

11/13/2019 10:17:19

November 13, 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**

**Re: Outcome of the Board Meeting**

We wish to inform you that the Board of Directors of Lemon Tree Hotels Limited (the "Company") at its meeting held today at 02.00 p.m and concluded at 03.40 p.m, has, inter-alia, approved the Unaudited (Standalone & Consolidated) Financial Results for the quarter & half year ended September 30, 2019 and took on record the limited review report thereon.

A copy of:

- A) Unaudited financial results(Standalone & Consolidated) for the quarter & half year ended September 30, 2019; and
- B) Limited review report issued by the Statutory Auditors thereon

as required under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, alongwith Investor presentation are enclosed herewith.

This is for your information and record.

Thanking You

For **Lemon Tree Hotels Limited**

  
**Nikhil Sethi**  
**Group Company Secretary & GM Legal  
and Compliance Officer**

## INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL RESULTS

### TO THE BOARD OF DIRECTORS OF LEMON TREE HOTELS LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of **LEMON TREE HOTELS LIMITED** ("the Parent"), limited liability partnership firm and its subsidiaries (the Parent, firm and its subsidiaries together referred to as "the Group"), and its share of profit of its associates for the quarter and six months ended September 30, 2019 ("the Statement") being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of Parent's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

Attention is drawn to Note 11 of the Statement which states that the statement of consolidated cash flows for the corresponding six months ended September 30, 2018, as reported in the accompanying Statement have been approved by the Parent's Board of Directors, but have not been subjected to review.

4. The Statement includes the results of the following entities:

S.No	Name of the entity	Relationship
1.	Lemon Tree Hotels Limited	Parent Company



**Deloitte  
Haskins & Sells LLP**

2.	Fleur Hotels Private Limited	Subsidiary company
3.	Hyacinth Hotels Private Limited	Subsidiary company
4.	PSK Resorts and Hotels Private Limited	Wholly owned subsidiary company
5.	Canary Hotels Private Limited	Wholly owned subsidiary company
6.	Sukhsagar Complexes Private Limited	Wholly owned subsidiary company
7.	Oriole Dr Fresh Hotels Private Limited	Wholly owned subsidiary company
8.	Grey Fox Project Management Company Private Limited	Wholly owned subsidiary company
9.	Dandelion Hotels Private Limited	Wholly owned subsidiary company
10	Lemon Tree Hotel Company Private Limited	Wholly owned subsidiary company
11	Red Fox Hotel Company Private Limited	Wholly owned subsidiary company
12.	Poplar Homestead Holdings Private Limited	Wholly owned subsidiary company
13.	Madder Stays Private Limited	Wholly owned subsidiary company
14.	Jessamine Stays Private Limited	Wholly owned subsidiary company
15.	Meringue Hotels Private Limited	Subsidiary company
16.	Nightingale Hotels Private Limited	Subsidiary company
17.	Manakin Resorts Private Limited	Subsidiary company
18.	Begonia Hotels Private Limited	Subsidiary company
19.	Celsia Hotels Private Limited	Subsidiary company
20.	Inovoa Hotels and Resorts Limited	Subsidiary company
21.	Iora Hotels Private Limited	Subsidiary company
22.	Ophrys Hotels Private Limited	Subsidiary company
23.	Bandhav Resorts (P) Limited	Subsidiary company
24.	Valerian Management Services Private Limited	Subsidiary company
25.	Carnation Hotels Private Limited	Subsidiary company
26.	Mind Leaders Learning India Private Limited	Associate company
27.	Pelican Facilities Management Private Limited	Associate company
28.	Hamstede Living Private Limited	Associate company
29.	Mezereon Hotels LLP	Limited Liability Partnership Firm

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 6 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.



6. We did not review the interim financial results of Krizm Hotel Private Limited Employee Welfare Trust (the "Trust") included in the standalone interim unaudited financial results of the entity included in the Group, whose interim financial results reflect total assets of Rs. 591.33 lacs as at September 30, 2019, total revenues of Rs. Nil and Rs. 0.05 lacs for the quarter and six months ended September 30, 2019 respectively, total (loss)/ net profit after tax of Rs. (0.01) lacs and Rs. 0.02 lacs for the quarter and six months ended September 30, 2019 respectively, total comprehensive (loss)/income of Rs. (0.01) lacs and Rs. 0.02 lacs for the quarter and six months ended September 30, 2019 respectively and net cash outflows of Rs. 102.29 lacs for the six months ended September 30, 2019, as considered in the respective standalone unaudited interim financial results of the entity included in the Group. The interim financial results of the trust have been reviewed by the other auditor whose reports have been furnished to us, and our conclusion in so far as it relates to the amounts and disclosures included in respect of this trust, is based solely on the report of such other auditor and the procedures performed by us as stated in paragraph 3 above.

We did not review the interim financial results of 22 subsidiaries and 1 limited liability partnership firm included in the consolidated unaudited financial results, whose interim financial results reflect total assets of Rs. 1,21,545.93 lacs as at September 30, 2019, total revenues of Rs. 4,643.14 lacs and Rs. 8,371.25 lacs for the quarter and six months ended September 30, 2019 respectively, total (loss)/ net profit after tax of Rs. (92.44) lacs and Rs. 6.73 lacs for the quarter and six months ended September 30, 2019 respectively, total comprehensive (loss)/income of Rs. (91.38) lacs and Rs. 9.69 lacs for the quarter and six months ended September 30, 2019 respectively and net cash outflows of Rs. 188.15 lacs for six months ended September 30, 2019, as considered in the Statement. The consolidated unaudited financial results also includes the Group's share of net profit of Rs. 92.97 lacs and Rs. 133.76 lacs for the quarter and six months ended September 30, 2019 and Total comprehensive income of Rs. 92.97 lacs and Rs. 133.76 lacs for the quarter and six months ended September 30, 2019, as considered in the Statement, in respect of 2 associates, whose interim financial results have not been reviewed by us. These interim financial results have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, limited liability partnership firm and associates, is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of these matters.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Vijay Agarwal**  
Partner

(Membership No. 094468)  
UDIN:19094468AAAAHH9341

New Delhi, November 13, 2019

**Statement of Unaudited Consolidated Financial Results for the Quarter and Half year ended September 30, 2019**

(₹ In Lakhs, except per share data)

	Quarter ended			Half year ended		Year Ended
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
<b>1 Income</b>						
Revenue from operations	15,275.66	14,093.38	12,868.76	29,369.04	25,562.35	54,950.62
Other Income	92.95	126.10	537.54	219.05	558.26	993.17
<b>Total income</b>	<b>15,368.61</b>	<b>14,219.48</b>	<b>13,406.30</b>	<b>29,588.09</b>	<b>26,120.61</b>	<b>55,943.79</b>
<b>2 Expenses</b>						
Cost of food and beverages consumed	1,324.20	1,236.39	1,185.08	2,560.59	2,377.61	4,982.31
Employee benefit expenses	3,664.51	3,372.91	2,957.53	7,037.42	5,874.30	12,053.05
Power and fuel	1,604.76	1,477.40	1,357.33	3,082.16	2,714.34	5,269.77
Rent (Refer Note 4)	209.81	172.71	730.92	382.52	1,468.71	2,922.22
Other expenses (Refer Note 4)	3,629.03	3,357.67	3,036.29	6,986.70	6,044.39	12,846.77
<b>Total expenses</b>	<b>10,432.31</b>	<b>9,617.08</b>	<b>9,267.15</b>	<b>20,049.39</b>	<b>18,479.35</b>	<b>38,074.12</b>
<b>3 Profit before depreciation and amortization, finance cost, finance income (1-2)</b>	<b>4,936.30</b>	<b>4,602.40</b>	<b>4,139.15</b>	<b>9,538.70</b>	<b>7,641.26</b>	<b>17,869.67</b>
4 Finance cost (Refer Note 4)	3,527.88	3,091.21	1,977.47	6,619.09	3,946.45	8,469.63
5 Finance income	(280.03)	(87.01)	(51.38)	(367.04)	(224.89)	(458.52)
6 Depreciation and amortization expense (Refer Note 4)	1,956.40	1,716.61	1,320.21	3,673.01	2,631.61	5,411.48
<b>7 Net profit/(loss) before tax before share of associates (3-4-5-6)</b>	<b>(267.95)</b>	<b>(118.41)</b>	<b>892.85</b>	<b>(386.36)</b>	<b>1,288.09</b>	<b>4,447.08</b>
8 Add: Share of Profit/(Loss) of associates	(27.53)	(21.12)	45.16	(48.65)	77.48	79.66
<b>9 Profit/(Loss) before tax (7+8)</b>	<b>(295.48)</b>	<b>(139.53)</b>	<b>938.01</b>	<b>(435.01)</b>	<b>1,365.57</b>	<b>4,526.74</b>
10 Tax expense						
a) Current tax	135.83	167.22	267.50	303.05	456.16	1,384.77
b) Deferred tax/MAT Credit entitlement						
- For current year	(148.56)	(96.49)	16.33	(245.05)	30.76	645.36
- For earlier years	18.53	-	-	18.53	-	(3,141.27)
<b>11 Net profit/(loss) after tax (9-10)</b>	<b>(301.28)</b>	<b>(210.26)</b>	<b>654.18</b>	<b>(511.54)</b>	<b>878.65</b>	<b>5,637.88</b>
12 Other Comprehensive Income/expenses						
Items that will not be reclassified to profit and loss						
Remeasurements of defined benefit plans	(6.17)	(0.81)	(0.55)	(6.98)	(0.90)	(11.91)
Income tax effect	1.16	0.23	(0.04)	1.39	(0.06)	3.18
<b>13 Total comprehensive Income/(Loss)</b>	<b>(306.29)</b>	<b>(210.84)</b>	<b>653.59</b>	<b>(517.13)</b>	<b>877.69</b>	<b>5,629.15</b>
<b>14 Profit/(Loss)</b>	<b>(301.28)</b>	<b>(210.26)</b>	<b>654.18</b>	<b>(511.54)</b>	<b>878.65</b>	<b>5,637.88</b>
Attributable to:						
Equity holders of the parent	(215.13)	(166.97)	566.87	(382.10)	795.57	5,287.83
Non-controlling interests	(86.15)	(43.29)	87.31	(129.44)	83.08	350.05
<b>15 Total comprehensive Income/(Loss)</b>	<b>(306.29)</b>	<b>(210.84)</b>	<b>653.59</b>	<b>(517.13)</b>	<b>877.69</b>	<b>5,629.15</b>
Attributable to:						
Equity holders of the parent	(219.89)	(168.71)	566.64	(388.60)	795.36	5,277.15
Non-controlling interests	(86.40)	(42.13)	86.95	(128.53)	82.33	352.00
<b>16 Total comprehensive Income/(Loss) for the year after non-controlling interest</b>	<b>(219.89)</b>	<b>(168.71)</b>	<b>566.64</b>	<b>(388.60)</b>	<b>795.36</b>	<b>5,277.15</b>
17 Paid-up equity share capital (Face value of the share ₹ 10/-)	79,014.86	78,997.29	78,794.75	79,014.86	78,794.75	78,929.55
18 Other Equity (including non-controlling interest)						51,791.27
19 Earnings per share (Face value of the share ₹ 10/-) (EPS for quarter and half year ended periods is not annualised)						
Basic	(0.03)	(0.02)	0.07	(0.05)	0.10	0.67
Diluted	(0.03)	(0.02)	0.07	(0.05)	0.10	0.67



**Notes:**

1. The Consolidated financial results for the Quarter and Half year are not indicative of a full year's working due to the seasonal nature of the Indian Hotel Industry.

2. The Consolidated financial results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on November 13, 2019. The statutory auditors have carried out a limited review of the above Consolidated financial results.

3. The above Consolidated financial results are extracted from the unaudited consolidated financial statements of the Company which are prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), as prescribed under Section 133 of the Companies Act, 2013 read with the rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter.

4. Ind AS 116 "Leases" has become applicable effective annual reporting period beginning April 01, 2019. The Group has adopted the standard beginning April 01, 2019 using the modified retrospective approach for transition. Accordingly, the group has not restated comparative information, instead, the cumulative effect of initially applying this standard has been recognised as an adjustment to the opening balance of retained earnings as at April 01, 2019. This has resulted in recognition of Right-to-Use asset of ₹ 32,021.41 lakhs and Lease Liability of ₹ 42,512.92 lakhs.

Consequently in the statement of profit and loss for the current period, the nature of expenses in respect of operating leases has changed from lease "Rent"/"Other expenses" in previous period to "Depreciation and amortization expenses" for the right of use assets and "Finance cost" for interest accrued on lease liability. As a result the "Rent"/"Other expenses", "Depreciation and amortization expense" and "Finance cost" of the current period is not comparable to the earlier periods. This has also resulted in change in cash flow from operating and financing activities for relevant expenses.

To the extent the performance of the current period is not comparable with previous period results, the reconciliation of above effect on statement of profit and loss for the quarter and half year ended September 30, 2019 is as under:

(₹ In Lakhs)

Adjustments to increase/(decrease) in net profit	Quarter ended September 30, 2019 comparable basis	Changes due to Ind AS 116 increase / (decrease)	Quarter ended September 30, 2019 as reported
Rent	893.17	(683.36)	209.81
Other expenses	3,747.30	(118.27)	3,629.03
Depreciation and amortization expense	1,613.33	343.07	1,956.40
Finance cost	2,626.49	901.39	3,527.88
Profit/(Loss) before tax	147.35	(442.83)	(295.48)
Less: Tax expense	138.83	(133.03)	5.80
Profit/(Loss) after tax	8.52	(309.80)	(301.28)

(₹ In Lakhs)

Adjustments to increase/(decrease) in net profit	Half year ended September 30, 2019 comparable basis	Changes due to Ind AS 116 increase / (decrease)	Half year ended September 30, 2019 as reported
Rent	1,700.70	(1,318.18)	382.52
Other expenses	7,223.23	(236.53)	6,986.70
Depreciation and amortization expense	3,013.22	659.79	3,673.01
Finance cost	4,885.92	1,733.17	6,619.09
Profit/(Loss) before tax	403.24	(838.25)	(435.01)
Less: Tax expense	301.09	(224.56)	76.53
Profit/(Loss) after tax	102.15	(613.69)	(511.54)

5. The paid up share capital of the Company excludes 20,97,791 (March 31, 2019: 29,50,893) equity shares held by the ESOP trust which has been consolidated in accordance with the requirement of IND AS 110.

6. The First motion application for merger of Meringue Hotels Private Limited (Transferor Company - Subsidiary Company) with Fleur Hotels Private Limited (Transferee Company - Subsidiary Company) was filed with Hon'ble National Company Law Tribunal, New Delhi. The order for first motion application has been received in September, 2019. Subsequently, the Second Motion petition has also been filed and the final hearing for scheme of merger is scheduled for December 17, 2019.

7. Fleur Hotels Private Limited (Subsidiary Company) has issued and allotted 16,41,200 Compulsorily Convertible Preference Shares ("CCPS") to the Company and 97,04,800 CCPS to APG Strategic Real Estate Pool N.V ("Existing Shareholders") at an issue price of ₹ 370.95 per share (including premium of ₹ 360.95 per share) on October 24, 2019 at an aggregate consideration of ₹ 421 Crore.

8. Fleur Hotels Private Limited, subsidiary of the Company has acquired 100% shareholding (representing 5,45,51,616 shares) of Berggruen Hotels Private Limited ("BHPL") on November 01, 2019 ("Closing date"). The net consideration paid to Berggruen Investments, Mauritius (Seller) by Fleur Hotels Private Limited is ₹ 500 Crore (funded partly through issuance of CCPS and partly from internal accruals) and outstanding term loan in BHPL as on closing date is ₹ 104.53 Crores.



9. Statement of Consolidated Assets and Liabilities

(₹ In Lakhs)

Particulars	As at	As at
	September 30 2019 (Rs in lakhs) (Unaudited)	March 31, 2019 (Rs in lakhs) (Audited)
<b>Assets</b>		
<b>Non-current assets</b>		
(a) Property, plant and equipment	182,235.96	158,942.55
(b) Capital work-in-progress	49,137.54	66,386.54
(c) Investment Property	239.12	241.33
(d) Intangible assets	1,194.86	1,193.52
(e) Right to use asset (Refer note 4)	33,342.80	-
(f) Financial assets		
(i) Investments	577.23	625.86
(ii) Loans	123.68	171.11
(iii) Other non-current financial assets	5,601.30	5,249.31
(g) Deferred tax assets (net)	3,023.22	2,035.21
(h) Non-current tax assets (net)	2,231.05	1,863.93
(i) Other non-current assets	20,232.32	20,818.29
	<b>297,939.08</b>	<b>257,527.65</b>
<b>Current assets</b>		
(a) Inventories	710.78	598.37
(b) Financial assets		
(i) Trade receivables	6,273.85	8,441.92
(ii) Cash and Cash equivalents	3,581.35	3,139.70
(iii) Investments	8,282.85	2,866.79
(iv) Other current financial assets	49.40	339.09
(c) Other current assets	6,205.19	4,270.48
	<b>25,103.42</b>	<b>19,656.35</b>
<b>Total Assets</b>	<b>323,042.50</b>	<b>277,184.00</b>



(₹ In Lakhs)

Particulars	As at	As at
	September 30 2019 (Unaudited)	March 31, 2019 (Rs in lakhs) (Audited)
<b>Equity And Liabilities</b>		
<b>Equity</b>		
(a) Share capital	79,014.86	78,929.55
(b) Other Equity	3,455.96	8,572.84
Equity attributable to owners of the parent	82,470.82	87,502.39
(c) Non-controlling interests	43,089.90	43,218.43
<b>Total Equity</b>	<b>125,560.72</b>	<b>130,720.82</b>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	125,724.74	113,473.11
(ii) Lease liability (Refer note 4)	42,575.48	-
(iii) Other non-current financial liabilities	358.86	275.74
(b) Long term provisions	183.41	173.38
(c) Other non-current liabilities	-	3,346.79
	<b>168,842.49</b>	<b>117,269.02</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	2,786.24	122.06
(ii) Lease liability (Refer note 4)	73.74	-
(iii) Trade payables	9,007.66	9,577.14
(iv) Other current financial liabilities	13,640.00	16,451.66
(b) Provisions	369.06	380.53
(c) Other current liabilities	2,762.59	2,662.77
	<b>28,639.29</b>	<b>29,194.16</b>
<b>Total Liabilities</b>	<b>197,481.78</b>	<b>146,463.18</b>
<b>Total Equity and Liabilities</b>	<b>323,042.50</b>	<b>277,184.00</b>



10. Statement of Consolidated Cash flow

Particulars	(₹ In Lakhs)	
	Half year ended September 30, 2019  (Unaudited)	Half year ended September 30, 2018  (Unaudited)
<b>A. Cash flow from operating activities</b>		
Profit /(loss) before tax	(435.01)	1,365.57
Operating profit before working capital changes	9,350.20	7,501.70
Net cash flow from operating activities (A)	5,839.01	9,046.35
Net Cash flow used in investing activities (B)	(14,901.39)	(14,652.50)
Net Cash flow from financing activities (C)	9,504.03	6,265.17
<b>Net increase/(decrease) in cash and cash equivalents (A + B + C)</b>	<b>441.65</b>	<b>659.02</b>
Cash and cash equivalents at the beginning of the year	3,139.70	2,102.96
Cash and cash equivalents acquired on amalgamation	-	2.03
<b>Cash and cash equivalents at the end of half year</b>	<b>3,581.35</b>	<b>2,764.01</b>

11. The Consolidated Cash Flow Statement for the half year ended September 30, 2018 is approved by the Parent's Board of Directors but has not been subjected to review by the statutory auditor.

12. The Company is into Hoteliering business. As the Company operates in a single operating segment, it did not give rise to different operating segments in accordance with Ind AS 108 - Operating Segments.

Place New Delhi  
Date : November 13, 2019



By order of the Board  
for Lemon Tree Hotels Limited  
*Keswani*  
Patanjali G. Keswani  
(Chairman & Managing Director)



**INDEPENDENT AUDITOR'S REVIEW REPORT ON REVIEW OF INTERIM  
STANDALONE FINANCIAL RESULTS**

**TO THE BOARD OF DIRECTORS OF  
LEMON TREE HOTELS LIMITED**

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **LEMON TREE HOTELS LIMITED** ("the Company"), for the quarter and six months ended September 30, 2019 ("the Statement"), being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended.
2. This Statement, which is the responsibility of the Company's Management and approved by the Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India (ICAI). A review of interim financial information consists of making inquiries, primarily of the Company's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing specified under section 143(10) of the Companies Act, 2013 and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

Attention is drawn to Note 11 of the Statement which states that the statement of cash flows for the corresponding six months ended September 30, 2018, as reported in the accompanying Statement have been approved by the Company's Board of Directors, but have not been subjected to review.

4. Based on our review conducted and procedures performed as stated in paragraph 3 above, and based on the consideration of the review reports of other auditors as referred in paragraph 5 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be



**Deloitte  
Haskins & Sells LLP**

disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

5. We did not review the interim financial results of Krizm Hotel Private Limited Employee Welfare Trust (the "Trust") included in the Statement whose interim financial results reflect total assets of Rs. 591.33 lacs as at September 30, 2019, total revenues of Rs. Nil and Rs. 0.05 lacs for the quarter and six months ended September 30, 2019 respectively, total (loss)/ net profit after tax of Rs. (0.01) lacs and Rs. 0.02 lacs for the quarter and six months ended September 30, 2019 respectively, total comprehensive (loss)/income of Rs. (0.01) lacs and Rs. 0.02 lacs for the quarter and six months ended September 30, 2019 respectively and net cash outflows of Rs. 102.29 lacs for the six months ended September 30, 2019, as considered in this Statement. The interim financial results have been reviewed by other auditor whose report have been furnished to us, and our conclusion in so far as it relates to the amounts and disclosures included in respect of this trust, is based solely on the report of such other auditor and the procedures performed by us as stated in paragraph 3 above.

Our conclusion on the Statement is not modified in respect of this matter.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



A handwritten signature in black ink, appearing to read "Vijay Agarwal".

**Vijay Agarwal**  
Partner

(Membership No. 094468)  
UDIN: 19094468AAAAHG3056

New Delhi, November 13, 2019

A small, circular handwritten mark or signature in black ink.

**Statement of Unaudited Standalone Financial Results for the Quarter and Half year ended September 30, 2019**

(₹ In Lakhs, except per share data)

	Quarter ended			Half year ended		Year Ended	
	September 30, 2019	June 30, 2019	September 30, 2018	September 30, 2019	September 30, 2018	March 31, 2019	
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)	
1	<b>Income</b>						
	Revenue from operations	6,685.45	6,477.85	6,456.57	13,163.30	12,819.62	27,332.25
	Other Income	71.29	70.24	517.34	141.53	521.21	932.00
	<b>Total income</b>	<b>6,756.74</b>	<b>6,548.09</b>	<b>6,973.91</b>	<b>13,304.83</b>	<b>13,340.83</b>	<b>28,264.25</b>
2	<b>Expenses</b>						
	Cost of food and beverages consumed	431.01	411.75	473.46	842.76	909.09	1,772.58
	Employee benefit expenses	1,602.03	1,529.70	1,442.51	3,131.73	2,895.01	5,764.88
	Power and fuel	558.55	576.14	588.07	1,134.69	1,144.66	2,189.36
	Rent (Refer Note 4)	167.25	159.30	549.55	326.55	1,108.91	2,146.91
	Other expenses	1,637.90	1,639.05	1,553.31	3,276.95	3,092.06	6,355.27
	<b>Total expenses</b>	<b>4,396.74</b>	<b>4,315.94</b>	<b>4,606.90</b>	<b>8,712.68</b>	<b>9,149.73</b>	<b>18,229.00</b>
3	<b>Profit before depreciation and amortization, finance cost, finance income (1-2)</b>	<b>2,360.00</b>	<b>2,232.15</b>	<b>2,367.01</b>	<b>4,592.15</b>	<b>4,191.10</b>	<b>10,035.25</b>
4	Finance cost (Refer note 4)	1,191.77	1,218.21	831.54	2,409.98	1,643.43	3,479.99
5	Finance income	(129.07)	(28.84)	(56.00)	(157.91)	(172.06)	(273.39)
6	Depreciation and amortization expense (Refer note 4)	565.52	603.91	526.64	1,169.43	1,036.37	1,983.75
7	<b>Profit before tax (3-4-5-6)</b>	<b>731.78</b>	<b>438.87</b>	<b>1,064.83</b>	<b>1,170.65</b>	<b>1,683.36</b>	<b>4,844.90</b>
8	<b>Tax expense</b>						
	Current tax under MAT	97.74	84.68	218.77	182.42	340.97	1,004.79
	Deferred tax/MAT Credit entitlement						
	- For current year	4.27	42.96	-	47.23	-	657.08
	- For earlier years	11.18	-	-	11.18	-	(3,141.27)
9	<b>Net profit after tax (7-8)</b>	<b>618.59</b>	<b>311.23</b>	<b>846.06</b>	<b>929.82</b>	<b>1,342.39</b>	<b>6,324.30</b>
10	<b>Other Comprehensive Income</b>						
	Items that will not be reclassified to profit and loss						
	Re-measurement (loss)/gains on defined benefit plans	(5.65)	(5.64)	0.59	(11.29)	1.18	(22.58)
	Income tax effect	0.75	1.22	(0.12)	1.97	(0.25)	4.86
11	<b>Total comprehensive income</b>	<b>613.69</b>	<b>306.81</b>	<b>846.53</b>	<b>920.50</b>	<b>1,343.32</b>	<b>6,306.58</b>
12	Paid-up equity share capital (Face value of the share ₹ 10/-)	79,014.86	78,997.29	78,794.75	79,014.86	78,794.75	78,929.55
13	Other Equity						24,205.35
14	<b>Earnings per share (Face value of the share ₹ 10/-)</b> (EPS for quarter and half year ended periods is not annualised)						
	Basic	0.08	0.04	0.11	0.12	0.17	0.80
	Diluted	0.08	0.04	0.11	0.12	0.17	0.80



**Notes:**

- The Standalone financial results for the Quarter and Half year are not indicative of a full year's working due to the seasonal nature of the Indian Hotel Industry.
- The Standalone financial results have been reviewed by the Audit Committee and approved by the Board of Directors at its meeting held on November 13, 2019. The statutory auditors have carried out a limited review of the above Standalone financial results.
- The above Standalone financial results are extracted from the unaudited standalone financial statements of the Company which are prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), as prescribed under Section 133 of the Companies Act, 2013 read with the rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules thereafter.
- Ind AS 116 "Leases" has become applicable effective annual reporting period beginning April 01, 2019. The Company has adopted the standard beginning April 01, 2019 using the modified retrospective approach for transition. Accordingly, the Company has not restated comparative information, instead, the cumulative effect of initially applying this Standard has been recognised as an adjustment to the opening balance of retained earnings as at April 01, 2019. This has resulted in recognition of Right-to-Use asset of ₹ 12,289.09 lakhs and Lease Liability of ₹ 16,508.41 lakhs.

Consequently in the statement of profit and loss for the current period, the nature of expenses in respect of operating leases has changed from lease "Rent" in previous period to "Depreciation and amortization expenses" for the right of use assets and "Finance cost" for interest accrued on lease liability. As a result the "Rent", "Depreciation and amortization expense" and "Finance cost" of the current period is not comparable to the earlier periods. This has also resulted in change in cash flow from operating and financing activities for relevant expenses.

To the extent the performance of the current period is not comparable with previous period results, the reconciliation of above effect on statement of profit and loss for the quarter and half year ended September 30, 2019 is as under:

( ₹ In Lakhs)			
Adjustments to increase (decrease) in net profit	Quarter ended September 30, 2019 comparable basis	Changes due to Ind AS 116 increase / (decrease)	Quarter ended September 30, 2019 as reported
Rent	555.03	(387.78)	167.25
Depreciation and amortization expense	431.62	133.90	565.52
Finance cost	804.41	387.36	1,191.77
Profit before tax	865.26	(133.48)	731.78
Less: Tax expense	162.67	(49.48)	113.19
Profit after tax	702.59	(84.00)	618.59

( ₹ In Lakhs)			
Adjustments to increase (decrease) in net profit	Half year ended September 30, 2019 comparable basis	Changes due to Ind AS 116 increase / (decrease)	Half year ended September 30, 2019 as reported
Rent	1,102.11	(775.56)	326.55
Depreciation and amortization expense	901.63	267.80	1,169.43
Finance cost	1,635.26	774.72	2,409.98
Profit before tax	1,437.61	(266.96)	1,170.65
Less: Tax expense	339.79	(98.96)	240.83
Profit after tax	1,097.82	(168.00)	929.82

5. The paid up share capital of the Company excludes 20,97,791 (March 31, 2019: 29,50,893) equity shares held by the ESOP trust which has been consolidated in accordance with the requirement of IND AS 110.

6. The First motion application for merger of Meringue Hotels Private Limited (Transferor Company - Subsidiary Company) with Fleur Hotels Private Limited (Transferee Company - Subsidiary Company) was filed with Hon'ble National Company Law Tribunal, New Delhi. The order for first motion application has been received in September, 2019. Subsequently, the Second Motion petition has also been filed and the final hearing for scheme of merger is scheduled for December 17, 2019.

7. Fleur Hotels Private Limited (Subsidiary Company) has issued and allotted 16,41,200 Compulsorily Convertible Preference Shares ("CCPS") to the Company and 97,04,800 CCPS to APG Strategic Real Estate Pool N.V ("Existing Shareholders") at an issue price of ₹ 370.95 per share (including premium of ₹ 360.95 per share) on October 24, 2019 at an aggregate consideration of ₹ 421 Crore.

8. Fleur Hotels Private Limited, subsidiary of the Company has acquired 100% shareholding (representing 5,45,51,616 shares) of Berggruen Hotels Private Limited ('BHPL') on November 01, 2019 ("Closing date"). The net consideration paid to Berggruen Investments, Mauritius (Seller) by Fleur Hotels Private Limited is ₹ 500 Crore (funded partly through issuance of CCPS and partly from internal accruals) and outstanding term loan in BHPL as on closing date is ₹ 104.53 Crores.



9. Statement of Standalone Assets and Liabilities

(₹ In Lakhs)

Particulars	As at September 30, 2019	As at March 31, 2019
	(Unaudited)	(Audited)
<b>Assets</b>		
<b>Non-current assets</b>		
(a) Property, plant and equipment	42,461.94	43,243.28
(b) Capital work-in-progress	1,320.55	1,170.49
(c) Investment Property	239.12	241.32
(d) Intangible assets	298.91	339.62
(e) Right to use assets (Refer note 4)	12,021.29	-
(f) Financial assets		
(i) Investments	72,395.47	72,384.52
(ii) Loans	123.68	171.11
(iii) Other non- current financial assets	1,610.80	1,536.29
(g) Deferred tax assets (net)	3,186.81	2,478.78
(h) Non-Current tax assets (net)	968.46	777.84
(i) Other non-current assets	5,130.72	5,273.42
	<b>139,757.75</b>	<b>127,616.67</b>
<b>Current assets</b>		
(a) Inventories	226.41	202.61
(b) Financial assets		
(i) Trade receivables	5,366.85	4,966.53
(ii) Cash and Cash equivalents	1,467.63	1,040.60
(iii) Investments	2,189.80	1,055.85
(iii) Loans	4,895.62	4,717.83
(iv) Other current financial assets	0.68	300.68
(c) Other current assets	3,808.40	2,038.50
	<b>17,955.39</b>	<b>14,322.60</b>
<b>Total Assets</b>	<b>157,713.14</b>	<b>141,939.27</b>



(₹ In Lakhs)

Particulars	As at September 30, 2019	As at March 31, 2019
	(Unaudited)	(Audited)
<b>Equity And Liabilities</b>		
<b>Equity</b>		
(a) Share capital	79,014.86	78,929.55
(b) Other Equity	23,017.81	24,205.35
<b>Total Equity</b>	<b>102,032.67</b>	<b>103,134.90</b>
<b>Liabilities</b>		
Non-current liabilities		
(a) Financial liabilities		
(i) Borrowings	26,336.88	28,030.89
(ii) Lease liability (Refer note 4)	16,506.70	-
(b) Provisions	98.02	98.02
(c) Other non-current liabilities	-	1,269.09
	<b>42,941.60</b>	<b>29,398.00</b>
<b>Current liabilities</b>		
(a) Financial liabilities		
(i) Borrowings	2,786.24	122.06
(ii) Lease liability (Refer note 4)	73.74	-
(iii) Trade payables	5,178.72	4,786.89
(iv) Other current financial liabilities	3,389.71	2,919.62
(b) Provisions	178.08	204.28
(c) Other current liabilities	1,132.38	1,373.52
	<b>12,738.87</b>	<b>9,406.37</b>
<b>Total Liabilities</b>	<b>55,680.47</b>	<b>38,804.37</b>
<b>Total Equity and Liabilities</b>	<b>157,713.14</b>	<b>141,939.27</b>



## 10. Statement of Cash flow

(₹ In Lakhs)

Particulars	Half Year ended September 30, 2019	Half Year ended September 30, 2018
	(Unaudited)	(Unaudited)
<b>Cash flow from operating activities</b>		
Profit before tax	1,170.65	1,683.36
Operating profit before working capital changes	3,377.18	3,951.53
Movements in working capital:		
Net cash flow from operating activities (A)	1,161.58	3,885.04
Net Cash flow used in investing activities (B)	(65.08)	(3,316.85)
Net Cash flow used in financing activities (C)	(669.47)	(249.65)
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>427.03</b>	<b>318.54</b>
Cash and cash equivalents at the beginning of the year	1,040.60	571.60
<b>Cash and cash equivalents at the end of half year</b>	<b>1,467.63</b>	<b>890.14</b>

11. The Cash Flow Statement for the half year ended September 30, 2018 is approved by the Board of Directors of the Company but has not been subjected to review by the statutory auditor.

12. The Company is into Hoteliering business. As the Company operates in a single operating segment, it did not give rise to different operating segments in accordance with Ind AS 108 - Operating Segments.

By order of the Board  
for Lemon Tree Hotels Limited



Patanjali G. Keswani  
(Chairman & Managing Director)

Place : New Delhi  
Date : November 13, 2019



# Lemon Tree Hotels Limited

## Q2 FY20 Earnings Presentation

Nov 13, 2019



**aurika**  
HOTELS & RESORTS

UPSCALE

  
**lemon tree**  
PREMIER

UPPER MIDSCALE

  
**lemon tree**  
HOTELS

MIDSCALE

 **redfox**  
BY LEMON TREE HOTELS

ECONOMY

**keys**  
PRIMA HOTELS

UPPER MIDSCALE

**keys**  
SELECT HOTELS

MIDSCALE

**keys**  
LITE HOTELS

ECONOMY

Connect with us     

# Disclaimer

Certain statements in this communication may be 'forward looking statements' within the meaning of applicable laws and regulations. These forward-looking statements involve a number of risks, uncertainties 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.



1	Company Overview
2	Chairman & Managing Director's Message
3	Performance Highlights
4	Financial & Operational Metrics
5	Key Developments / Business Updates
6	Annexures

# Lemon Tree – Snapshot as on 1st Nov, 2019



**Current (16% of Branded Mid Market Hotels in India\*)**

**7,786  
rooms;  
77 hotels**



**Pipeline**

**2,784  
rooms;  
28 hotels**



**By CY21 (20% of Branded Mid Market Hotels in India\*)**

**10,570  
rooms;  
105 hotels**

Brand	Current	Pipeline	by CY21
<b>Aurika</b>	139 Rooms, 1 Hotel	669 Rooms, 1 Hotel <sup>#</sup>	808 Rooms, 2 Hotels
<b>Lemon Tree Premiere</b>	2,142 Rooms; 14 Hotels	523 Rooms; 7 Hotels	2,665 Rooms; 21 Hotels
<b>Lemon Tree Hotel</b>	2,506 Rooms; 33 Hotels	1,442 Rooms; 18 Hotels	3,948 Rooms; 51 Hotels
<b>Red Fox Hotel</b>	1,322 Rooms; 11 Hotels	170 Rooms; 2 Hotels	1,492 Rooms; 13 Hotels
<b>Keys</b>	1,677 Rooms; 18 Hotels		1,677 Rooms; 18 Hotels

\*Source : Hotelivate – The Ultimate Indian Travel Hospitality Report 2019, Horwah HTL India Market Review 2018

# LTH is in the process of applying to convert some commercial spaces in this hotel to rooms. which is purely procedural. On revert of approvals, this will increase the hotel's inventory by 92 rooms to 669

## Key Statistics

		Q2 FY19	Q2 FY20	1 <sup>st</sup> Nov FY20
	Cities	31	34	45
	Hotels	51	57	77
	Rooms	5,090	5,828	7,786
	Loyalty Members	835,732	1,072,977	1,091,326

# Portfolio Breakup as on 30<sup>th</sup> September, 2019

Operational Portfolio	Owned		Leased		Managed		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
<b>30.09.2019</b>								
Lemon Tree Premier	6	1300	2	161	5	539	13	2,000
Lemon Tree Hotels	13	1241	4	321	16	944	33	2,506
Red Fox Hotels	5	759	2	193	4	370	11	1,322
<b>Total</b>	<b>24</b>	<b>3300</b>	<b>8</b>	<b>675</b>	<b>25</b>	<b>1,853</b>	<b>57</b>	<b>5,828</b>

In Pipeline	Owned		Leased		Managed		Total	
	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms	Hotels	Rooms
<b>30.09.2019</b>								
Lemon Tree Premier	1	142	0	0	7	523	8	665
Lemon Tree Hotels	1	79	0	0	17	1363	18	1,442
Red Fox Hotels	0	0	0	0	2	170	2	170
Aurika Hotels & Resorts	2	808 <sup>#</sup>	0	0	0	0	2	808
<b>Total</b>	<b>4</b>	<b>1029</b>	<b>0</b>	<b>0</b>	<b>26</b>	<b>2,056</b>	<b>30</b>	<b>3,085</b>

# Of these owned 937 rooms in pipeline, 577 rooms are from Aurika, Mumbai International Airport. LTH is in the process of applying to convert some commercial spaces in this hotel to rooms. which is purely procedural. On revert of approvals, this will increase the hotel's inventory by 92 rooms to 669

# Strategically positioned in key geographies with Lemon Tree share of total mid-priced hotel sector

- \* Geographical spread across India and presence in key markets to cater effectively to corporate clients and business travelers
- \* Hotel operations in each of the top 10 markets in India (based on hotel inventory)
- \* Focus in key micro markets to address demand and optimize pricing
- \* Hotels at locations with high barrier-to-entry such as close to major business centers, airports etc.
- \* International Locations- (Hotels/Rooms)
  - Thimphu : 2 / 65
  - Kathmandu : 1 / 75
  - Dubai : 1 / 114

**Jaipur:** FY17 – 11%  
FY21E – 10%

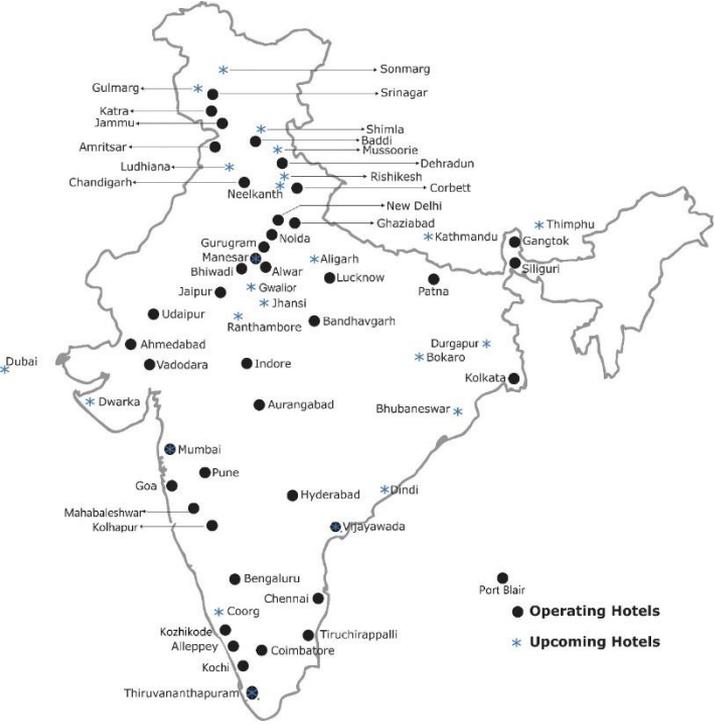
**Ahmedabad:** FY17 – 11%  
FY21E – 9%

**Mumbai:** FY17 – NA  
FY21E – 19%

**Pune:** FY17 – 5%  
FY21E – 14%

**Goa:** FY17 – 4%  
FY21E – 6%

**Bengaluru:** FY17 – 9%  
FY21E – 14%



**Delhi NCR:** FY17 – 14%  
FY21E – 16%

**Kolkata:** FY17 – NA  
FY21E – 8%

**Hyderabad:** FY17 – 24%  
FY21E – 21%

**Chennai:** FY17 – 5%  
FY21E – 4%

Source : Horwath Report

Note: For FY21E, share based on total rooms by end of FY21 and Horwath projection of total mid-priced sector supply in these markets

Map updated as of 1st Nov, 2019



Commenting on the performance for Q2 FY20, Mr. Patanjali Keswani, Chairman & Managing Director – Lemon Tree Hotels Limited said,

*“We have registered a healthy performance during the quarter despite a subdued macro environment. Our Revenue from operations and EBITDA (excluding other income) grew by 18.7% and 12.2% respectively driven by addition of 697 owned / leased rooms and 4.9% increase in ADRs on a YoY basis. Over the last few quarters till Q2, we have added 4 new hotels at Mumbai, Pune, Dehradun and Chandigarh. Our overall occupancy dropped by 350 bps on YoY basis owing to the lower initial occupancy of the new inventory additions. On a same hotels basis, the occupancies remained steady at 78.2%. In this quarter, we have booked approximately Rs 2.2 Cr of non-recurring expenses which accounted for around 1.5% of our revenue from operations. Despite these non-recurring expenses and addition of 4 new hotels, Our EBITDA margins remained healthy at 26.5%*

*We have commissioned two new hotels during Q3 : the 142 room Lemon Tree Premier Kolkata Hotel and the 139 room Udaipur property under our new upscale brand Aurika. Both these owned properties are strategically located and operate in demand-dense markets, so we anticipate these hotels to turn EBITDA positive shortly. We are also pleased to share that our first Lemon Tree Premier Hotel in Andheri, Mumbai, that was commissioned at the end of Q1, has received a strong response and reported healthy occupancy and ADRs. Our management team is now focused on quickly stabilizing these newly commissioned hotels over the next few quarters.*

*While FY20, so far, has turned out to be a challenging period for the industry owing to the macro environment, we see the industry occupancy rising steadily going forward, which should enable the sector to move from the bottom to middle of the cycle over the next 4-6 quarters. Given our cost leadership, brand visibility, and the large number of rooms commissioned by us over the past few years, we believe we are well-positioned to capitalize on this opportunity and create long-term value for all our stakeholders.”*

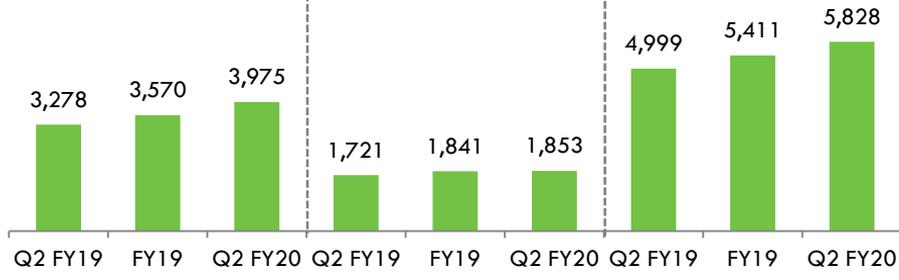
# Performance Highlights – Operational Metrics (Consolidated)

## Operational Inventory

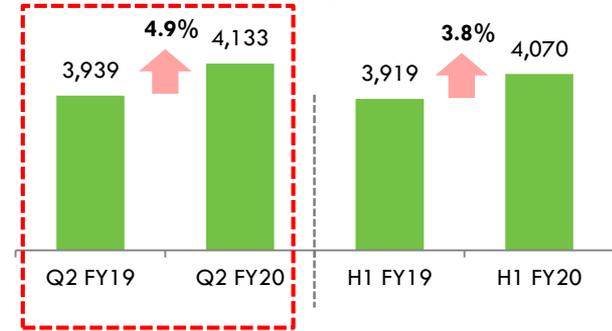
### Owned/Leased rooms

### Managed rooms

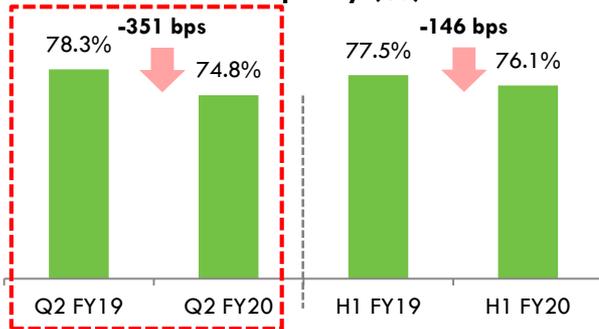
### Total rooms



## Average Daily Rate (Rs.)



## Occupancy (%)



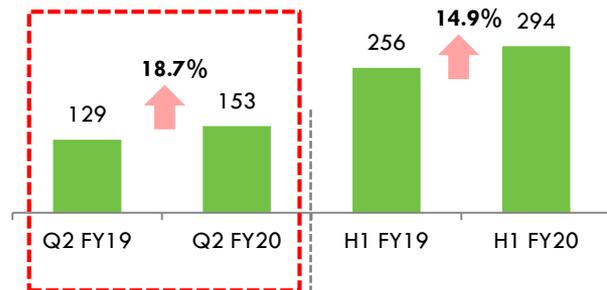
## RevPAR (Rs.)



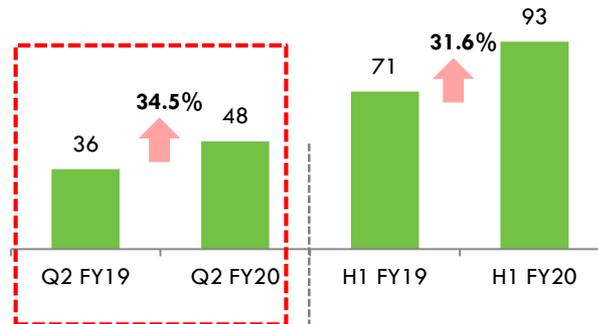
Note:  
 1. ADR, Occupancy and RevPAR are for our owned and leased hotels only.  
 2. The results of this quarter and H1 are not indicative of full year's performance due to seasonal nature of the business.

# Performance Highlights – Financial Metrics (Consolidated)

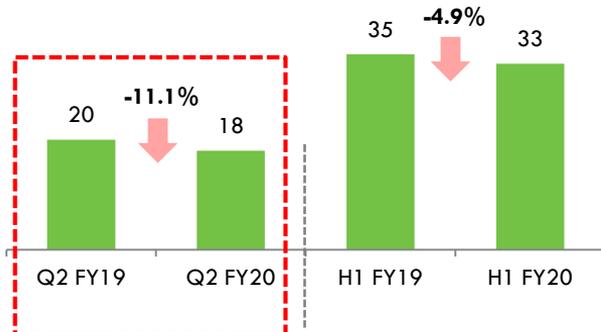
### Revenue from Operation (Rs. Crores)



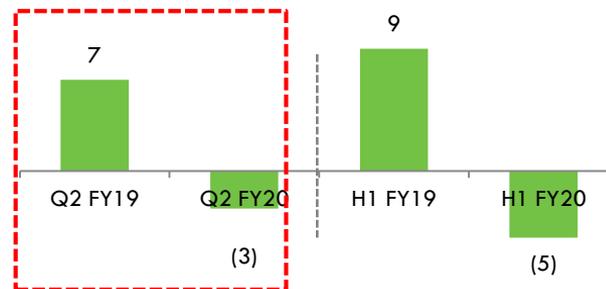
### EBITDA (Rs. Crores)



### Cash profit (Rs. Crores)



### PAT (Rs. Crores)



Note: The results of this quarter and H1 are not indicative of full year's performance due to seasonal nature of the business.

# Profit & Loss Statement (Consolidated)

Rs. Cr	Q2 FY19	Q2 FY20 Before IndAS 116 Impact	YoY Change (%)	Q2 FY20 After IndAS 116 Impact	YoY Change (%)	FY19
<b>Revenue from operations</b>	<b>128.7</b>	<b>152.8</b>	<b>18.7%</b>	<b>152.8</b>	<b>18.7%</b>	<b>549.5</b>
Cost of F&B consumed	11.9	13.2	11.7%	13.2	11.7%	49.8
Employee benefit expenses	29.6	36.6	23.9%	36.6	23.9%	120.5
Other expenses	51.2	62.5	21.9%	54.4	6.2%	210.4
<b>Total expenses</b>	<b>92.7</b>	<b>112.3</b>	<b>21.2%</b>	<b>104.3</b>	<b>12.6%</b>	<b>380.7</b>
<b>EBITDA</b>	<b>36.0</b>	<b>40.4</b>	<b>12.2%</b>	<b>48.4</b>	<b>34.5%</b>	<b>168.8</b>
<b>EBITDA margin (%)</b>	<b>28.0%</b>	<b>26.5%</b>	<b>(53)bps</b>	<b>31.7%</b>	<b>372 bps</b>	<b>31.9%</b>
Other income	5.4	0.9	-82.7%	0.9	-82.7%	9.9
Finance costs	19.8	26.3	32.8%	35.3	78.4%	84.7
Depreciation & amortization	13.2	16.1	22.2%	19.6	48.2%	54.1
<b>PBT</b>	<b>9.4</b>	<b>1.5</b>	<b>-84.3%</b>	<b>(3.0)</b>	<b>-131.5%</b>	<b>45.3</b>
Tax expense	2.8	1.4	-51.1%	0.1	-98.0%	(111)
<b>PAT</b>	<b>6.5</b>	<b>0.1</b>	<b>-98.7%</b>	<b>(3.0)</b>	<b>-146.1%</b>	<b>56.4</b>
<b>Cash Profit</b>	<b>19.7</b>	<b>16.2</b>	<b>-17.9%</b>	<b>17.5</b>	<b>-11.1%</b>	<b>110.5</b>

# Profit & Loss Statement (Consolidated)

Rs. Cr	H1 FY19	H1 FY20 Before IndAS 116 Impact	YoY Change (%)	H1 FY20 After IndAS 116 Impact	YoY Change (%)	FY19
<b>Revenue from operations</b>	<b>255.6</b>	<b>293.7</b>	<b>14.9%</b>	<b>293.7</b>	<b>14.9%</b>	<b>549.5</b>
Cost of F&B consumed	23.8	25.6	7.7%	25.6	7.7%	49.8
Employee benefit expenses	58.7	70.4	19.8%	70.4	19.8%	120.5
Other expenses	102.3	120.1	17.4%	104.5	2.2%	210.4
<b>Total expenses</b>	<b>184.8</b>	<b>216.0</b>	<b>16.9%</b>	<b>200.5</b>	<b>8.5%</b>	<b>380.7</b>
<b>EBITDA</b>	<b>70.8</b>	<b>77.6</b>	<b>9.6%</b>	<b>93.2</b>	<b>31.6%</b>	<b>168.8</b>
<b>EBITDA margin (%)</b>	<b>27.7%</b>	<b>26.4%</b>	<b>(127) bps</b>	<b>31.7%</b>	<b>402 bps</b>	<b>31.9%</b>
Other income	5.6	2.2	-60.8%	2.2	-60.8%	9.9
Finance costs	39.5	48.9	23.8%	66.2	67.7%	84.7
Depreciation & amortization	26.3	30.1	14.5%	36.7	39.6%	54.1
<b>PBT</b>	<b>13.7</b>	<b>4.0</b>	<b>-70.5%</b>	<b>(4.4)</b>	<b>-131.9%</b>	<b>45.3</b>
Tax expense	4.9	3.0	-38.2%	0.8	-84.3%	(111)
<b>PAT</b>	<b>8.8</b>	<b>1.0</b>	<b>-88.4%</b>	<b>(5.1)</b>	<b>-158.2%</b>	<b>56.4</b>
<b>Cash Profit</b>	<b>35.1</b>	<b>31.2</b>	<b>-11.2%</b>	<b>33.4</b>	<b>-4.9%</b>	<b>110.5</b>

## Balance Sheet Snapshot (Consolidated)

Rs. Cr	H1 FY19	H1 FY20	FY18	FY19
Shareholder's Funds	827.1	824.7	814.8	875.0
Non-controlling interests	429.4	430.9	428.6	432.2
<b>Total Shareholder's equity</b>	<b>1,256.5</b>	<b>1,255.6</b>	<b>1,243.5</b>	<b>1,307.2</b>
Total Debt	1,107.3	1,334.9	1,011.0	1,204.2
Other Non-current liabilities	38.5	381.4	34.4	38.0
Other Current liabilities	158.3	258.5	169.3	222.4
<b>Total Equity &amp; Liabilities</b>	<b>2,560.6</b>	<b>3,230.4</b>	<b>2,458.2</b>	<b>2,771.8</b>
Non-current assets	2,412.9	2,979.4	2,320.0	2,575.3
Current assets	147.7	251.0	138.2	196.6
<b>Total Assets</b>	<b>2,560.6</b>	<b>3,230.4</b>	<b>2,458.2</b>	<b>2,771.8</b>
<b>Debt to Equity (x)</b>	<b>0.88</b>	<b>1.06</b>	<b>0.81</b>	<b>0.92</b>
<b>Average cost of borrowing (%)</b>	<b>9.20%</b>	<b>9.62%</b>	<b>9.53%</b>	<b>9.40%</b>

# Discussion on Consolidated Financial & Operational Performance – Q2 FY20

## Operational Rooms & Pipeline

- \* As of 1<sup>st</sup> November 2019, operational portfolio comprised of 77 hotels and 7,786 rooms : 3,646 owned, 1,546 leased and 2,594 managed rooms; Pipeline includes of 656 owned/leased and 2,056 managed rooms
- \* Propose to add another 538 rooms to the operational inventory by the end of Q4 FY20
- \* Plan to operate 84 hotels with 8,324 rooms across 51 cities by end of Q4 FY20
- \* Plan to operate 96 hotels with 9,348 rooms across 59 cities by CY21

## Revenue

- \* Revenue from operations stood at Rs. 152.8 Cr in Q2 FY20, up 18.7% as compared to Rs. 128.7 Cr in Q2 FY19. On old hotels basis, there was decrease in F&B and Other revenue. Around 17.2% increase was on account of new inventory addition.
- \* ADR increased by 4.9% from 3,939 in Q2 FY19 to 4,133 in Q2 FY20. On old hotels basis, ARR increased by 2.9% to 4,052 in Q2 FY20. For new hotels, ARR was 4,644 (14.6% higher than old hotels)
- \* Occupancy decreased by 351 bps from 78.3% in Q2 FY19 to 74.8% in Q2 FY20. On same hotels basis it was flat at 78.2%. For new hotels, occupancy was 58.8% (19.4% lower than old hotels)
- \* Fees from managed hotels stood at Rs. 4.7 Cr (3.1% of revenue from operations) in Q2 FY20 as compared to Rs. 3.0 Cr in Q2 FY19 (2.3% of the revenue from operations)

## Cost

- \* Total expenses stood at Rs. 104.3 Cr in Q2 FY20 as per the new AS 116 accounting, up 12.6% as compared to Rs 92.7 Cr in Q2 FY19. As per old accounting the expenses grew by 21.2% in Q1 FY20. Around 16.3% increase was on account of new inventory addition.

## Operating Margins

- \* EBITDA without other Income, as per the new AS 116 accounting, increased by 34.5% from Rs. 36.0 Cr in Q2 FY19 to Rs. 48.4 Cr in Q2 FY20
- \* EBITDA margins without other Income as per new AS 116 accounting, expanded by 372 bps from 28.0% in Q2 FY19 to 31.7% in Q2 FY20

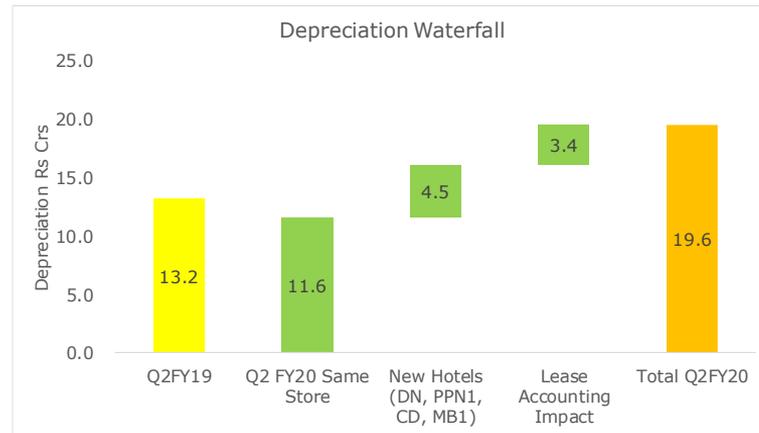
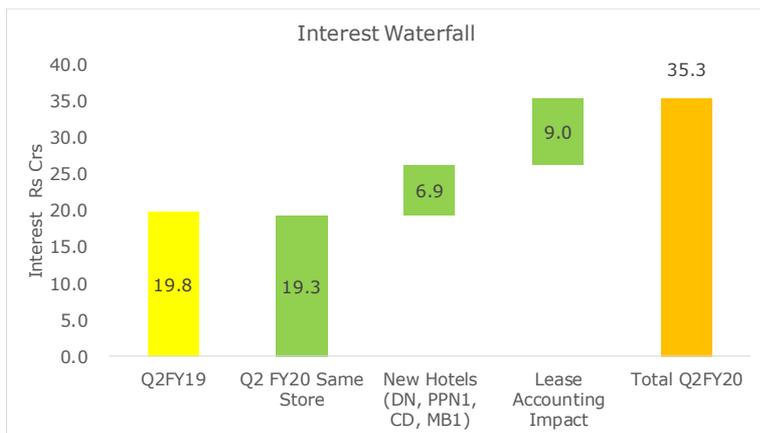
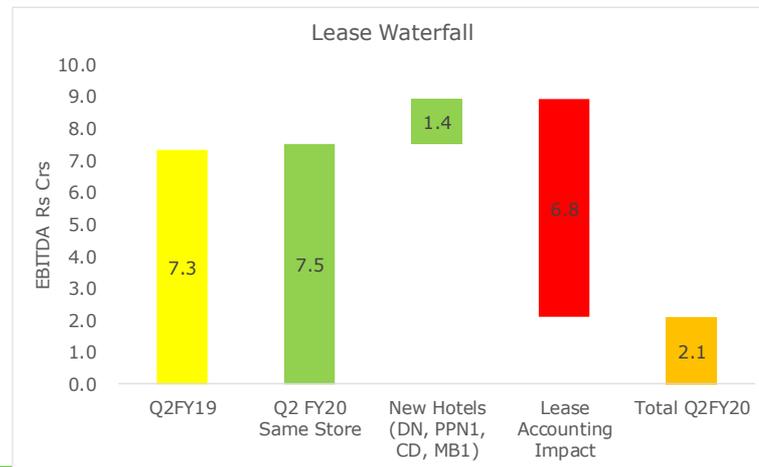
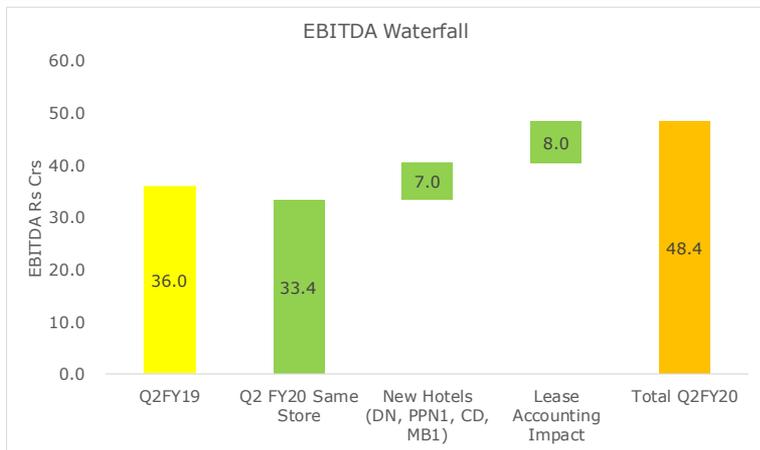
## Profit after tax

- \* Profit after tax, as per the AS 116 accounting, stood at Rs (3.0) Cr in Q2 FY20 as compared to Rs 6.5 Cr in Q2 FY19. As per old accounting the Profit after tax stood at Rs 0.1 Cr.
- \* Cash Profit for Q2 FY20 stood at Rs 17.5 Cr, 11.1% lower than Rs 19.7 Cr in Q2 FY19

# Impact of Ind AS 116 on Consolidated Q2FY20 Results

Profit and Loss Statement Impact (In Rs. Crores)	Before Ind AS 116	Ind AS 116 Impact	After Ind AS 116
Lease Rent	8.9	(6.8)	2.1
Other Expenses	37.5	(1.2)	36.3
<b>EBITDA</b>	<b>40.4</b>	<b>8.0</b>	<b>48.4</b>
Interest Expense	26.3	9.0	35.3
Depreciation	16.1	3.4	19.6
<b>Profit Before Tax</b>	<b>1.5</b>	<b>(4.4)</b>	<b>(3.0)</b>
Tax	1.4	(1.3)	0.1
<b>Profit After Tax</b>	<b>0.1</b>	<b>(3.1)</b>	<b>(3.0)</b>
Cash Profit	16.2	1.3	17.5

# Impact of Ind AS 116 on LHTL Q2FY20 Results as Waterfall



# Operational Performance by Brands & Region – Q2FY20 vs. Q2FY19

## Q2 FY20 vs. Q2 FY19

Parameters	Occupancy Rate (%)			Average Daily Rate (Rs.)			Hotel level EBITDAR/room (Rs. Lacs)			Hotel level EBITDAR Margin		
	Q2 FY19	Q2 FY20	Change (bps)	Q2 FY19	Q2 FY20	Change (%)	Q2 FY19	Q2 FY20	Change (%)	Q2 FY19	Q2 FY20	Change (bps)
By Brand												
Lemon Tree Premier	84.8%	86.5%	166	4,833	4,921	1.8%	2.6	2.3	(8.9%)	47.3%	44.7%	(264)
Lemon Tree Hotels	73.2%	72.7%	(43)	3,835	3,948	3.0%	1.1	1.2	10.5%	31.6%	34.5%	293
Red Fox Hotels	80.4%	78.8%	(169)	2,946	3,044	3.3%	1.2	1.1	(13.9%)	45.0%	41.2%	(386)

Parameters	Occupancy Rate (%)			Average Daily Rate (Rs.)			Hotel level EBITDAR/room (Rs. Lacs)			Hotel level EBITDAR Margin		
	Q2 FY19	Q2 FY20	Change (bps)	Q2 FY19	Q2 FY20	Change (%)	Q2 FY19	Q2 FY20	Change (%)	Q2 FY19	Q2 FY20	Change (bps)
By Region												
Delhi	84.5%	86.0%	152	4,296	4,312	0.4%	2.2	1.7	(21.5%)	44.4%	38.6%	(582)
Gurugram	75.1%	77.9%	276	4,004	4,078	1.9%	1.2	1.2	(1.2%)	31.1%	30.9%	(12)
Hyderabad	86.8%	83.7%	(309)	3,817	4,293	12.5%	2.1	2.2	9.0%	49.9%	51.0%	117
Bengaluru	83.6%	80.1%	(356)	4,239	4,370	3.1%	2.0	2.1	5.2%	45.5%	47.5%	201

Note:

- 1) These performance results do not include LTP Mumbai, LTP Pune, RFH Dehradun and RFH Chandigarh
- 2) The results of this quarter and H1 are not indicative of full year's performance due to seasonal nature of the business.

## Expansion Plans – Hotels under Development

Under-development hotels	Type	Rooms	Expected Opening date	Ownership (%)
Lemon Tree Mountain Resort, Shimla	Owned	69	Apr-21	100.00%
Lemon Tree Vembanad Lake Resort, Alleppey, Kerela <sup>1</sup>	Owned	10	Oct-21	100.00%
Aurika, Intl. Airport, Mumbai <sup>2</sup>	Owned	669	Nov-21	57.98%
<b>Total</b>		<b>748</b>		

- \* Total estimated project cost is Rs. 8,550 million
- \* Total capital deployed/capital expenditure already incurred (i.e. CWIP + Security Deposit for leased assets under-development + Land Capitalised + Capital advances – Capital creditors) as on 31<sup>st</sup> October, 2019 is Rs. 2,910 million
- \* Balance investment of Rs. 5,640 million will be deployed over the next 2 years in a phased manner, the majority of which will be through internal accruals

**Notes:** 1) Expansion in existing hotel.

2) LTH is in the process of applying to convert some commercial LTH spaces in this hotel to rooms. which is purely procedural. On revert of approvals, this will increase the hotel's inventory by 92 rooms to 669

# Expansion Plans – Pipeline of Management Contracts (as of 1<sup>st</sup> November , 2019)

Management Contracts Pipeline	Rooms	Expected Opening date	Tenure (years)
Red Fox Hotel, Vijaywada	90	Dec-19	10
Lemon Tree Premier, Rishikesh	66	Jan-20	12
Lemon Tree Hotel, Dubai	114	Jan-20	10
Lemon Tree Hotel, Thimpu	27	Jan-20	12
Lemon Tree Premier, Dwarka	108	Jan-20	12
Lemon Tree Hotel, BKC, Mumbai	70	Mar-20	15
Lemon Tree Premier, Coorg	63	Mar-20	15
<b>Management Rooms to be Operational in FY20</b>	<b>538</b>		
Lemon Tree Hotel, Jhansi	60	Apr-20	12
Lemon Tree Premier, Bhubaneshwar	76	Apr-20	10
Lemon Tree Resort, Mussoorie	40	May-20	15
Red Fox Hotel, Neelkanth	80	Jun-20	12
Lemon Tree Hotel, Ranthambore	60	Aug-20	10
Lemon Tree Hotel, Aligarh	68	Sep-20	12
Serviced Suites, Manesar	260	Sep-20	10
Lemon Tree Hotel, Bokaro	70	Sep-20	10
Lemon Tree Premier, Vijaywada	120	Sep-20	12
Lemon Tree Resort, Thimpu	38	Oct-20	10
Lemon Tree Hotel, Rishikesh	102	Nov-20	15
Lemon Tree Premier, Dindya	50	Jan-21	10
<b>Management Rooms to be Operational in FY21</b>	<b>1,024</b>		
Lemon Tree Hotel, Kathmandu	75	Apr-21	10
Lemon Tree Hotel, Trivandrum	100	Sep-21	10
Lemon Tree Hotel, Durgapur	80	Uncertain	10
Lemon Tree Hotel, Gulmarg	35	Uncertain	10
Lemon Tree Hotel, Sonamarg	40	Uncertain	10
Lemon Tree Hotel, Gwalior	104	Uncertain	10
Lemon Tree Hotel, Ludhiana	60	Uncertain	10
<b>Total Pipeline</b>	<b>2,056</b>		



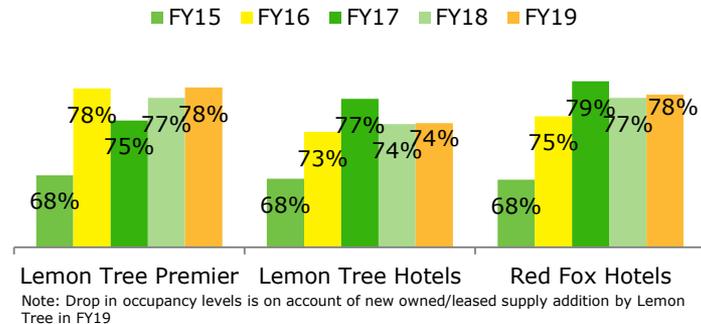
## ANNEXURES

# Strong operating performance

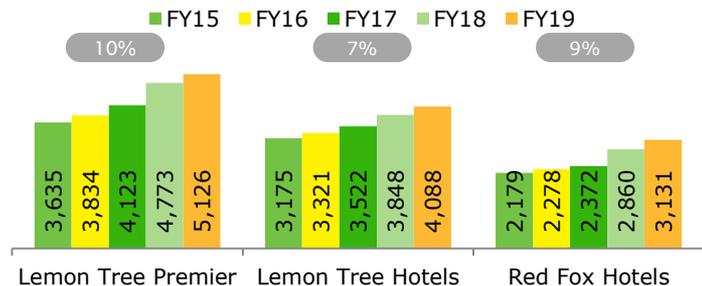
## Rooms are being added...



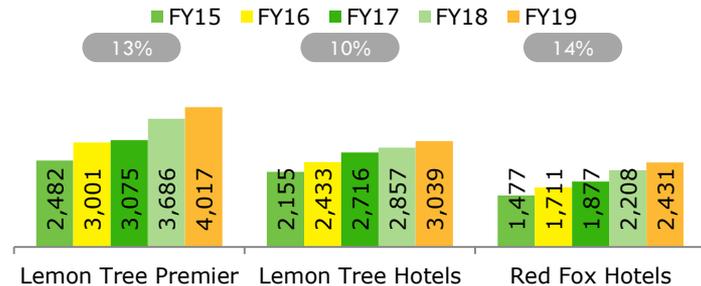
## ...and occupancy levels increasing...



## ...coupled with increasing ADR...



## ...leading to a RevPAR growth



# Strong Growth and improving margins

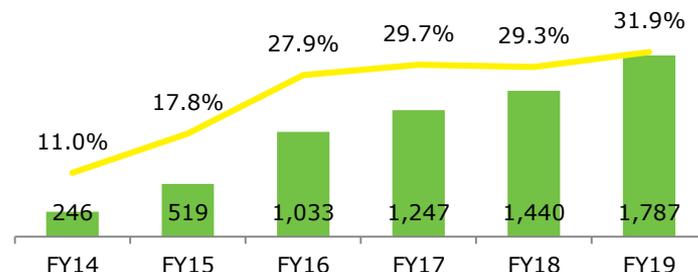
## Revenue has increased at 20% over the last 5 years...

Revenue from operations (Rs. million)



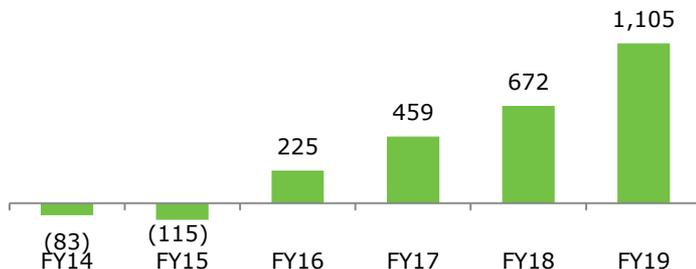
## ...coupled with increasing EBITDA margins

EBITDA & EBITDA margins



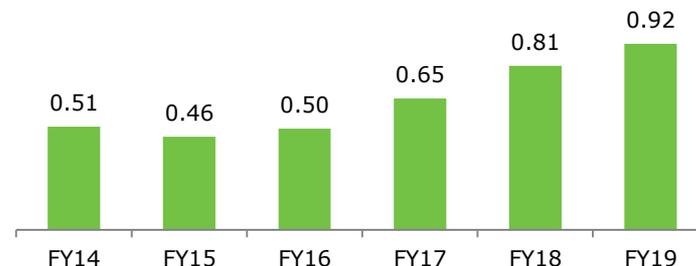
## Increasing cash profit\* growth

Cash Profit (PAT + Depreciation) (Rs. million)



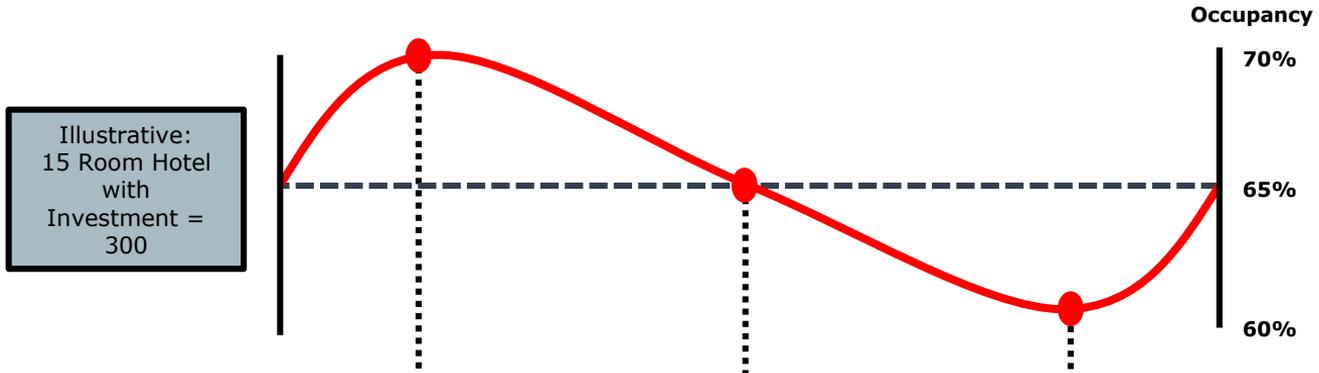
## Gearing low

Debt/Equity



Note: FY14, FY15 and FY16 figures are from Lemon Tree Prospectus. FY17, FY18 and FY19 figures are from audited balance sheet.

# The hotel business cycle

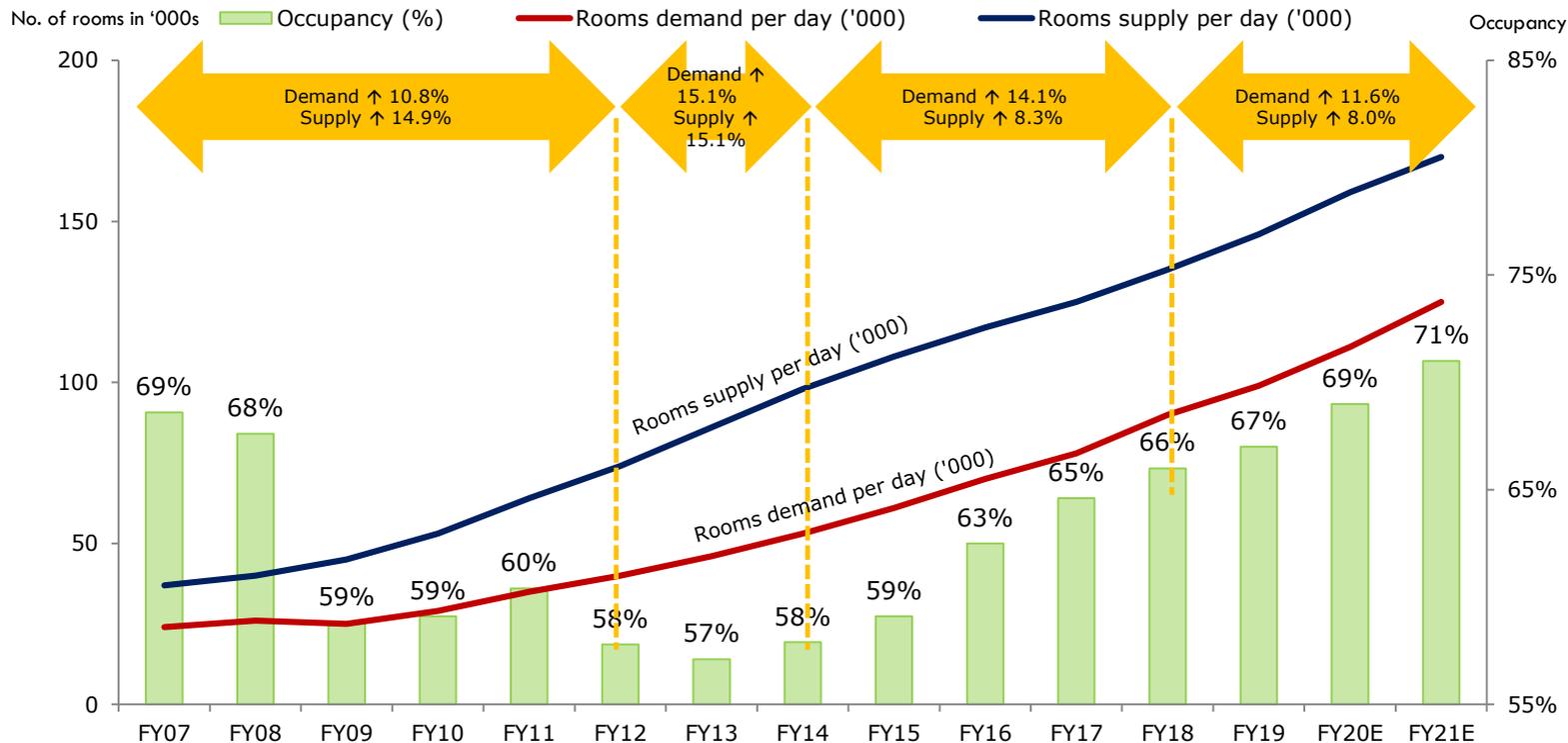


Cycle	Top (2)	Middle (3)	Bottom (2)	
<b>Occupancy</b>	70% or more	63-68%	60% or less	
<b>Rooms Sold</b>	12	10	8	
<b>Average Daily Rate</b>	13	10	7	
<b>Revenue</b>	<b>156</b>	<b>100</b>	<b>56</b>	<b>3:2:1</b>
<b>Expenses</b>	60	50	40	
<b>EBITDA</b>	96	50	16	
<b>Hotel RoCE</b>	32%	17%	5%	<b>6:3:1</b>
<b>Sustainable Debt:Equity Coverage</b>	Full Debt	1:1	No Debt	

Note: Hotel RoCE is calculated as Hotel level EBITDA/Capital deployed for operational hotels.

# Indian hotel industry is at an inflection point

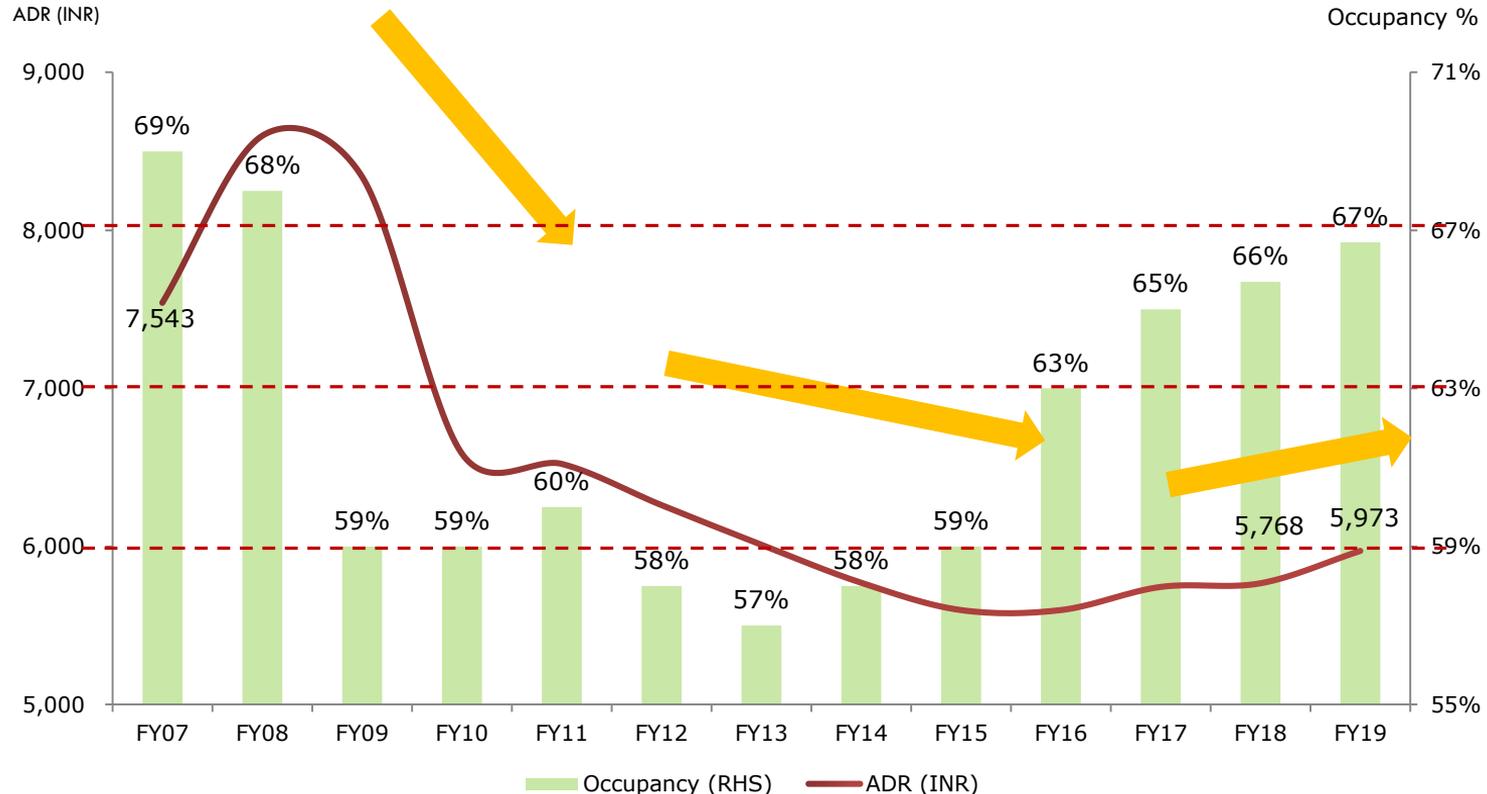
## Slowing supply and rising demand is expected to increase occupancy



Source : Horwath Report 2017, Hotelivate Trend and Opportunities Report 2019

# Increasing occupancy leading to increase in room rates

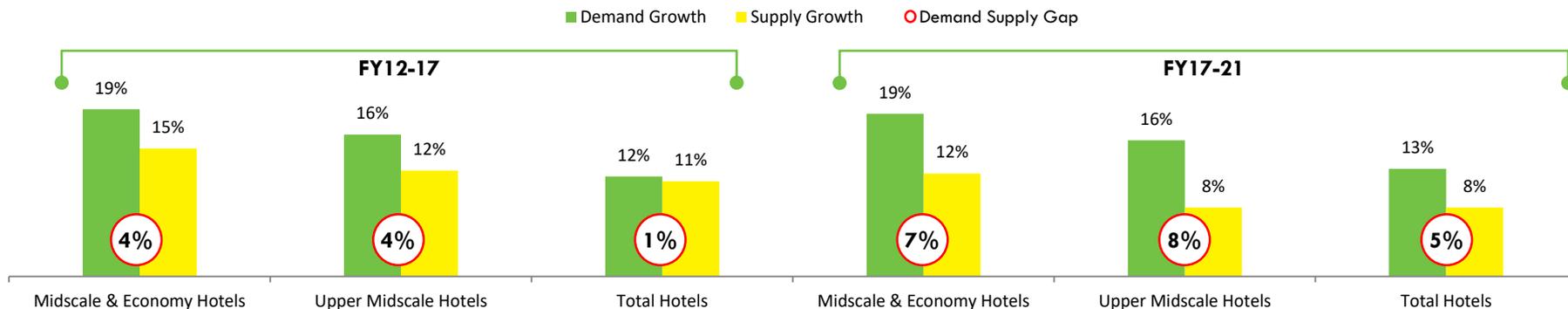
## Average Daily Rate (ADR) is increasing with increase in occupancy rates



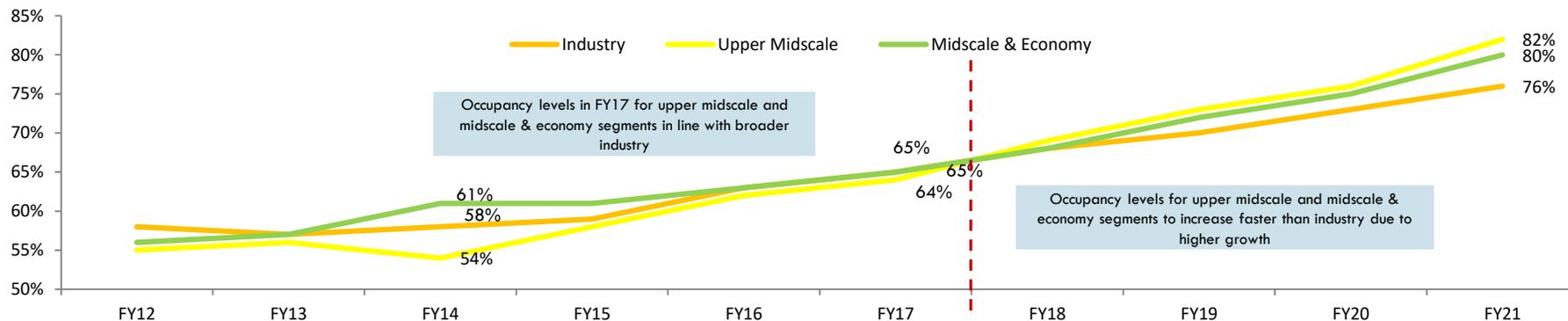
Source : Horwath Report 2017, Hotelivate Trends and Opportunities Report 2019

# Mid-priced hotel sector expected to have higher demand supply gap resulting in higher growth in occupancy

## Mid-priced hotel sector expected to continue having higher demand-supply gap leading to...



## ...faster growth in expected occupancy



## Lemon Tree Hotels Limited (LTH) Q2 FY20 Earnings Conference Call

**Time** • 5:00 PM IST on Wednesday, November 13, 2019

**Conference dial-in Primary number** • Primary number: +91 22 6280 1141 / +91 22 7115 8042

**Local access number** • +91 70456 71221 (Available all over India)

**International Toll Free Number**

- Hong Kong: 800 964 448
- Singapore: 800 101 2045
- UK: 0 808 101 1573
- USA: 1 866 746 2133

Lemon Tree Hotels (LTH) is the largest mid-priced hotel sector chain, and the third largest overall, on the basis of controlling interest in owned and leased rooms, as of June 30, 2017, according to the Horwath Report. LTH operates in the mid market sector, consisting of the upscale, upper midscale, midscale and economy hotel segments and seeks to cater to Indian middle class guests and deliver differentiated yet superior service offerings, with a value-for-money proposition.

LTH opened its first hotel with 49 rooms in May 2004 and currently operate (including Keys hotels) ~7800 rooms in 77 hotels across 45 cities. As the current pipeline becomes operational, LTH will be operating 105 hotels with ~10500 rooms, across 67 cities in India and abroad.

Lemon Tree Hotels including keys hotels are located across India, in metro regions, including the Delhi NCR, Mumbai, Kolkata, Bengaluru, Hyderabad and Chennai, as well as tier I and tier II cities such as Pune, Ahmedabad, Chandigarh, Jaipur, Indore, Aurangabad, Udaipur, Vishakhapatnam, Kochi, Ludhiana and Thiruvananthapuram.

*For more information about us, please visit [www.lemontreehotels.com](http://www.lemontreehotels.com) or contact:*

Kapil Sharma (Chief Financial Officer)

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