**44.45**	-	-	-	-
	31-Mar-18	-	29.95	-	-	-	-
Sitting Fee paid							
Mr. Arvind Singhania	**31-Mar-19**	-	**0.60**	-	-	-	-
	31-Mar-18	-	0.60	-	-	-	-
Mr. Ashish Kumar Guha	**31-Mar-19**	-	**1.00**	-	-	-	-
	31-Mar-18	-	1.00	-	-	-	-
Ms. Freyan Jamshed Desai	**31-Mar-19**	-	**0.80**	-	-	-	-
	31-Mar-18	-	1.00	-	-	-	-
Mr. Gopal Sitaram Jiwarajka	**31-Mar-19**	-	**1.20**	-	-	-	-
	31-Mar-18	-	0.80	-	-	-	-
Mr Paramartha Saikia	**31-Mar-19**	-	**1.00**	-	-	-	-
	31-Mar-18	-	1.00	-	-	-	-
Mr. Pradeep Mathur	**31-Mar-19**	-	**1.00**	-	-	-	-
	31-Mar-18	-	0.60	-	-	-	-
Mr. Pradeep Gupta	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	0.40	-	-	-	-
Fees for professional services							
Mrs. Sharanita Keswani	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	-	21.00	-	-	-
Interest Received							
Grey Fox Project Management	**31-Mar-19**	**0.97**	-	-	-	-	-
Company Private Limited	31-Mar-18	0.81	-	-	-	-	-
Carnation Hotels Private Limited	**31-Mar-19**	**47.05**	-	-	-	-	-
	31-Mar-18	57.50	-	-	-	-	-

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Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Enterprises in which Director is common	Associate
Hamestede Living Private Limited	**31-Mar-19**	**0.07**	-	-	-	-	-
	31-Mar-18	-	-	-	-	-	-
Guarantees given for Loan Taken By							
Fleur Hotels Private Limited	**31-Mar-19**	**18,000.00**	-	-	-	-	-
	31-Mar-18	18,000.00	-	-	-	-	-
Canary Hotels Private Limited	**31-Mar-19**	**2,350.00**	-	-	-	-	-
	31-Mar-18	2,350.00	-	-	-	-	-
Hyacinth Hotels Private Limited	**31-Mar-19**	**8,605.00**	-	-	-	-	-
	31-Mar-18	8,605.00	-	-	-	-	-
Sukhsagar Complexes Private Limited	**31-Mar-19**	**4,300.00**	-	-	-	-	-
	31-Mar-18	4,300.00	-	-	-	-	-
Oriole Dr. Fresh Hotels Private Limited	**31-Mar-19**	**2,500.00**	-	-	-	-	-
	31-Mar-18	2,500.00	-	-	-	-	-
Nightingale Hotels Private Limited	**31-Mar-19**	**5,302.00**	-	-	-	-	-
	31-Mar-18	6,000.00	-	-	-	-	-
Meringue Hotels Private Limited	**31-Mar-19**	**22,000.00**	-	-	-	-	-
	31-Mar-18	22,000.00	-	-	-	-	-
Subscription to Share Capital							
Meringue Hotels Private Limited in Equity Shares	**31-Mar-19**	**506.55**	-	-	-	-	-
	31-Mar-18	11,075.89	-	-	-	-	-
Oriole Dr Fresh Hotels Private Limited in Equity Shares	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	2,623.95	-	-	-	-	-
Sukhsagar Complexes Private Limited in Equity Shares	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	1,094.97	-	-	-	-	-
Hamstede Living Private Limited in Equity Shares	**31-Mar-19**	-	-	-	-	-	**15.00**
	31-Mar-18	-	-	-	-	-	-
Hamstede Living Private Limited in Preference shares	**31-Mar-19**	-	-	-	-	-	**270.00**
	31-Mar-18	-	-	-	-	-	-
Canary Hotels Private Limited in Equity Shares	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	3,400.00	-	-	-	-	-
Others	**31-Mar-19**	**3.00**	-	-	-	-	-
	31-Mar-18	644.82	-	-	-	-	3.40
Sale of Investment of subsidiaries							
Pelican Facilities Management Private Limited	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	-	-	-	-	-	1.00
Carnation Hotels Private Limited	**31-Mar-19**	**2.35**	-	-	-	-	-
	31-Mar-18	-	-	-	-	-	-
Redemption of Preference Shares							
Canary Hotels Private Limited	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	3,020.00	-	-	-	-	-
Sukhsagar Complexes Private Limited	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	770.00	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel	Relatives of Key Management Personnel	Enterprises owned or significantly influenced by key management personnel or their relatives	Enterprises in which Director is common	Associate
Grey Fox Project Management	**31-Mar-19**	-	-	-	-	-	-
Company Private Limited	31-Mar-18	420.00	-	-	-	-	-
Oriole Dr Fresh Hotels Private	**31-Mar-19**	-	-	-	-	-	-
Limited	31-Mar-18	1,791.79	-	-	-	-	-
Management Fees Received (including GST)							
Celsia Hotels Private Limited	**31-Mar-19**	**291.62**	-	-	-	-	-
	31-Mar-18	261.81	-	-	-	-	-
Fleur Hotels Private Limited.	**31-Mar-19**	**3,111.01**	-	-	-	-	-
	31-Mar-18	1,806.25	-	-	-	-	-
Hyacinth Hotels Private Limited.	**31-Mar-19**	**635.97**	-	-	-	-	-
	31-Mar-18	540.33	-	-	-	-	-
Iora Hotels Private Limited.	**31-Mar-19**	-	-	-	-	-	-
	31-Mar-18	755.20	-	-	-	-	-
Nightingale Hotels Private	**31-Mar-19**	**273.82**	-	-	-	-	-
Limited	31-Mar-18	224.12	-	-	-	-	-
Canary Hotels Private Limited	**31-Mar-19**	**90.26**	-	-	-	-	-
	31-Mar-18	-	-	-	-	-	-
Sukhsagar Complexes Private	**31-Mar-19**	**86.93**	-	-	-	-	-
Limited	31-Mar-18	-	-	-	-	-	-
Others	**31-Mar-19**	**389.33**	-	-	-	-	-
	31-Mar-18	502.77	-	-	-	-	-
Training Fees Paid(Net of TDS)							
Mind Leaders Learning India	**31-Mar-19**	-	-	-	-	-	**108.27**
Private Limited	31-Mar-18	-	-	-	-	-	101.27
Balances outstanding at the year end							
Meringue Hotels Private Limited	**31-Mar-19**	**3,971.78**	-	-	-	-	-
	31-Mar-18	800.00	-	-	-	-	-
Fleur Hotels Private Limited	**31-Mar-19**	**2,480.86**	-	-	-	-	-
	31-Mar-18	69.52	-	-	-	-	-
Begonia Hotels Private Limited.	**31-Mar-19**	**21.82**	-	-	-	-	-
	31-Mar-18	10.69	-	-	-	-	-
Carnation Hotels Private Limited	**31-Mar-19**	**265.57**	-	-	-	-	-
	31-Mar-18	696.47	-	-	-	-	-
Hyacinth Hotels Private Limited.	**31-Mar-19**	**3,734.84**	-	-	-	-	-
	31-Mar-18	3,828.83	-	-	-	-	-
Inovoa Hotels & Resorts Limited	**31-Mar-19**	**28.73**	-	-	-	-	-
	31-Mar-18	13.37	-	-	-	-	-
Others	**31-Mar-19**	**621.80**	**0.95**	-	-	-	**6.44**
	31-Mar-18	239.95	2.92	-	-	-	13.85

Terms and conditions of transactions with related parties

Outstanding balances with related parties at the year-end are unsecure and settlement occurs in cash. For the year ended March 31, 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2018: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

Commitments with related parties

The Company has not entered into any commitments with related parties during the year.

34. Fair value measurement

This section gives an overview of the significance of financial instruments for the Company and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument

a. Financial Assets (other than equity investment/ deemed investment in subsidiaries and associates carried at cost)

₹ in lakhs

	March 31, 2019		March 31, 2018	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Assets				
Trade Receivables	-	4,966.53	-	2,063.87
Security Deposits (non-current)	-	1,060.52	-	985.58
Security Deposits (current)	-	300.68	-	311.42
Fixed Deposits under Lien	-	253.10	-	253.10
Commission receivable	-	-	-	1.68
Other current financial assets	-	-	-	1,327.73
Cash and Cash Equivalents	-	1,040.60	-	571.60
Interest accrued on deposit with banks	-	222.67	-	154.56
Loans (non-current)	-	171.11	-	1,615.50
Loans (current)	-	4,717.83	-	1,622.22
Investments	1,449.13	-	373.67	-
Total Financial Assets (other than equity investment/ deemed investment in subsidiaries carried at cost)	**1,449.13**	**12,733.04**	**373.67**	**8,907.26**

Note: The financial assets above do not include investments in subsidiaries and associates which are measured at cost in accordance with Ind AS 101 and Ind AS 27.

b. Financial Liabilities

₹ in lakhs

	March 31, 2019		March 31, 2018	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Liabilities				
Borrowings(Non Current)	-	28,030.89	-	26,273.41
Borrowings(Current)	-	122.06	-	3,570.04
Trade Payables	-	4,786.89	-	4,527.35
Other Current Financial Liabilities	-	2,919.62	-	2,042.90
Total Financial Liabilities	**-**	**35,859.46**	**-**	**36,413.70**

c. Fair value measurement hierarchy for assets and liabilities

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction

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for the year ended March 31, 2019

between market participants at the measurement date under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

i) Level 1

Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

ii) Level 2

Inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.

iii) Level 3

Inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

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

Financial assets and liabilities measured at fair value

₹ in lakhs

	March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial investments as FVTPL		-	-	
Unquoted equity instruments	-	-	200.30	200.30
Investment in compulsorily redeemable preference shares of subsidiaries	-	-	192.98	192.98
Investment in Quoted Mutual Funds	1,055.85	-	-	1,055.85
Total	**1,055.85**	**-**	**393.28**	**1,449.13**

	March 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial investments as FVTPL				
Unquoted equity instruments	-	-	200.30	200.30
Investment in compulsorily redeemable preference shares of subsidiaries	-	-	173.37	173.37
Total	**-**	**-**	**373.67**	**373.67**

The following methods and assumptions were used to estimate the fair values:

- The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- The fair values of compulsorily redeemable preference shares of subsidiaries have been estimated using the fair valuation by independent valuer. The valuation requires management to make certain assumptions about the interest rate, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2019 and 31 March 2018 are as shown below:

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable inputs	Range (weighted average)
FVTPL fair values of compulsorily redeemable preference shares of subsidiaries	DCF method	Discount Rate	31 March 2019: 11.22% - 12.12% 31 March 2018: 11.22% - 12.12%
		Expected dividends	31 March 2019: 0% - 5% 31 March 2018: 0% - 5%

35. Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loans, trade and other receivables, and cash & cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management advises on financial risks and the appropriate financial risk governance framework for the Company.The Company's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each risk, which are summarised as 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 of interest rate risk. Financial instruments affected by market risk include loans and borrowings.

Interest rate 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 Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company is carrying its borrowings primarily at variable rate. The Company expects the variable rate to decline, accordingly the Company is currently carrying its loans at variable interest rates.

₹ In lakhs

	March 31, 2019	March 31, 2018
Variable rate borrowings	30,730.57	31,558.78
Fixed rate borrowings	299.79	321.14

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/decrease in basis points	Effect on profit before tax ₹ In lakhs
31-March-19		
₹	50	171.29
₹	-50	(171.29)
31-March-18		
₹	50	171.44
₹	-50	(171.44)

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

Foreign 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 Company has no exposure in foreign currency.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and deposits to landlords) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

(a) Trade receivables

Customer credit risk is managed by each business location subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with the assessment both in terms of number of days and amount.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11. The Company does not hold collateral as security.

₹ in lakhs

Ageing	31-March-19	31-March-18
Not due	-	-
0-60 days past due	3,508.75	1,130.09
61-120 days past due	509.18	317.87
121-180 days past due	375.98	161.68
180-365 days past due	234.32	307.95
365-730 days past due	338.30	97.20
more than 730 days	-	49.08
	4,966.53	**2,063.87**

Provision for doubtful debts (including provision for expected credit loss)

₹ in lakhs

Ageing	31-March-19	31-March-18
Not due	-	-
0-60 days past due	-	-
61-120 days past due	-	-
121-180 days past due	-	-
180-365 days past due	-	-
more than 365 days	15.95	15.95

Reconciliation of provision for doubtful debts – Trade receivables (including provision for expected credit loss)

₹ in lakhs

Particulars	March 31, 2019	March 31, 2018
Provision at beginning	15.95	15.62
Addition during the year	-	0.33
Reversal during the year	-	-
Utilised during the year	-	-
Provision at closing	15.95	15.95

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

(b) **Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investment of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2019 and March 31,2018 is the carrying amount as given in Note 11

Liquidity risk

The Company monitors its risk of a shortage of funds by estimating the future cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, cash credit facilities and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturity within 12 months can be rolled over with existing lenders. As at March 31, 2019, the company had available ₹ 2,430 lakhs (March 31, 2018: 2,430 lakhs) of undrawn committed borrowing facilities.

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

₹ in lakhs

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended March 31, 2019						
Borrowings	122.06	465.56	2,411.85	19,007.95	9,022.94	31,030.36
Trade and other payables	4,786.89	-	-	-	-	4,786.89
Other Financial Liabilities	42.21	-	-	-	-	42.21
	4,951.16	**465.56**	**2,411.85**	**19,007.95**	**9,022.94**	**35,859.46**
Year ended March 31, 2018						
Borrowings	3,570.04	321.24	1,776.83	17,121.25	9,090.57	31,879.93
Trade and other payables	4,527.35	-	-	-	-	4,527.35
Other Financial Liabilities	6.42	-	-	-	-	6.42
	8,103.81	**321.24**	**1,776.83**	**17,121.25**	**9,090.57**	**36,413.70**

36. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. 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 adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.The Company includes within net debt, interest bearing loans and borrowings, trade payables, less cash and cash equivalents.

₹ In lakhs

	March 31, 2019	March 31, 2018
Borrowings (other than preference share)	31,030.36	31,879.93
Trade payables (Note 18)	4,786.89	4,527.35
Less: cash and cash equivalents (Note 11)	1,040.60	571.60
Net debt	**34,776.65**	**35,835.68**
Total capital	103,134.90	96,111.17
Capital and net debt	137,915.55	131,946.85
Gearing ratio	**25%**	**27%**

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2019 and March 31, 2018.

37. Segment Reporting

The Company is into Hoteliering business. The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore there is no reportable segment for the Company as per the requirements of Ind AS 108 – "Operating Segments".

Information about geographical areas

The Company has only domestic operations and hence no information required for the Company as per the requirements of Ind AS 108 – "Operating Segments".

Information about major customers

No customer individually accounted for more than 10% of the revenue

38. Prepaid expenses includes prepaid conversion charges of ₹ 603.98 lakhs in respect of land taken for lease of 60 years for construction of hotel building. The Company has amortized ₹ 10.07 lakhs (Previous year: March 31, 2018 ₹ 10.07 lakhs) during the year in accordance with its accounting policy of amortizing the conversion charges over the period of lease as mentioned in Note 2.2 (j) above. The balance amount of ₹ 502.48 lakhs (March 31, 2018: ₹ 512.55 lakhs) has been included in note 9 and note 12 under 'Prepaid expenses'.

39. During an earlier year, the Company had issued equity shares to APG Strategic Real Estate Pool N.V. ('the investor') and the investor had also acquired 42.02% (March 31, 2018 42.02%) stake of Fleur Hotels Private Limited (a subsidiary Company). As per the Shareholder's agreement, all new hotel projects will first be offered to the subsidiary. There are no other significant commitments to the investor.

40. During earlier years, the Company had entered into a sub license agreement with M/s Hyacinth Hotels Private Limited (a subsidiary of the Company) as part of Infrastructure development and services agreement entered between M/s Hyacinth Hotels Private Limited and Delhi International Airport Limited (DIAL) to develop a hotel at Aero City, New Delhi for an initial term of 27 years, extendable at the option of the Company for an additional period of 30 years provided DIAL gets the extension from Airport Authority of India. DIAL is committed to take over the building at 'Book values', as defined in the aforesaid agreement in case the agreement is not extended further.

41. During the year, the Company has received ₹ 861 lakhs towards relinquishment of right according to settlement agreement entered into with the Developer with respect to purchase of certain parts of built-up structure along with proportionate interest in the land to establish and operate a four star hotel at Jaipur with penalty as per Honorable High Court of Delhi (HC) order.

42. Scheme of Amalgamation

During the previous year ended March 31, 2018, the National Company Law Tribunal approved the order of scheme of amalgamation dated December 22, 2017 in respect of amalgamation of Aster Hotels & Resorts Private Limited, HeadStart Institute Private Limited and PRN Management Services Private Limited (the Transferor Companies) with Lemon Tree Hotels Limited and the scheme was effective from December 28, 2017. Investment had been nullified w.e.f. the Appointed date i.e. April 01, 2017.The Company had made the allotment of 56,511,722 equity shares to the shareholders of the Transferor Companies on January 22, 2018. The assets, liabilities and reserves of the Transferor Companies as at April 01, 2017 had been taken over at their fair values

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2019

Name of the Company	Principal Activity	Date of Acquisition	Proportion of voting equity interest acquired	Consideration transferred
Aster Hotels & Resorts Private Limited	Hotel Business	April 1, 2017	100%	34,030,554 shares of the Company held by Aster Hotels & Resorts Private Limited before amalgamation stands cancelled and the same number of shares had been issued to the shareholders of Aster Hotels for consideration other than cash.
HeadStart Institute Private Limited	Vocational Training & Education	April 1, 2017	100%	7,367,360 shares of the Company held by HeadStart Institute Private Limited before amalgamation stands cancelled and the same number of shares had been issued to the shareholders of HeadStart Institute for consideration other than cash.
PRN Management Services Private Limited	Hotel Business	April 1, 2017	100%	15,113,808 shares of the Company held by PRN Management Services Private Limited before amalgamation stands cancelled and the same number of shares had been issued to the shareholders of PRN Management for consideration other than cash.

Asset Acquired and liabilities recognised at the date of acquisition

₹ In lakhs

Particulars	Aster Hotels & Resorts Private Limited	HeadStart Institute Private Limited	PRN Management Services Private Limited
Current Assets			
Cash and cash equivalents	0.90	0.82	0.31
Other Assets	-	23.10	-
Non-current assets			
Plant and equipment	-	2.05	-
Current liabilities			
Short Term Loans	2.30	-	587.35
Other Liabilities	4.00	0.41	1.39
Total	**(5.40)**	**25.56**	**(588.43)**

Goodwill arising on acquisition

A qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of the acquiree and the acquirer, intangible assets that do not qualify for separate recognition or other factors.

₹ In lakhs

Particulars	Aster Hotels & Resorts Private Limited	HeadStart Institute Private Limited	PRN Management Services Private Limited	Total
Consideration transferred through issue of equity shares	7,316.58	1,583.98	3,249.47	12,150.03
Less : Fair Value of net assets acquired	7,311.16	1,586.69	3,249.55	12,147.40
Goodwill/(Capital Reserve) Arising on acquisition	**5.42**	**(2.71)**	**(0.08)**	**2.63**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2019

Impact of acquisitions on the results of the Company

Since the acquired companies were not in operations there has been negligible impact on the Profits & Revenue of the Company.

43. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006.

₹ In lakhs

	March 31, 2019	March31, 2018
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	96.75	Nil
The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

44. The Company does not have any long term contracts including derivative contracts for which there are any material foreseeable losses.

45. There has been no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For and on behalf of the Board of Directors of
Lemon Tree Hotels Limited

Patanjali G. Keswani
(Chairman & Managing Director)
DIN-00002974

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 29, 2019

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lemon tree HOTELS

LEMON TREE HOTELS LIMITED

REGISTERED & CORPORATE OFFICE
Asset No.6, Aerocity Hospitality District, New Delhi 110037, India

NOTICE

LEMON TREE HOTELS LIMITED

CIN: L74899DL1992PLC049022
Regd. Office: Asset No. 6, Aerocity Hospitality District, New Delhi-110037
Telephone No.: 011-46050101; **Fax:** 011-46050110
E-mail: sectdeptt@lemontreehotels.com; **Website:** www.lemontreehotels.com

NOTICE is hereby given that the **TWENTY SEVENTH ANNUAL GENERAL MEETING** of the members of **LEMON TREE HOTELS LIMITED** will be held on **THURSDAY**, the **22nd DAY OF AUGUST, 2019** at **AIR FORCE AUDITORIUM, SUBROTO PARK, NEW DELHI 110010** at **03.00 P.M.** to transact the following businesses**:**

<u>ORDINARY BUSINESS</u>

1. To receive, consider and adopt:

    a) the Audited Standalone Financial Statements of the Company for the period ended March 31, 2019 including the Audited Balance Sheet as at March 31, 2019 and the Statement of Profit and Loss and Cash Flow Statements for the year ended March 31, 2019 and the Reports of the Auditors and Board of Directors in respect thereof; and

    b) the Audited Consolidated Financial Statements of the Company for the period ended March 31, 2019 and report of the Auditors in respect thereof.

2. To appoint a director in the place of Mr. Aditya Madhav Keswani (DIN No. 07208901) who retires by rotation and is eligible for re-appointment.

3. To appoint a director in the place of Mr. Willem Albertus Hazeleger (DIN No. 07902239) who retires by rotation and is eligible for re-appointment.

<u>SPECIAL BUSINESS</u>

4. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

    "RESOLVED THAT pursuant to the provisions of Sections 196, 203 and other applicable provisions of the Companies Act, 2013 ('the Act') and applicable rules thereto, consent of the members be and is hereby accorded for the re-appointment of Mr. Rattan Keswani (DIN No: 05317766) as the Deputy Managing Director of the Company, and in respect of whom a notice proposing his candidature has been received, for a period of 3 years with effect from January 1, 2020, liable to retire by rotation, in terms of details provided in explanatory statement.

    RESOLVED FURTHER THAT Mr. Patanjali G. Keswani, Chairman & Managing Director, Mr. Kapil Sharma, Chief Financial Officer and Mr. Nikhil Sethi, Group Company Secretary & GM Legal of the Company be and are hereby severally authorized to file requisite forms, returns and memorandum of information in respect of the above with the Registrar of Companies and other authorities concerned and to do all the such acts, deeds and things as may be required, considered necessary and incidental".

5. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

    "RESOLVED THAT pursuant to the provisions of Section 149, 152 and other applicable provisions, if any of the Companies Act, 2013 and rules framed there under, as amended from time to time, Mr. Anish Kumar Saraf (DIN No. 00322784), who was appointed as an Additional Director, in terms of the provisions of Section 161 of the Companies Act, 2013 and in respect of whom a notice proposing his candidature has been received, be and is hereby appointed as Director of the Company w.e.f August 13, 2018 and shall be liable to retire by rotation.

    RESOLVED FURTHER THAT Mr. Patanjali G. Keswani, Chairman & Managing Director, Mr. Rattan Keswani, Deputy Managing Director, Mr. Kapil Sharma, Chief Financial Officer and Mr. Nikhil Sethi, Group Company Secretary & GM Legal of the Company be and are hereby severally authorized to file requisite forms, returns and memorandum of information in respect of the above with the Registrar of Companies and other authorities concerned and to do all the such acts, deeds and things as may be required, considered necessary and incidental".

6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

    "RESOLVED THAT pursuant to the provisions of Sections 149, 150 & 152 read with Schedule IV and other applicable provisions, if any of the Companies Act, 2013 and rules framed there under, as amended from time to time, Dr. Arindam Kumar Bhattacharya (DIN No. 01570746), who was appointed as an Additional Director in the capacity of Independent Director, in terms of the provisions of Section 161 of the Companies Act, 2013 and in respect of whom a notice proposing his candidature for the office of Independent Director has been received, be and is hereby appointed as Independent Director of the Company for a period of 5 years w.e.f. April 11, 2019 and he shall not be liable to retire by rotation.

RESOLVED FURTHER THAT Mr. Patanjali G. Keswani, Chairman & Managing Director, Mr. Rattan Keswani, Deputy Managing Director, Mr. Kapil Sharma, Chief Financial Officer and Mr. Nikhil Sethi, Group Company Secretary & GM Legal of the Company be and are hereby severally authorized to file requisite forms, returns and memorandum of information in respect of the above with the Registrar of Companies and other authorities concerned and to do all the such acts, deeds and things as may be required, considered necessary and incidental".

BY ORDER OF THE BOARD
For LEMON TREE HOTELS LIMITED

NIKHIL SETHI
GROUP COMPANY SECRETARY & GM LEGAL

DATE: 29.05.2019
PLACE: New Delhi

NOTES:

1. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 ("Act"), in respect of the special business to be transacted at the meeting under Item No. 4 to 6 is annexed hereto.

2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND, ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED SHOULD REACH THE COMPANY'S REGISTERED OFFICE NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF THE MEETING. THE PROXY FORM FOR THE ANNUAL GENERAL MEETING IS ENCLOSED HEREWITH.**

3. A person can act as a proxy on behalf of Members not exceeding 50 and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.

4. A Corporate Member intending to send its authorised representatives to attend the Meeting in terms of Section 113 of the Act is requested to send to the company a certified copy of the Board Resolution authorizing such representative to attend and vote on their behalf at the Meeting.

5. Members/Proxies/Authorised Representatives are requested to submit the attendance slips duly filled in for attending the Meeting. Members holding shares in physical form are requested to write their Folio Number and members holding shares in dematerialized form are requested to write their client ID and DP ID on the attendance slip for attending the Meeting.

6. During the period beginning 24 hours before the time fixed for the commencement of Meeting and ending with the conclusion of the Meeting, a Member would be entitled to inspect the proxies lodged at any time during the business hours of the company. All documents referred to in the Notice and accompanying explanatory statement are open for inspection at the Registered Office of the Company on all working days of the Company between 11:00 a.m. and 1:00 p.m. upto the date of the Annual General Meeting and at the venue of the Meeting for the duration of the Meeting.

7. Members holding Equity Shares in physical form are requested to notify any change in their address, to the Registrar & Share Transfer Agents of the Company - M/s. Karvy Fintech Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad – 500 032 and Members holding Equity Shares in dematerialized form are requested to contact their respective Depository Participants for updation of their addresses, e-mail ID, bank account details, if any.

8. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.

9. The information about the Director, proposed to be appointed / reappointed, as required under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)

Regulations, 2015 ("Listing Regulations") and Secretarial Standard-2 on General Meetings issued by The Institute of Company Secretaries of India, is given in the **Annexure A** to this Notice.

10. Pursuant to Section 101 and Section 136 of the Act read with relevant Rules made thereunder, companies can serve Annual Reports and other communications through electronic mode to those Members who have registered their email address either with the Company or with the Depository Participant(s). The Notice of Annual General Meeting, Annual Report and Attendance Slip are being sent in electronic mode to Members whose email address is registered with the Company, it's RTA or the Depository participant(s), unless the Members have registered their request for the hard copy of the same. Physical copy of the Notice of Annual General Meeting, Annual Report and Attendance Slip are being sent to those Members who have not registered their email address with the Company, it's RTA or depository participant(s). Members who have received the Notice of Annual General Meeting, Annual Report and Attendance slip in electronic mode are requested to print the Attendance slip and submit a duly filled in Attendance slip at the Registration Counter at the Annual General Meeting.

11. Members may also note that the Notice of Annual General Meeting, Attendance Slip, Proxy Form and Annual Report for the financial year 2018-19 will also be available on the Company's website www.lemontreehotels.com for download. The physical copies of the aforesaid documents will also be available at the Company's Registered Office, for inspection during normal business hours on working days.

12. In case of joint holders, only such joint holder who is named first in the order of names will be entitled to vote.

    Even after registering for e-communication, Members are entitled to receive such communication(s) in physical form, upon making a request for the same, by post free of cost. For any communication, the Members may also send requests to the Company's investor email id:sectdeptt@lemontreehotels.com.

13. The Securities and Exchange Board of India (SEBI) vide its circular dated 20th April, 2018 has mandated registration of Permanent Account Number (PAN) and Bank Account Details for all securities holders. Members holding shares in physical form are therefore, requested to submit their PAN and Bank Account Details to Karvy / Secretarial Department of the Company by sending a duly signed letter along with self-attested copy of PAN Card and original cancelled cheque. The original cancelled cheque should bear the name of the Member. In the alternative Members are requested to submit a copy of bank passbook / statement attested by the bank. Members holding shares in demat form are requested to submit the aforesaid information to their respective Depository Participant.

14. Pursuant to Section 72 of the Act, member(s) of the Company may nominate a person in whom the shares held by him/them shall vest in the event of his/ their unfortunate death. Member(s) holding shares in physical form may file nomination in the prescribed Form SH-13 with the Company's Registrar and Transfer Agent (RTA). In respect of shares held in dematerialized form, the nomination form may be filed with the respective Depository Participant.

15. Certificates from Statutory Auditor of the Company certifying that the Employee Stock Option Scheme, 2006 is being implemented in accordance with the SEBI (Share Based Employee Benefits) Regulations, 2014, will be available for inspection at the AGM.

16. The voting rights of member(s) shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date i.e. August 14, 2019. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, i.e. August 14, 2019 only shall be entitled to avail the facility of remote e-voting / Poll.

17. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 ('Act') and the Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, will be available for inspection by the members at the Meeting.

18. Voting through electronic means

    (i) In compliance with provisions of Section 108 of the Act read with Rules prescribed thereunder, as amended and Reg. 44 of the Listing Regulations, the Company is pleased to provide e-voting facility to its members to exercise their right to vote on resolutions proposed to be considered at the meeting by electronic means and the items of business given in the Notice of meeting may be transacted through e-Voting Services.

(ii) The facility for voting through poll shall be made available at the meeting and the member(s) attending the meeting who have not cast their vote by remote e-voting shall be entitled to cast their vote at the meeting through poll. No voting by show of hands will be allowed at the Meeting. Please note that the member may participate in the meeting even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the meeting.

(iii) Members who have casted their vote by both the modes, than vote casted through poll will be treated invalid.

(iv) The Company has appointed Mr. Prakash Verma, Company Secretary in whole time practice (email: info@TGLadvisors.com), to act as the Scrutinizer for conducting the remote electronic voting process and voting at the Annual General Meeting in a fair and transparent manner.

(v) The remote e-voting period commences at 09.00 a.m. on Monday, August 19, 2019 and ends at 5:00 p.m. on Wednesday, August 21, 2019 and remote e-voting shall not be allowed beyond the said date and time;. During this period, member(s) of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Wednesday, August 14, 2019, may cast their vote by remote e-voting and a person who is not a Member as on the cut-off date should treat this Notice for information purposes only.

(vi) The Members desiring to vote through remote e-voting may refer to the detailed procedure given hereinafter.

I Procedure of E-Voting

The Company has engaged the services of Karvy Fintech Private Limited ("Karvy") for facilitating remote e-voting for the Annual General Meeting. The instructions for remote e-voting are as under:

(a) In case of Members receiving an e-mail from Karvy:

Launch an internet browser and open https:// evoting. karvy.com

(i) Enter the login credentials (i.e. User ID and Password). The Event No.+ Folio No. or DP ID - Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

(ii) After entering the above details Click on – Login.

(iii) Password change menu will appear. Change the Password with a new Password of your choice. The new password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@,#,$,etc.) The system will also prompt you to update your contact details like mobile number, e-mail ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. You need to login again with the new credentials.

(iv) On successful login, the system will prompt you to select the E-Voting Event.

(v) Select the EVENT of Lemon Tree Hotels Limited and click on - Submit.

(vi) Now you are ready for e-voting as "Cast Vote" page opens.

(vii) Cast your vote by selecting appropriate option and click on "Submit". Click on "OK" when prompted.

(viii) Upon confirmation, the message "Vote cast successfully" will be displayed.

(ix) Once you have voted on the resolution, you will not be allowed to modify your vote.

(x) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority Letter, along with attested specimen signature of the duly authorised signatory(ies) who are authorized to vote, to the Scrutinizer by an e-mail at info@ TGLadvisors.com. They may also upload the same in the e-voting module in their login. The scanned image of the above mentioned documents should be in the naming format "Corporate Name_ EVENT NO."

(b) In case of Shareholders receiving physical copy of the Notice of Annual General meeting and Attendance Slip:

(i) Initial password is provided, as follows, at the bottom of the Attendance Slip.

(ii) Please follow all steps from Sl. No. (i) to Sl. No. (x) above, to cast vote.

II In case of any queries, you may refer to the "Frequently Asked Questions" (FAQs) and "remote e-voting user manual" available in the downloads section of Karvy's e-voting website https://evoting.karvy.com.

III The voting rights shall be as per the number of equity shares held by the Member(s) as on August 14, 2019, being the cut-off date. Members are eligible to cast vote electronically only if they are holding shares as on that date. The right of voting of the Members shall be reckoned on August 14, 2019.

IV Members who have acquired shares after the dispatch of the Annual Report and before the cut- off date i.e. August 14, 2019 may obtain the user ID and Password for exercising their right to vote by electronic means as given below:

a. If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS: MYEPWD Event number + Folio No. or DP ID Client ID to 9212993399

Example for NSDL: MYEPWD IN12345612345678

Example for CDSL: MYEPWD 1402345612345678

Example for Physical: MYEPWD Event Number LTH123456789

b. If e-mail or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of https://evoting.karvy.com, the member may click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

c. Member may call Karvy's toll free number 1-800-3454- 001.

d. Member may send an e-mail request to evoting@karvy.com. However, if you are already registered with Karvy Fintech Private Limited for remote e-voting, then you can use your existing User Id and Password for casting your vote. If you have forgotten your password, you can reset your password by using "Forgot Password" option available on https://evoting.karvy.com or contact Karvy Fintech Private Limited at toll free no. 1800-345-4001 or email at evoting@karvy.com.

In case of any other queries/grievances connected with voting by electronic means, you may also contact Mr. Prem Kumar, Manager, Corporate Registry of Karvy Fintech Private Limited, at telephone no +91 40 6716 1509, email id: prem.kumar@karvy.com and address: Karvy Selenium, Tower-B, Plot No. 31& 32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032, Telangana.

(c) The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than forty eight hours of the conclusion of the Annual General Meeting, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a Director authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

The results declared along with the report of the Scrutinizer shall be placed on the website of the Company i.e. www.lemontreehotels.com immediately after the declaration of result by the Chairman or a director authorised by him in writing and at the website of e-voting agency viz. Karvy Fintech Private Limited at https://evoting.karvy.com and shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited.

19. Poll at the Meeting

After the items of the notice have been discussed, the Chairman will order poll in respect of the items. Poll will be conducted and supervised by the

Scrutinizer appointed for remote e-voting and poll as stated above. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date and who have not cast their vote by remote e-voting and being present at the Annual General Meeting either personally or through proxy, only shall be entitled to vote at the AGM. After conclusion of the poll, the Chairman may declare the meeting as closed. The results of the poll aggregated with the results of remote e-voting will be announced by the Company on its website: www.lemontreehotels.com.com within 48 hours of conclusion of the Annual General Meeting and on the website of Karvy https://evoting. karvy.com and also informed to the stock exchanges where the securities of the Company are listed within 48 hours of conclusion of the Annual General Meeting.

20. **A route map to the venue of the Annual General Meeting is given at the end of notice.**

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE CMPANIES ACT, 2013

In conformity with the provisions of Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out all material facts relating to the business under Item No. 4 to 6 mentioned in the accompanying Notice.

ITEM NO. 4: RE-APPOINTMENT OF MR. RATTAN KESWANI AS DEPUTY MANAGING DIRECTOR OF THE COMPANY

Mr. Rattan Keswani was re-appointed as Deputy Managing Director for a period of three (3) years w.e.f. January 1, 2017 and it is proposed to re-appoint him for a further period of 3 years w.e.f January 1, 2020, at Nil remuneration as he is drawing remuneration as Whole Time Director from its subsidiary company i.e. Carnation Hotels Private Limited effective from July 1, 2015. The members are further apprised that his appointment has been recommended by Nomination and Remuneration Committee in terms of the Nomination & Remuneration Policy of the Company.

The Company has received a notice under Section 160 of the Companies Act, 2013 ("the Act") proposing his candidature for the office of Deputy Managing Director of the Company.

The disclosures prescribed under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with the provisions of the Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India ('SS-2') are provided in Annexure-A of the Notice.

Except Mr. Rattan Keswani, being an appointee, none of the other Directors, Key Managerial Personnel(s) and their relatives are concerned or interested in the above resolution.

The Board of Directors recommends the ordinary resolution for your approval.

ITEM NO. 5: APPOINTMENT OF MR. ANISH KUMAR SARAF AS DIRECTOR OF THE COMPANY

Mr. Anish Kumar Saraf was appointed as an Additional Director w.e.f August 13, 2018 and he holds office upto the ensuing Annual General Meeting of the Company in terms of the provisions of the Companies Act, 2013. The members are further apprised that his appointment as Director has been recommended by Nomination and Remuneration Committee in terms of the Nomination & Remuneration Policy of the Company.

Mr. Anish Kumar Saraf is not disqualified from being appointed as a Director in terms of Section 164 of the Act. The Company has received a notice under Section 160 of the Companies Act, 2013 ("the Act") proposing his candidature for the office of Director of the Company.

The disclosures prescribed under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with the provisions of the Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India ('SS-2') are provided in Annexure-A of the Notice.

Except Mr. Anish Kumar Saraf, being an appointee, none of the other Directors, Key Managerial Personnel(s) and their relatives are concerned or interested in the above resolution.

The Board of Directors recommends the ordinary resolution for your approval.

ITEM NO. 6: APPOINTMENT OF DR. ARINDAM KUMAR BHATTACHARYA AS INDEPENDENT DIRECTOR OF THE COMPANY

Dr. Arindam Kumar Bhattacharya was appointed as an Additional Director in the capacity of an Independent Director w.e.f April 11, 2019 and he holds office upto the ensuing Annual General Meeting of the Company in terms of the provisions of the Companies Act, 2013. The members are further apprised that his appointment as Director has been recommended by Nomination and

Remuneration Committee in terms of the Nomination & Remuneration Policy of the Company.

The Company has received a notice under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Independent Director of the Company.

Dr. Arindam Kumar Bhattacharya is not disqualified from being appointed as a Director in terms of Section 164 of the Act. He has given his consent to act as a Director and a declaration to the effect that he meets the criteria of Independence as provided in Section 149(6) of the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

In the opinion of the Board, Dr. Arindam Kumar Bhattacharya possesses appropriate skills, experience & knowledge and fulfils the conditions for appointment as an Independent Director as specified in the Act and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that he is independent of the management.

Copy of the letter for appointment of Dr. Arindam Kumar Bhattacharya as an Independent Director setting out the terms and conditions of his appointment is available for inspection by members at the Registered Office of the Company.

The disclosures prescribed under Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015 read with the provisions of the Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India('SS-2') are provided in Annexure-A of the Notice.

Except Dr. Arindam Kumar Bhattacharya, being an appointee, none of the other Directors, Key Managerial Personnel(s) and their relatives are concerned or interested in the above resolution.

The Board of Directors recommends the ordinary resolution for your approval.

BY ORDER OF THE BOARD
For LEMON TREE HOTELS LIMITED

NIKHIL SETHI
GROUP COMPANY SECRETARY
& GM LEGAL

DATE: 29.05.2019
PLACE: NEW DELHI

Annexure-'A'

Details of Directors seeking appointment/re-appointment at the Annual General Meeting of the Company pursuant to Regulation 36 of the SEBI (Listing Obligations & Disclosure Requirement) Regulations, 2015 and Secretarial Standard-2 on General Meetings issued by the Institute of Company Secretaries of India

1. **Mr. Rattan Keswani, Deputy Managing Director**

Mr. Rattan Keswani aged 58 years, is an executive Director of our Company. He holds a bachelor's degree in commerce from DAV College, Panjab University and a diploma degree in hotel management from Oberoi School of Hotel Management. Prior to joining our Company, Mr. Rattan Keswani acted as the president of the Trident Hotels of the Oberoi Group, where he was engaged for a period 30 years. He has more than 35 years of experience in the hospitality industry.

Mr. Rattan Keswani has been on our Board since December 12, 2012 and was last re-appointed as Deputy Managing Director with effect from January 1, 2017 and has not drawn any remuneration from the Company during the last financial year.

Mr. Rattan Keswani has attended six (6) Board meetings during the financial year 2018-19.

Mr. Rattan Keswani is not related with any other director and KMP(s) of the Company and holds 427,270 shares in the company.

Details of other Entities in which Mr. Rattan Keswani holds directorship, Chairmanship / Membership of Committees of their Board.

S. No.	Name of the Companies	Position held	Name of the Committees of the Board	Chairman/ Member
1.	Fleur Hotels Private Limited	Director	Corporate Social Responsibility Committee	Member
			General Management Committee	Member
			Finance Committee	Member
2.	Carnation Hotels Private Limited	Whole Time Director	-	-

Note: The Directorships held by Director as mentioned above does not include alternate directorships, directorships in foreign companies, companies registered under Section 8 of the Companies Act, 2013.

2. **Mr. Anish Kumar Saraf, Director**

Mr. Anish Kumar Saraf, aged 41 years, holds a Chartered Accountancy degree from The Institute of Chartered Accountants of India and an M.B.A. from the Indian Institute of Management, Ahmedabad. Mr. Anish Kumar Saraf is based in Mumbai and joined Warburg Pincus in 2006 and since then has been working with the firm's Indian affiliate. He is involved in the firm's investment advisory activities in India and evaluates opportunities in real estate, industrial and consumer sectors in India. Prior to joining Warburg Pincus, Mr. Saraf started his own mild steel manufacturing business. He has over 12 years of professional experience. Mr. Anish Kumar Saraf is also a Director on the Board of Fleur Hotels Private Limited, our material subsidiary Company.

Mr. Anish Kumar Saraf was appointed as an Additional Director of the Company w.e.f. August 13, 2018 and has not drawn any remuneration from the Company.

Mr. Anish Kumar Saraf has attended three (3) Board meetings during the financial year 2018-19, since his appointment.

Mr. Anish Kumar Saraf is not related with any other director and KMP(s) of the Company and doesn't hold any shares in the company.

Details of other Entities in which Mr. Anish Kumar Saraf holds directorship and Chairmanship / Membership of Committees of the Board

S. No.	Name of the Companies	Position held	Name of the Committees of the Board	Chairman/ Member
1.	Fleur Hotels Private Limited	Director	Nomination & Remuneration Committee	Member
2.	Warburg Pincus India Pvt. Ltd.	Managing Director	Corporate Social Responsibility Committee	Member
3.	PRL Developers Private Limited	Director	Corporate Social Responsibility Committee	Member
4.	Kalyan Jewellers India Ltd.	Director	Audit Committee and Nomination & Remuneration Committee	Member Member
5.	Hamstede Living Private Limited	Director	-	-
6.	Biba Apparels Private Limited	Director	-	-

Note: The Directorships held by Director as mentioned above does not include alternate directorships, directorships in foreign companies, companies registered under Section 8 of the Companies Act, 2013.

3. **Dr. Arindam Kumar Bhattacharya**

Dr. Arindam Kumar Bhattacharya, aged 57 years, was educated at the Indian Institute of Technology, Kharagpur, Indian Institute of Management, Ahmedabad, and Warwick Manufacturing Group, University of Warwick, UK where he completed Doctorate of Engineering. Dr. Arindam Kumar Bhattacharya is the Senior Partner and Director of The Boston Consulting Group ('BCG'), India, and the co-leader of Bruce Henderson Institute, BCG's thought leadership institution. He is also a BCG Fellow. Before taking over the current role he headed BCG India, he led BCG India for 6 years. He is member of global leadership team of the Global Advantage and was earlier member of the global leadership teams of Industrial Goods, Public Sector and Social Impact practices and co-leader of BCG's Global Advantage Initiative. As a BCG Fellow over the past three years he has focused his research on Globalization and has been writing and speaking extensively on the subject.

He started his career with the Eicher Group in India as a graduate engineer trainee has over 30 years of experience in the industry and consulting with focus on the industrial sector. In recent years he has led the BCG's growing engagement with Central and State Governments on both economic and on social sector topics like education and health, and consulted with organizations like World Food Programme, Save the Children, Gates Foundation and World Bank. He is also a member of Confederation of Indian Industry's (CII) National Council, International Advisory Board of Oxford India Center of Sustainable Development, Oxford University, School of Global Policy and Strategy, University of California, San Diego and Munjal School for Global Manufacturing at the Indian Business School.

Dr. Arindam Kumar Bhattacharya was appointed as an Additional Director of the Company w.e.f. April 11, 2019 and has not drawn any remuneration from this Company as he has been appointed in the current financial year.

Dr. Arindam Kumar Bhattacharya is not related with any other director and KMP(s) of the Company and he holds 690,490 shares in the company.

Details of other Entities in which Dr. Arindam Kumar Bhattacharya holds directorship is given hereinbelow, however he doesn't hold any Chairmanship / Membership of Committees of the Board.

S. No.	Name of the Companies	Position held
1.	Fleur Hotels Private Limited	Independent Director
2.	The Boston Consulting Group (India) Private Limited	Director
3	Vulture Management Services Private Limited	Director

Note: The Directorships held by Director as mentioned above does not include alternate directorships, directorships in foreign companies, companies registered under Section 8 of the Companies Act, 2013.

4. **Mr. Aditya Madhav Keswani**

Mr. Aditya Madhav Keswani, aged 28 years holds a bachelor's degree in arts from the New York University. Post the completion of his education, Mr. Aditya Madhav Keswani has joined our Company as a non-executive Director on our Board on June 17, 2015 and has not drawn any remuneration from this Company.

Mr. Aditya Madhav Keswani has attended five (5) Board meetings during the financial year 2018-19.

Mr. Aditya Madhav Keswani is a son of Mr. Patanjali Govind Keswani, Chairman and Managing Director of the Company and is not related with any other director and KMP(s) of the Company and doesn't hold any shares in the company.

Details of other Entities in which Mr. Aditya Madhav Keswani holds directorship is given hereinbelow and he is not a Member/Chairman of Committee of any other Board.

S. No.	Name of the Companies	Position held
1.	Spank Management Services Private Limited	Director
2.	Toucan Real Estates Private Limited	Director
3.	Sparrow Buildwell Private Limited	Director
4.	Myna Real Estates Private Limited	Director
5.	Crow Real Estates Private Limited	Director
6.	Garnet Hotels Private Limited	Director
7.	Redstart Real Estate Private Limited	Director
8.	Oceanus Development Company Private Limited	Director
9.	Prinia Hotels Private Limited	Director
10.	Pony Tale Hotels Private Limited	Director

S. No.	Name of the Companies	Position held
11.	Poplar Homestead Holdings Private Limited	Director
12.	Madder Stays Private Limited	Director
13.	Jessamine Stays Private Limited	Director

Note: The Directorships held by Director as mentioned above does not include alternate directorships, directorships in foreign companies, companies registered under Section 8 of the Companies Act, 2013.

5. **Mr. Willem Albertus Hazeleger**

Mr. Willem Albertus Hazelger, aged 50 years holds an executive master's degree in business administration from the Institut Européen d'Administration des Affaires (INSEAD) and an executive master's degree in business administration from Tsinghua University. He also has a master's degree in law from University of Utrecht. Mr. Willem Albertus Hazeleger has been associated with APG Asset Management N.V. since 2009. At present, he serves as the chief executive officer of APG Investments Asia Limited, the Hong Kong subsidiary of APG Asset Management N.V. He has also worked with Linklaters LLP. Mr. Willem Albertus Hazeleger is experienced in investment management.

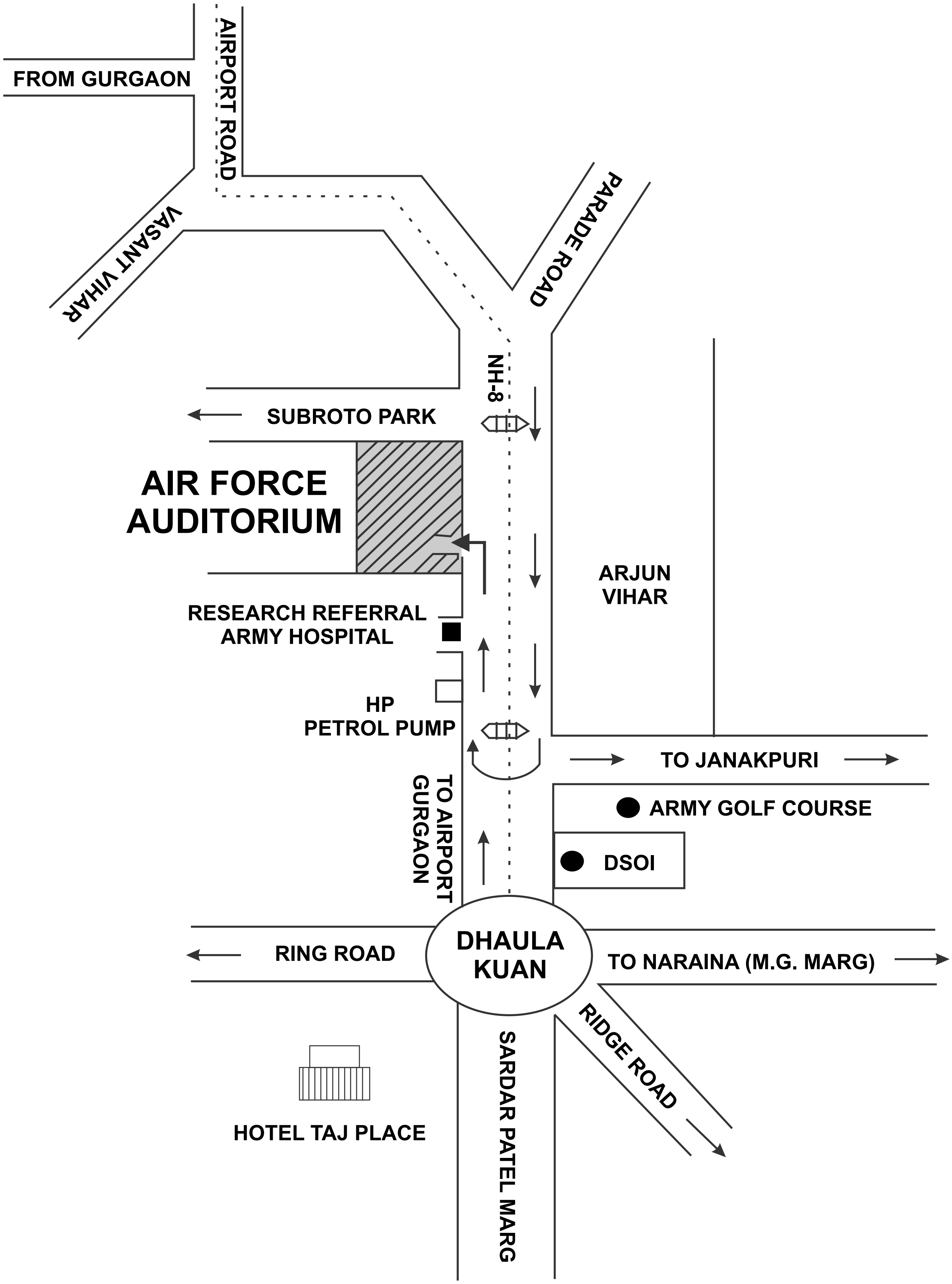
Mr. Willem Albertus Hazeleger has been on our Board since August 9, 2017 and he has attended three (3) Board meetings during the financial year 2018-19 and has not drawn any remuneration from this Company.

Mr. Willem Albertus Hazeleger is not related with any other director and KMP(s) of the Company and doesn't hold any shares in the Company.

Mr. Willem Albertus Hazeleger doesnot holds directorship and Chairmanship / Membership of Committees of the Board of other entities.

Notes

ROUTE MAP



FROM GURGAON
AIRPORT ROAD
VASANT VIHAR
PARADE ROAD
NH-8
SUBROTO PARK
AIR FORCE AUDITORIUM
RESEARCH REFERRAL ARMY HOSPITAL
HP PETROL PUMP
ARJUN VIHAR
TO JANAKPURI
ARMY GOLF COURSE
DSOI
TO AIRPORT GURGAON
RING ROAD
DHAULA KUAN
TO NARAINA (M.G. MARG)
RIDGE ROAD
SARDAR PATEL MARG
HOTEL TAJ PLACE

LEMON TREE HOTELS LIMITED

CIN: L74899DL1992PLC049022
Regd. Office: Asset No. 6, Aerocity Hospitality District, New Delhi-110037
Telephone No.: 011-46050101; Fax: 011-46050110
E: sectdeptt@lemontreehotels.com; Website: www.lemontreehotels.com

ATTENDANCE SLIP

27th ANNUAL GENERAL MEETING

Date: August 22, 2019; Time: 03.00 p.m.

Venue: AIR FORCE AUDITORIUM, SUBROTO PARK, NEW DELHI 110010

Sr No.

Folio No./DP ID/Client ID:

PIN

I / We hereby record my/our presence at the Annual General Meeting of the Company at Air Force Auditorium, Subroto Park, New Delhi 110010 on Thursday, August 22, 2019 at 03.00 p.m.

Member's Folio/Client ID/ DP ID*	Member's/Authorised Representative/Proxy's name in Block Letters	Member's/Authorised Representative/Proxy's Signature

*Applicable for members holding shares in electronic form.

Note:

1. Sign this attendance slip and hand it over at the attendance verification counter at the entrance of meeting hall.
2. Bodies Corporate, whether a company or not, who are members, may attend through their authorised representatives appointed under Section 113 of the Companies Act, 2013. A copy of authorisation should be deposited with the Company.
3. Electronic copy of Notice of the Annual General Meeting (AGM) alongwith proxy form and the attendance slip and has been/is being sent to all the members whose email address is registered with the Company unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the AGM can print copy of this Attendance Slip.
4. Physical copy of the Notice of the AGM along with the proxy form and attendance slip is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.

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PARTICULARS OF ELECTRONIC VOTING

EVEN (E Voting Event Number)	USER ID	PASSWORD/PIN

LEMON TREE HOTELS LIMITED

CIN: L74899DL1992PLC049022
Regd. Office: Asset No. 6, Aerocity Hospitality District, New Delhi-110037
Telephone No.: 011-46050101; Fax: 011-46050110
E: sectdeptt@lemontreehotels.com; Website: www.lemontreehotels.com

Form No. MGT-11
Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s)		

Registered address:		

E-mail Id:		

Folio No/ Client ID:																

DP ID:																

I/We, being the member (s) holding .... shares of the above named company, hereby appoint

Name:	Email Id:

Address:	
	Signature ---

or failing him/ her

Name:	Email Id:

Address:	
	Signature ---

or failing him/ her

Name:	Email Id:

Address:	
	Signature ---

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 27th Annual General Meeting of the company, to be held on Thursday, August 22, 2019 at 03.00 p.m. at Air Force Auditorium, Subroto Park, New Delhi 110010 and at any adjournment thereof.

I direct my Proxy to vote on the resolutions in the manner as indicated below:

Item. No.	AGENDA	Vote #		
		For	**Against**	**Abstain**
1	Adoption of Annual Accounts (Standalone & Consolidated)			
2.	Re-appointment of Mr. Aditya Madhav Keswani, who retires by rotation			
3.	Re-appointment of Mr. Willem Albertus Hazeleger, who retires by rotation			
4.	Re-appointment of Mr. Rattan Keswani, as Deputy Managing Director of the Company			
5.	Appointment of Mr. Anish Kumar Saraf as a Director of the Company			
6.	Appointment of Dr. Arindam Kumar Bhattacharya as an Independent Director of the Company			

Signed this ______________________________day of________________________2019.

Affix revenue stamp

____________________ Signature of shareholder(s)	____________________ Signature of Proxy holder(s)

Note:

1. The Proxy to be effective should be deposited at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the commencement of the Meeting.
2. A Proxy need not be a member of the Company.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
4. This form of proxy confers authority to demand or join in demanding a poll.
5. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the Meeting.
6. This is optional. Please put For/Against in the appropriate column against the Resolutions indicated in the Box. If a member leaves the "For" or "Against" column blank against any or all the Resolutions, the proxy will be entitled to vote in the manner he/she thinks appropriate. If a member wishes to abstain from voting on a particular Resolution, he/she should write "Abstain" across the boxes against the Resolution.