

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.

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 Standalone Financial Statements.

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.



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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 Rs. Nil, total assets of Rs. 915.33 lacs and net cash inflows of Rs. 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)

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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

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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 (Rs. 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

Lemon Tree Hotels Limited
Balance Sheet as at March 31, 2019

	Note	As at March 31, 2019 Rs in lakhs	As at March 31, 2018 Rs 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
		<u>127,616.67</u>	<u>127,493.07</u>
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
		<u>14,322.60</u>	<u>7,190.84</u>
		<u>141,939.27</u>	<u>134,683.91</u>
Total Assets			
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		<u>103,134.90</u>	<u>96,111.17</u>
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
		<u>29,398.00</u>	<u>27,494.75</u>
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
		<u>9,406.37</u>	<u>11,077.99</u>
		<u>38,804.37</u>	<u>38,572.74</u>
Total Liabilities			
Total Equity and Liabilities			
		<u>141,939.27</u>	<u>134,683.91</u>

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


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-0002974

Place : New Delhi
Date : May 29, 2019


Kapil Sharma
(Chief Financial Officer)


Nidhi Sethi
(Group Company Secretary)
Mem. no. - A18883



Lemon Tree Hotels Limited
Statement of Profit and Loss for the year ended March 31, 2019

	Note	Year ended March 31, 2019 Rs in lakhs	Year ended March 31, 2018 Rs 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 (EBITDA) (I-II) (refer note 2.2 (s))		10,035.25	7,508.83
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			
i) Items that will not be reclassified to profit or loss			
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

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

Lemma Tree Hotels Limited
Statement of Changes in Equity

A. Equity Share Capital

Equity shares of INR 10 each issued, subscribed and fully paid

At April 1, 2017

Issued during the year - Exercise of ESOP
Issued during the year - other than ESOP
Change in shares held by ESOP trust

At March 31, 2018

Issued during the year - Exercise of ESOP
Change in shares held by ESOP trust

At March 31, 2019

No. of shares	Amount Rs. in lakhs
781,313,833	78,131.38
2,318,370	231.84
2,820,249	282.02
41,800	4.16
786,353,251	78,635.32
3,833,781	383.38
(2,851,461)	(285.13)
786,295,571	78,625.55

B. Other Equity

For the year ended March 31, 2019

	Capital redemption reserve	Securities premium	Share based payments reserve	General reserve	Surplus in the statement of profit & loss	Items of OCI (losses)/gains on defined benefits	Total equity
Balance at April 1, 2017	45.00	8,954.37	342.12	3,015.24	3,507.48	17.41	14,481.62
Profit for the year	-	-	-	-	2,318.37	-	2,318.37
Other Comprehensive Income for the year	-	-	-	-	-	1.85	1.85
Issue of share capital	-	224.23	-	-	-	-	224.23
Share-based payments	-	88.39	94.54	-	-	-	182.93
Amount transferred from share based payment reserve to securities premium	-	(88.39)	(94.54)	-	-	-	-
Change in shares held by ESOP trust	-	(4.16)	-	-	-	-	(4.16)
Exercise of share options	-	239.23	-	-	-	-	239.23
Balance at March 31, 2018	45.00	9,602.16	342.26	3,015.24	6,325.85	18.26	17,471.68
Profit for the year	-	-	-	-	2,318.37	-	2,318.37
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	9,602.16	342.26	3,015.24	10,844.23	1.54	34,205.35

The accompanying notes are an integral part of the financial statements.
At per our report of even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

Vijay Ashok
Partner



For and on behalf of the Board of Directors of
Lemma Tree Hotels Limited

Poojall G. Kuvvala
(Chairman & Managing Director)

DN-30020914

Kapil Sharma
(Chief Financial Officer)

Najal Sethi
(Chief Company Secretary & GM Legal)

Mem. No. AL1883

Place : New Delhi
Date : May 25, 2019



Lemon Tree Hotels Limited

Cash flow statement for the year ended March 31, 2019

	For the year ended March 31, 2019 Rs in lakhs	For the year ended March 31, 2018 Rs 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)
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)



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Lemon Tree Hotels Limited

Cash flow statement for the year ended March 31, 2019

	For the year ended March 31, 2019 Rs in lakhs	For the year ended March 31, 2018 Rs in lakhs
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	23.66	26.89
Cash on hand		
Balances with scheduled banks in	1,016.94	544.71
- Current accounts		
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


Vijay Agarwal
Partner



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

Place : New Delhi
Date : May 29, 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, except 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 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:

- 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.

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:



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2019

- 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 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 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



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2019

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 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 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



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2019

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.

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 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 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.

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 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 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 1, 2019. The Company does not have any impact on account of this amendment.



3. Property, plant and equipment

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	16,228.29	11,957.87	4,637.33	1,805.49	938.76	34.35	2,204.84	235.49	133.29	262.54	47,236.43
Additions	1,796.15	1,192.02	-	104.50	11.89	63.80	15.78	48.71	77.83	41.37	295.46	3,626.51
Acquired on amalgamation (Refer note 42)	-	-	-	-	0.08	-	0.12	0.65	-	1.20	-	2.05
Disposals	-	0.28	-	14.30	0.08	0.87	1.27	3.60	-	2.11	88.33	113.64
At March 31, 2018	10,513.42	17,409.99	11,957.87	4,747.73	1,817.48	1,001.69	68.98	2,308.40	313.32	153.71	498.67	50,752.35
Additions	-	-	9.51	41.48	15.11	60.83	2.62	11.50	0.30	22.90	81.73	240.38
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	622.71	50,994.04
Depreciation												
At April 1, 2017	-	519.13	618.23	808.76	629.72	264.14	28.58	858.14	161.92	60.83	94.80	4,005.25
Charge for the year	-	270.55	277.00	436.58	288.59	158.02	16.09	341.47	40.78	31.14	83.76	1,643.30
Acquired on amalgamation (Refer note 42)	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	0.04	-	8.51	-	0.48	1.15	-	-	-	-	98.09
At March 31, 2018	-	789.44	895.23	1,237.55	918.11	421.68	43.52	1,194.91	202.70	81.88	166.27	3,810.46
Charge for the year	-	299.24	288.66	413.97	247.12	127.18	15.41	312.72	56.85	31.79	98.43	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	7,140.78
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	54.87	53.75	349.07	43,843.28
At March 31, 2018	10,513.42	16,620.51	11,062.85	3,510.19	899.27	540.01	25.46	1,114.68	110.62	62.63	402.18	44,901.89

Net book value
Property, plant and equipment
As at March 31, 2019
As at March 31, 2018
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'.



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2019

4. Capital work-in-progress

	As at March 31, 2019 Rs in lakhs	As at March 31, 2018 Rs 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
	<u>1,170.49</u>	<u>756.92</u>
 Hotel at Banjara Hills, Hyderabad		
Material	-	175.78
Project staff expenses	-	20.49
Other expenses	-	7.36
	-	<u>203.63</u>
	-	<u>203.63</u>
Less:- Capitalised during the year	-	-
	<u>1,170.49</u>	<u>756.92</u>



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2019

5. Investment property

Particulars	Total Rs 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	At March 31, 2018
	Rs in lakhs	Rs 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.

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 Rs. 258.89 lakhs and Rs. 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



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2019

6. Intangible assets

	Rs 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



(This space has been intentionally left blank)

Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2019****7. Financial assets**

	As at March 31, 2019 Rs in lakhs	As at March 31, 2018 Rs 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 Rs.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 Re.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 Re.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 Rs.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 Re.1 each fully paid.	931.40	931.40
571,428 (Previous year 571,428) Equity shares of Manakin Resorts Private Limited of Rs.10 each fully paid.	390.69	390.69
10,854,592 (Previous year: 10,854,592) Equity shares of Begonia Hotels Private Limited of Re.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 Rs.10 each fully paid.	2,643.97	2,643.97
700,000 (Previous year 934,580) Equity shares of Carnation Hotels Private Limited of Re.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 Re.1 each fully paid.	455.01	455.01
115,000 (Previous year 115,000) Equity shares of Dandelion Hotels Private Limited of Re.1 each fully paid.	160.54	160.54
350,000 (Previous year 350,000) Equity shares of Lemon Tree Hotel Company Private Limited of Re.1 each fully paid.	3.50	3.50
300,000 (Previous year 300,000) Equity shares of Red Fox Hotel Company Private Limited of Re.1 each fully paid.	3.00	3.00
1,280,209 (Previous year 1,225,209) Equity shares of Meringue Hotels Private Limited of Re.1 each fully paid.	11,582.44	11,075.89
10,000 (Previous year nil) Equity shares of Poplar Homestead Holding Private Limited of Rs.10 each fully paid.	1.00	-
10,000 (Previous year nil) Equity shares of Madder Stays Private Limited of Rs.10 each fully paid.	1.00	-
10,000 (Previous year nil) Equity shares of Jessamine Stays Private Limited of Rs.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 Rs.10 each fully paid.	15.00	-
340,000 (Previous year 340,000) Equity shares of Mind Leaders Learning India Private Limited of Rs.1 each fully paid.	3.40	3.40



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2019
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 Rs.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 Rs.10 each fully paid**

270.00 -

Deemed investment (equity portion) on account of interest free loan to subsidiaries

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 Rs.10 each fully paid.

0.26 0.26

9,126 (Previous Year : 9,126) equity shares of School of Hospitality India Private Limited of Rs.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



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2019

*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

^Investment in equity shares of Sukhsagar Complexes Private Limited have been pledged for term loans taken by these companies.

**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.

(ii) Loans

(unsecured considered good unless otherwise stated)

Loans to employees at amortised cost

As at March 31, 2019 Rs in lakhs	As at March 31, 2018 Rs in lakhs
171.11	1,615.50
171.11	1,615.50

(iii) Other financial assets

Security deposits (unsecured, considered good)

Interest accrued on deposits with banks

Fixed deposits under lien*

As at March 31, 2019 Rs in lakhs	As at March 31, 2018 Rs in lakhs
1,060.52	985.58
222.67	154.56
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.



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2019

8.1 Deferred tax assets (net)

	As at March 31, 2019 Rs in lakhs	As at March 31, 2018 Rs 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 credit 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 Rs 2,478.78 lakhs as at March 31, 2019. As at 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 Rs. 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	(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



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2019

8.2 Non-Current tax assets (net)

	As at March 31, 2019 Rs in lakhs	As at March 31, 2018 Rs in lakhs
Advance Income Tax (net of provision for taxation)	777.84	970.04
	<u>777.84</u>	<u>970.04</u>



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2019

9. Other non-current assets

	As at March 31, 2019 Rs in lakhs	As at March 31, 2018 Rs 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



Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2019****10. Inventories****(valued at lower of cost and net realisable value)**

	As at March 31, 2019 Rs in lakhs	As at March 31, 2018 Rs in lakhs
Food and beverages (excluding liquor and wine)	50.01	57.64
Liquor and wine	33.95	31.54
others	118.65	110.34
Total	202.61	199.52

Refer footnote to Note 15 for inventories pledged.

*(This space has been intentionally left blank)*

Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2019

11. Financial assets

	As at March 31, 2019 Rs in lakhs	As at March 31, 2018 Rs 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.

	As at March 31, 2019 Rs in lakhs	As at March 31, 2018 Rs 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 Rs. 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 Rs in lakhs	As at March 31, 2018 Rs 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 Rs in lakhs	As at March 31, 2018 Rs in lakhs
(iv) Other financial assets		
Unsecured, considered good		
Security deposits	300.68	311.42
	<u>300.68</u>	<u>311.42</u>
Others		
Commission receivable	-	1.68
Expenses recoverable	-	1,327.73
	<u>300.68</u>	<u>1,640.83</u>

12. Other current assets

	As at March 31, 2019 Rs in lakhs	As at March 31, 2018 Rs 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	<u>2,038.50</u>	<u>1,092.80</u>

(This space has been intentionally left blank)



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2019

13. Share capital

Authorised Share Capital

	Equity shares	
	No. of shares	Rs in lakhs
At April 1, 2017	99,85,50,000	99,855.00
Increase during the year (on amalgamation)	28,90,000	289.00
At March 31, 2018	1,00,14,40,000	1,00,144.00
Increase/(decrease) during the year	-	-
At March 31, 2019	1,00,14,40,000	1,00,144.00

5% Redeemable Cumulative Preference Shares

	5% Redeemable Cumulative Preference Shares	
	No. of shares	Rs in lakhs
At April 1, 2017	1,45,000	145.00
Increase/(decrease) during the year	-	-
At March 31, 2018	1,45,000	145.00
Increase/(decrease) during the year	-	-
At March 31, 2019	1,45,000	145.00

Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 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 Rs 10 each issued, subscribed and fully paid

	Equity shares of Rs 10 each issued, subscribed and fully paid	
	No. of shares	Rs in lakhs
At April 1, 2017	78,12,13,033	78,121.30
Issued during the year - Exercise of ESOP	23,18,370	231.84
Issued during the year - other than ESOP	28,20,248	282.02
Change in shares held by ESOP trust	41,600	4.16
At March 31, 2018	78,63,93,251	78,639.32
Issued during the year - Exercise of ESOP	58,33,781	583.38
Change in shares held by ESOP trust	(29,31,461)	(293.15)
At March 31, 2019*	78,92,95,571	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 :-



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2019

	Share capital		Shares held by ESOP trust		Share capital (net)	
	No. of shares	Rs in lakhs	No. of shares	Rs in lakhs	No. of shares	Rs in lakhs
At April 1, 2017						
Issued during the year - Exercise of ESOP	78,12,74,065	78,127.41	61,032	6.10	78,12,13,033	78,121.30
Issued during the year - other than ESOP	23,18,370	231.84	-	-	23,18,370	231.84
Change in shares held by ESOP trust	28,20,248	282.02	-	-	28,20,248	282.02
At March 31, 2018						
Issued during the year - Exercise of ESOP	78,64,12,683	78,641.27	19,432	1.94	78,63,93,251	78,639.32
Change in shares held by ESOP trust	58,33,781	583.38	-	-	58,33,781	583.38
At March 31, 2019						
	79,22,46,464	79,224.65	29,50,893	293.15	78,92,95,571	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 as at March 31, 2019	No. of shares	% held as at March 31, 2018
Equity shares of Rs. 10 each fully paid up				
Maplewood Investment Limited	9,84,08,065	12.42%	19,29,08,118	24.53%
Spank Management Services Private Limited	20,76,85,759	26.21%	20,73,75,759	26.37%
RJ Corp Limited	5,34,27,784	6.74%	7,87,48,368	10.01%
APG Strategic Real Estate Pool N.V.	11,87,30,914	14.99%	11,87,30,914	15.10%
SBI Large and Midcap Fund	5,68,17,761	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 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 the reporting date

	March 31, 2019	March 31, 2018
Equity shares allotted as fully paid, pursuant to amalgamations (Refer note 42)	8,89,97,722	8,89,97,722
Equity shares allotted as fully paid bonus shares by capitalization of securities premium and capital redemption reserve	64,61,25,652	64,61,25,652

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.



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2019

14. Other equity

Securities premium

	Rs in lakhs
At April 1, 2017	8,954.37
Premium on issue of shares	324.33
Additions on ESOPs exercised	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 exercised (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

	Rs 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

	Rs 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

	Rs 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	-



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2019

Capital redemption reserve	Rs 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 Rs in lakhs	As at March 31, 2018 Rs 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 received 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 paid-up 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.



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2019

15. Borrowings

	As at March 31, 2019 Rs in lakhs	As at March 31, 2018 Rs in lakhs
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	-	-



Lemon Tree Hotels Limited
Notes to Consolidated financial statements for the year ended March 31, 2019

Footnotes to Note 15 "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	Kulak Mahindra Bank Limited	217.00	N/A	9.40% (Interest rate @ 6 months MCLR rate + 0.60%)	The loan is repayable in 60 monthly installments of Rs 1,665,667 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 Plot No. 287-289 Sector-29, Gurgaon owned by the borrower. Also, exclusive charge over Movable Fixed Assets of the Hotel Property at Sector-29, Gurgaon.
2	Kulak Mahindra Bank Limited	1,433.00	9.45% (Interest rate @ 6 months MCLR rate + 0.45%)	9.40% (Interest rate @ 6 months MCLR rate + 0.60%)	The loan is repayable in 60 quarterly installments.	
3	Kulak Mahindra Bank Limited	431.00	9.45% (Interest rate @ 6 months MCLR rate + 0.45%)	9.40% (Interest rate @ 6 months MCLR rate + 0.60%)	The loan is repayable in 60 monthly installments.	
4	Kulak Mahindra Bank Limited	5,200.00	9.35% (Interest rate @ 6 months MCLR rate + 0.50%)	8.80% (Interest rate @ 6 months MCLR rate + 0.60%)	The loan is repayable in 24 quarterly installments.	
5	RBL Bank Ltd.	3,000.00	10.75%	10.25%	The loan is repayable in scattered quarterly installments 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 bank 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 (development agreement, management agreement, construction contract), duly acknowledged and consented to by the counter party; - All the right, title, interest, benefits, claims and demands whatsoever of the borrower in clearances, 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 Substitution Agreement, on pari passu basis with other lenders. (Project implies to Red Fox Hotel in Property No. 6, Hospitality District, Delhi International Airport, New
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 installments. Interest is payable monthly as and when due.	It is secured by: a) First part passu charge on the current assets, entire movable fixed assets and immovable assets of the Hotel Lemon Tree, Udyog Vihar, Hotel Lemon Tree, Puna, 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. Loan taken over by IDFC Bank Limited
7	Yes Bank Limited	N/A	N/A	9.40%	The loan is repayable in scattered quarterly installments beginning from February 2016. Interest is payable monthly as and when due.	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 term 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 Borrow of entire cash flow of Red Fox Hotel Hyderabad. d) DPN
8	Aditya Birla Finance Limited	4,500.00	10.25% (linked with 1 year MCLR)	N/A	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 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 measuring 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 bank debts, operating cash flows, receivables, commissions, bank accounts (wherever 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) and measuring 0.46 acres (2241.38 sq yds) and building thereon.
9	IDFC Bank Limited	2,100.00	9.60% (linked with 1 year MCLR)	9.00% (linked with 1 year MCLR)	The loan is repayable in 40 step-up quarterly installments.	



Lemon Tree Hotels Limited
Notes to Consolidated Financial statements for the year ended March 31, 2019

Footnotes to Note 15 "Borrowings"

Rs 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
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, Ahmedabad - Hotel Lemon Tree, Chennai - Hotel Lemon Tree, Bangalore
11	HDFC Bank Limited	11,100.00	9.20% (linked with 1 year MCLR)	NA	The loan shall 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, Ahmedabad, 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, movable 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 12.00 %	These loans are repaid on agreed monthly installments.	Vehicle loan is secured by hypothecation of underlying motor vehicle acquired out of such loans

- (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, debt service coverage ratio, fixed assets coverage ratio.
(iii) The Company has complied with the covenants as per the terms of the loan agreement.



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2019

16. Provisions

	As at March 31, 2019 Rs in lakhs	As at March 31, 2018 Rs 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 Rs in lakhs	As at March 31, 2018 Rs in lakhs
Reserve for lease equalisation	1,269.09	1,123.32
Total	1,269.09	1,123.32



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2019

18. Financial liabilities

	As at March 31, 2019 Rs in lakhs	As at March 31, 2018 Rs 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:

- 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.
- 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.
- 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 (taken over from Yes Bank during 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:

- 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.

	As at March 31, 2019 Rs in lakhs	As at March 31, 2018 Rs 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 Rs in lakhs	As at March 31, 2018 Rs 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
Bank 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 Rs in lakhs	As at March 31, 2018 Rs 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

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Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2019

20. Revenue from operations

	For the year ended March 31, 2019 Rs in lakhs	For the year ended March 31, 2018 Rs 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 Rs in lakhs	For the year ended March 31, 2018 Rs 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

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Lemon Tree Hotels Limited
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 Rs in lakhs	For the year ended March 31, 2018 Rs 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 Rs in lakhs	For the year ended March 31, 2018 Rs 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

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Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2019

24. Other expenses

	For the year ended March 31, 2019 Rs in lakhs	For the year ended March 31, 2018 Rs 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
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 Rs in lakhs	For the year ended March 31, 2018 Rs 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:		
i) Construction/acquisition of any asset	In cash	Yet to be paid in cash
ii) On purposes other than (i) above	3.90	-
(c) Amount spent during the year ending on March 31, 2018:		
i) Construction/acquisition of any asset	In cash	Yet to be paid in cash
ii) On purposes other than (i) above	-	-

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Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2019

25. Finance costs

	For the year ended March 31, 2019 Rs in lakhs	For the year ended March 31, 2018 Rs in lakhs
Interest	2,887.41	2,708.39
- on term loans from banks	164.29	283.55
- on loans from others	25.77	16.73
- on vehicle loans	201.48	225.63
- on other credit facilities from banks	0.56	0.03
- on income tax	-	4.03
Prepayment charges	200.48	190.49
Bank charges (including commission on credit card collection)	3,479.99	3,428.85
Total		

26. Finance income

	For the year ended March 31, 2019 Rs in lakhs	For the year ended March 31, 2018 Rs 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 Rs in lakhs	For the year ended March 31, 2018 Rs 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 March 31, 2019	For the year ended March 31, 2018
Profit attributable to equity holders (for basic and diluted) (Rs 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.

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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:

Operating lease commitments – Company as lessee

The Company 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 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.



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2019

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 Rs 2,478.78 lakhs as at March 31, 2019.



Lemon Tree Hotels Limited**Notes to financial statements for the year ended 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 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.

Rs. 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.



Lemon Tree Hotels Limited
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				Rs. 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		Remeasurement gains/(losses) in other comprehensive income							Rs. in lakhs		
	Balance	cost charged to profit or loss	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
	April 1, 2017											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	



Lemon Tree Hotels Limited

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:

	March 31, 2019	March 31, 2019	March 31, 2019	Rs in lakhs 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
	March 31, 2018	March 31, 2018	March 31, 2018	Rs in lakhs 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



Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2019**

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:

Duration (Years)	<i>Rs. in lakhs</i>	
	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).

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.

Particulars	<i>Rs. in lakhs</i>	
	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



Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2019**

Future minimum rentals payable under non-cancellable operating leases as at year end are as follows:

Rs. 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 Rs. 360.79 lakhs (March 31, 2018 Rs. 3,171.57 lakhs)

c. Contingent liabilities**Legal claim contingency**

Rs. 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').



Lemon Tree Hotels Limited**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 Rs. 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 Rs. 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:

Rs. 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



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2019

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.

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:



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2019

	April'18 to March'19		April'17 to March'18	
	Number of Options	Weighted Average Exercise Price(Rs.)	Number of Options	Weighted Average Exercise Price(Rs.)
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 (Rs.)	Number of options outstanding		Weighted average remaining contractual life of options (in years)	Weighted average exercise price (Rs.)	
	As at March 31, 2019	As at March 31, 2018		As at March 31, 2019	As at March 31, 2018
-	-	5,833,781	-	-	21.50
10.57-21.50	-	-	5.70	-	-



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2019

Stock Options granted

The weighted average fair value of stock options granted during the year was Rs Nil (Previous year Rs.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.



Lemon Tree Hotels Limited**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 20th June 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
- Inova 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 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)



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2019

- 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

Enterprises owned or significantly influenced by key management personnel or their relatives

- Spank Management Services Private Limited

Enterprise 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



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2019

The following table provides the total amount of transactions that have been entered into with related parties for the relevant year

Rs. 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	Associate	Enterprise in which Director is common
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							

Lemon Tree Hotels Limited

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	Associate	Enterprise in which Director is common
Inovoa Hotels & Resorts Limited	31-Mar-19	0.95	-	-	-	-	-
	31-Mar-18	-	-	-	-	-	-
Canary Hotels Private Limited	31-Mar-19	0.28	-	-	-	-	-
	31-Mar-18	-	-	-	-	-	-
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	-				

Lemon Tree Hotels Limited

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	Associate	Enterprise in which Director is common
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	31-Mar-19	465.36	-	-	-	-	-



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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	Associate	Enterprise in which Director is common
Private Limited	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	-	-	-	-	-
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 Pvt Ltd	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	-	-	-	-



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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	Associate	Enterprise in which Director is common
	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	-			

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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	Associate	Enterprise in which Director is common
Private Limited	31-Mar-18	0.81	-	-	-	-	-
Carnation Hotels Private Limited	31-Mar-19	47.05	-	-	-	-	-
	31-Mar-18	57.50	-	-	-	-	-
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	-	-	-	-	-

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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	Associate	Enterprise in which Director is common
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	31-Mar-19	-	-	-	-	-	-



Lemon Tree Hotels Limited

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	Associate	Enterprise in which Director is common
Limited							
	31-Mar-18	3,020.00	-	-	-	-	-
Sukhsagar Complexes Private Limited	31-Mar-19	-	-	-	-	-	-
	31-Mar-18	770.00	-	-	-	-	-
Grey Fox Project Management Company Private Limited	31-Mar-19	-	-	-	-	-	-
	31-Mar-18	420.00	-	-	-	-	-
Oriole Dr Fresh Hotels Private Limited	31-Mar-19	-	-	-	-	-	-
	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 Limited	31-Mar-19	273.82	-	-	-	-	-
	31-Mar-18	224.12	-	-	-	-	-
Canary Hotels Private Limited	31-Mar-19	90.26	-	-	-	-	-
	31-Mar-18	-	-	-	-	-	-
Sukhsagar Complexes Private Limited	31-Mar-19	86.93	-	-	-	-	-



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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	Associate	Enterprise in which Director is common
	31-Mar-18	-	-	-	-	-	-
Others	31-Mar-19	389.33	-	-	-	-	-
	31-Mar-18	502.77	-	-	-	-	-
Training Fees Paid(Net of TDS)							
Mind Leaders Learning India Private Limited	31-Mar-19	-	-	-	-	108.27	-
	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 unsecured 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 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)

Rs. 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



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2019

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

Rs 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 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.



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2019

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities:

Financial assets and liabilities measured at fair value

Rs. 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.



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2019

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:

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.

Rs. 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
		<i>Rs. In lakhs</i>
31-March-19		
Rs	50	171.29
Rs	-50	(171.29)
31-March-18		
Rs	50	171.44
Rs	-50	(171.44)

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.

	<i>Rs. in lakhs</i>	
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)

	<i>Rs. in lakhs</i>	
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



Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2019**

credit loss)

Particulars	Rs. in lakhs	
	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

(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



Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2019****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 Rs. 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.

Rs. 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.

Rs. 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.

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 Rs. 603.98 lakhs in respect of land taken for lease of 60 years for construction of hotel building. The Company has amortized Rs. 10.07 lakhs (Previous year: March 31, 2018 Rs. 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 Rs. 502.48 lakhs (March 31, 2018: Rs. 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 Rs. 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

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.



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2019

Asset Acquired and liabilities recognised at the date of acquisition

Rs. 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.

Rs. 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

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.



Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2019****43. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006.**

	<i>Rs. In lakhs</i>	
	March 31, 2019	March 31, 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.

