Rest Assured

Lemon Tree Hotels Limited
Annual Report 2019-20

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Rest Assured

The spread and impact of the COVID-19 pandemic have been profound. A nationwide lockdown was enforced on 25 March 2020 on very short notice and a country of over 1.3 billion people was ushered into a long tunnel of uncertainty, anxiety and immovability. One that unfolded, layer by layer, as a five-phased lockdown, spanning four months and continuing.

Offices, hotels, restaurants, bars, shops, malls, transportation and almost everything else (except a few essential services)closed instantly. This deeply impacted the guests who were then staying at our hotels across the country, as well as those who would have to stay with us during the pandemic (quarantine, transit). The threat posed by the coronavirus to everyone's health including that for our employees is large and very real. Our commitment to *'delighting our guests, whose comfort, safety, security and well-being is our main reason for being'* continued to guide our actions even in this difficult time. With our customer focus and our careful redefinition of hygiene and sanitization processes, we ensure that **our guests rest assured** during their stay at Lemon Tree Hotels.

As the virus spreads quickly through human interaction, it is important for our hotel teams to follow strictly containment protocols including continuous sanitization of surfaces in public areas, social distancing (of people and seating arrangements), altered food and beverage service norms, personal hygiene norms like wearing a mask, sneezing/coughing protocol, use of gloves, etc. This is implemented within the employee teams, as well as with hotel guests. We have built the new processes keeping in mind our core value *'ensuring the well-being and self-worth of our colleagues, who are of the utmost importance to us'*. It is imperative for **our teams** to be motivated and **rest assured** that their health and safety are taken care of in the line of duty, even in these uncertain times.

The business impact of the pandemic on the economy and specifically on the hospitality and tourism sector continues to be tremendous. A lockdown means a total lack of movement within and between cities. With flights, trains and road travel all coming to a grinding halt, demand for hotel rooms collapsed. Lemon Tree's approach is a two-pronged strategy. First, to bring in revenue from all segments available in these circumstances. Second, to re-align and redefine our cost structure – both fixed and variable costs. Our commitment to *'maximizing the efficiency of our processes, to enable us to be the most cost-effective brand offering the greatest value, which our customers have every right to expect'* is top of mind at this time. If the revenue stream is shrinking significantly it is the company's responsibility to shrink costs to match these new revenues and help the company stay net EBITDA positive. This would mean Lemon Tree's stakeholders can rest assured that the risk to their investment is mitigated to the maximum extent possible, in the current unprecedented circumstances.

We are Lemon Tree Hotels

Our portfolio of 7 brands

aurika HOTELS & RESORTS

Luxury by Lemon Tree Hotels with experiences 'beyond the unusual'

	Hotels	Rooms
FY20	01*	139
CY22	02	808

*As of 29th May 2020

lemon tree PREMIER

Upper-midscale hotels at strategic locations with vibrant décor segment

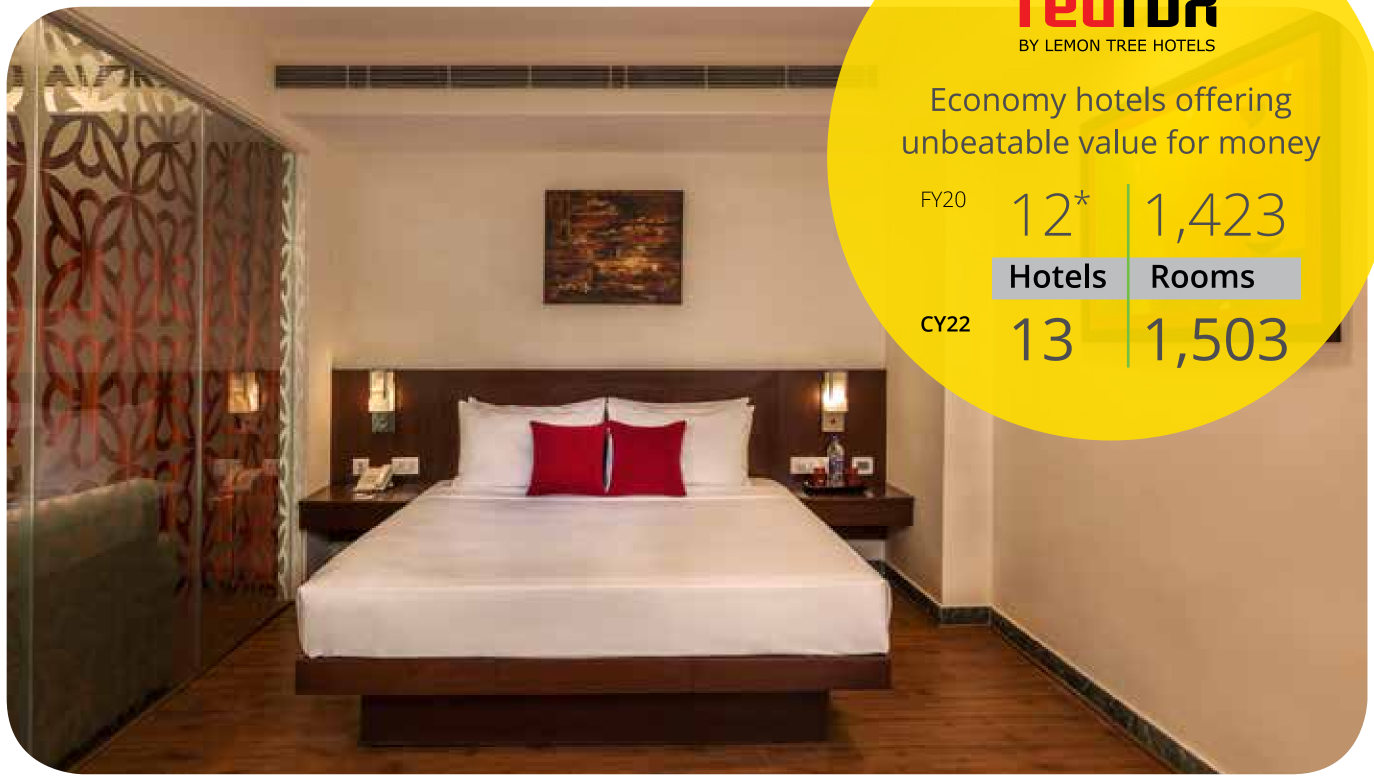
	Hotels	Rooms
FY20	15*	2,207
CY22	20	2,624

lemon tree HOTELS

Midscale hotels offering a refreshingly different experience

	Hotels	Rooms
FY20	35*	2,646
CY22	56	4,199

*As of 29th May 2020



redfox BY LEMON TREE HOTELS

Economy hotels offering unbeatable value for money

	Hotels	Rooms
FY20	12*	1,423
CY22	13	1,503

keys SELECT BY LEMON TREE HOTELS

Midscale hotels where elegance meets comfort, for both business and leisure travelers

	Hotels	Rooms
FY20	14*	1,429
CY22	14	1,429

keys PRIMA BY LEMON TREE HOTELS

Upper-midscale segment hotels with a premium experience at an affordable price point

	Hotels	Rooms
FY20	01*	115
CY22	02	155

keys LITE BY LEMON TREE HOTELS

Economy hotels with all the must-have-amenities, at a value-for-money price point

	Hotels	Rooms
FY20	02*	47
CY22	02	47

*As of 29th May 2020

*As of 29th May 2020

Our footprint

Note : *As of 29th May 2020*

Our network

Destinations	48 Operational Cities*	+	20 Upcoming Cities	=	68 Cities by end of CY22
Hotels	80 Operational Hotels*	+	29 Upcoming Hotels	=	109 Hotels by end of CY22
Rooms	8,006 Operational Rooms*	+	2,759 Upcoming Rooms	=	10,765 Rooms by end of CY22
Certificate of Excellence	47	of	55		

Hotels operating for at least a year, awarded TripAdvisor Certificate of Excellence for 2019

lemon tree smiles Members

1,168,939 Members at the end of FY20 **vs** **947,776** Members at the end of FY19

Repeat Guests

28% are the repeat guests in Adult hotels i.e. hotels more than 3 years old.

31% are the repeat guest in Young hotels i.e. hotels less than 3 years old.

**As of 29th May 2020*

Year's Highlights

Acquisition

Acquired "Berggruen Hotels Private Limited", 4th largest mid-market hotel chain in India, operating under three brands – Keys Prima Hotels, Keys Select Hotels, Keys Lite Hotels. With the consummation of the transaction, Lemon Tree Hotels expanded its operating portfolio by ~ 1,600 rooms, 17 hotels and 8 new destinations.

New Brands

Aurika Hotels and Resorts

New upscale brand launched with Aurika, Udaipur

Keys Prima Hotels

Upper-midscale brand acquired with the acquisition of Berggruen Hotels Private Limited

Keys Select Hotels

Midscale brand acquired with the acquisition of Berggruen Hotels Private Limited

Keys Lite Hotels

Economy brand acquired with the acquisition of Berggruen Hotels Private Limited

Hotel Openings

Lemon Tree Hotel, Amritsar
8th April 2019

Red Fox Hotel, Alwar
6th May 2019

Lemon Tree Premier, Mumbai
28th June 2019

Lemon Tree Premier, Kolkata
14th October 2019

Aurika, Udaipur
29th October 2019

Red Fox Hotel, Vijayawada
28th November 2019

Lemon Tree Hotel, Dubai
19th December 2019

Lemon Tree Hotel, Rishikesh
14th January 2020

International Markets

Lemon Tree Hotels Limited made its international entry with the launch of Lemon Tree Hotel, Dubai, and subsequently Lemon Tree Hotel, Thimphu.

Lemon Tree Hotel, Thimphu
27th February 2020

New Hotel Signings

1. Lemon Tree Hotel, Baga, Goa 18th December 2019
2. Lemon Tree Hotel, Darjeeling, West Bengal 23rd December 2019
3. Keys Prima Hotel, Dehradun, Uttarakhand 1st January 2020
4. Lemon Tree Hotel, Nagarkot, Nepal 10th February 2020

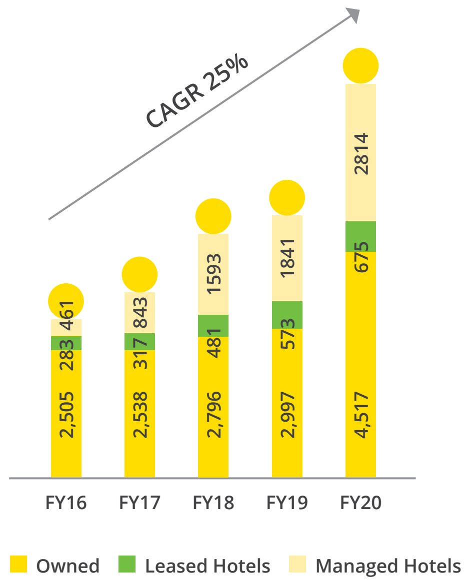
Awards and Accolades

- Best Differently Abled Friendly Hotel at FICCI Travel & Tourism Excellence Awards 2019
- Best 3-star Hotel at FICCI Travel & Tourism Excellence Awards 2019

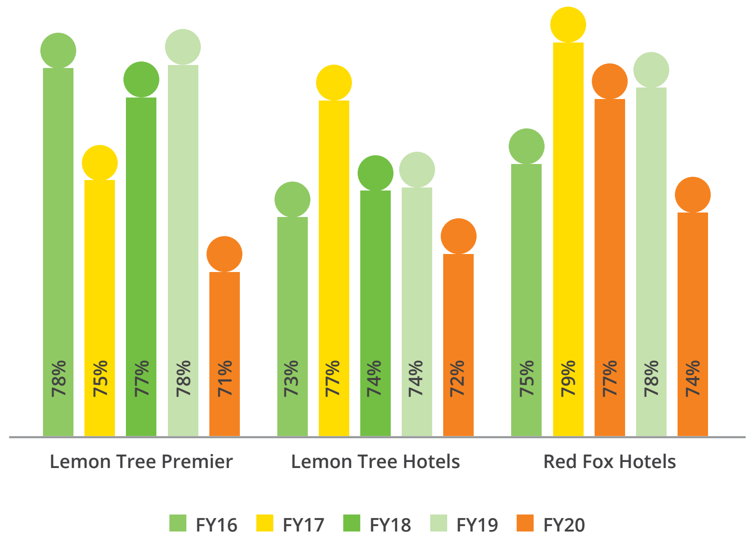
Financial Highlights

Stronger Operating Performance

Room Additions

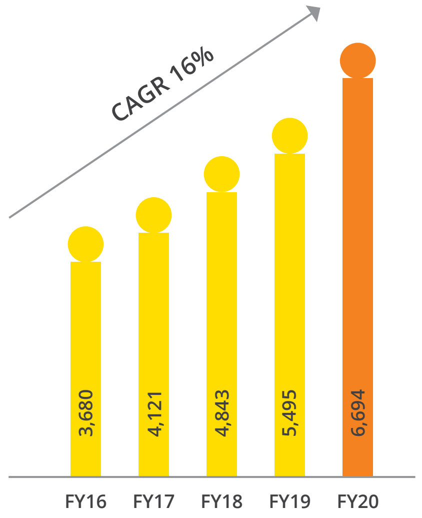


Occupancy Levels

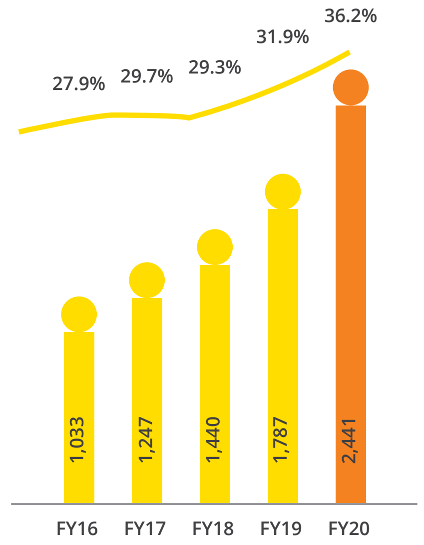


FINANCIAL PERFORMANCE

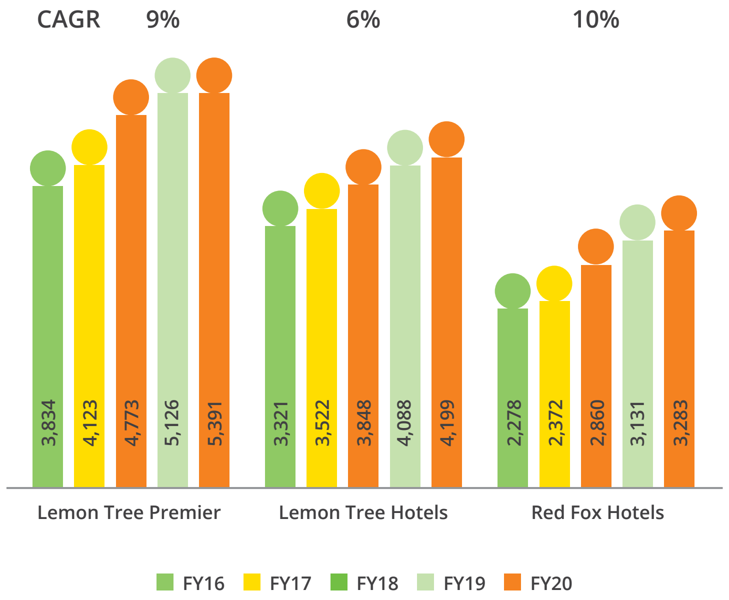
Revenue from Operations (₹ millions)



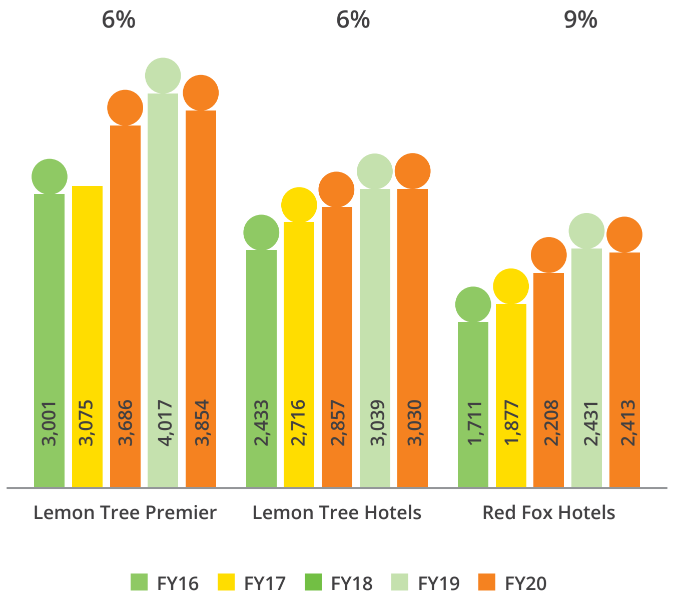
EBITDA & EBITDA Margins



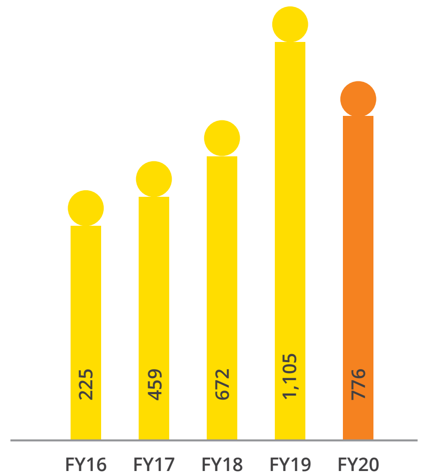
ADR (₹)



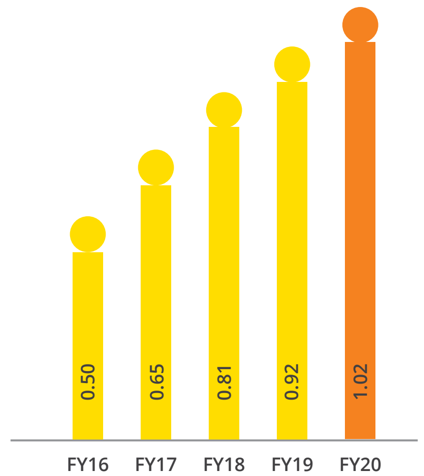
RevPAR (₹)



Cash Profit (PAT + Depreciation) (₹ millions)



Debt/Equity



Resilience in the times of crisis

TO RISE is the acronym that assimilates our core values of **T**eamwork, **O**wnership, **R**espect and Empathy, **I**ntegrity, **S**pirited Fun, and **E**xcellence. This has helped us face the current challenges with resilience and fortitude. To minimize all risks, as an outcome of the pandemic and consequent economic slowdown, we must respond swiftly and decisively.

Employees First

Employees are our first line of response. Ensuring the safety and health of 8000 employees, and then galvanizing their collective strength yields the best results. A core team was formed by the CMD, COOs, HR, Brand/ Communications and other leadership team members to dialogue and define new standard operating procedures (SOPs), safety measures, a new consumer journey (from the booking stage to check-in, stay and check-out), new food and beverage menus and service norms, etc. The unwavering courage and focus displayed by the hotel teams are inspiring and our guests feel comforted by the energy and concern they received.

To keep the operating costs as close to operating revenues as possible, managing payroll expenses without asking any employee to leave and without pay cuts for team members in lower bands is paramount. Taking everyone on board, the leadership team is leading by example by undertaking a substantial pay cut for this entire period. It is backed by a balanced approach to leave without pay (LWP) by hotel team members on a rotation basis, in line with a revised roster.

Keeping the morale high and employees driven is the key to our success. A high frequency of short briefings and concalls, in a hybrid online-offline mode, is used to keep the hotel teams energized. To adapt quickly to the dynamically changing new normal, extensive online training sessions are being conducted. This exercise helps employees keep their knowledge relevant to the post-COVID SOPs and also refresh traditional, continuing SOPs.

To bring in business i.e. revenue to the maximum extent possible in an adverse situation like this, regular concalls and discussions with each Hotel General Manager and Sales Lead are held by the Corporate team. This boosts the teams and helps them cope with a minimized and rapidly fluctuating demand. It also helps manage operating costs intelligently and effectively. The goal is to ensure expenses stay below the revenue that is coming in.

Employees with a disability require some extra care in these unusual times. They too are kept motivated through online briefings/chats. Specialized training sessions and demonstrations are held to explain the new service norms (post-COVID). Some of them continue to work through the lockdown, while some are on LWP (especially those who are more susceptible to catching the virus e.g. Down Syndrome).

Ensuring Guest Safety and Comfort

From the beginning of the lockdown, we kept our hotels open across cites, where possible, to provide safe shelter to Indian and international guests who were unable to return home, on account of the lockdown. As the demand for hotel rooms evolves month on month, based on the lockdown conditions, we float different kinds of special rates and special packages so that the few customers who are traveling, can find a suitable offer for their needs.

For all visitors, guests, employees and suppliers, our hotels monitor their health (temperature check and check for cold/ cough) on arrival. Those showings any related symptoms are directed to the nearest hospital/medical center.

Deep cleaning of hotel public areas such as entrance, lobby, washrooms, restaurants (when operational) and alfresco areas are undertaken at a very high frequency throughout the day. We are adhering to the WHO/MHA/DOT guidelines and additional recommendations from the local state authorities very strictly. Our goal is to help contain the spread of Covid-19, as part of our social responsibility and in the national interest.

In May 2020, we announced the launch of the Rest Assured program, an initiative showcasing the company's commitment to creating an environment focused on health, hygiene, safety and wellbeing, in partnership with Diversey. We use specialized, hospital grade disinfection chemicals, including Virex II 256, Oxivir and Suma product lines from Diversey, for all cleaning and sanitisation purposes across the property, which target a broad spectrum of viruses and bacteria.

Adding Strength to the COVID-19 Fight

As a mark of respect and deep appreciation for people engaged in essential services including medical/para-medical professionals, police/para-military forces, etc., many of our hotels offer them deep discounts. In some cities, our hotels are serving as quarantine centers for medical and para-medical staff involved in treating corona patients, in partnership with the state/city authorities.

We partnered several central/state government authorities to provide rooms for quarantine purposes for asymptomatic guests who were returning from affected countries or have undertaken inter-city travel across India including Delhi, Gurugram, Mumbai, Bengaluru, Hyderabad and Jaipur.

We have also partnered with Apollo Hospitals on Project Stay I (Stay Isolated) where we provide clean and comfortable isolation facilities for guests who have been in contact with potentially infected people. This arrangement has now been extended to Medanta and a few other hospitals to run some of our hotels as extensions of the hospital to house patients who test positive but display no symptoms or at worst, mild symptoms. These hotels have a 24x7 nursing station and regular doctor consultations via video calls. These arrangements are over and above the government-mandated requirements.

Compassion and Communication

Another critical pivot of consumer engagement has been our continuous and extensive communication with guests and a loyal member base. We strengthen the brand reputation and recall through our content on social media channels, posts that describe all our hygiene and safety practices, posts that thank our customers for their loyalty and patronage and posts that acknowledge with gratitude the service that health care workers, sanitation workers and police forces provide us as a community, as well as the strength and fortitude of our staff – especially those who are on duty at our quarantine hotels.

We have continuously ensured immediate handling of consumer feedback on social media channels, with the help of a live media tracking/alert systems. The Brand and Communications team workshop closely with Operations to address the needs as well as dissatisfaction of guests at the hotel, which they post on social media. A noteworthy point in this period of special operations is that a vast majority of customers that have used our hotel in these unusual times are not our typical customer. Their expectations of a 'hotel' are very different and they are not able to fully fathom/cope with the revised services at hotels, as per WHO/MHA/DOT guidelines. This has required a lot of direct handling by the Hotel General Manager and sometimes by the Marketing team.

Chairman's Letter

Dear Shareholders:

I am pleased to present the Annual Report of your company for the financial year 2020. This year was important for the company with several strategic initiatives being undertaken. This includes: new inventory added to the owned portfolio in the key destinations of Mumbai and Kolkata; the launch of a new upscale brand Aurika Hotels & Resorts with the opening of the first resort in Udaipur; our maiden international hotel in Dubai followed by Bhutan and the acquisition of Berggruen Hotels Private Limited – Keys Prima Hotels, Keys Select Hotels, Keys Lite Hotels, expanding our portfolio by ~1600 rooms, 17 hotels and 8 new cities. All these growth initiatives added to the top and the bottom line of the company as well as to the geographical spread in India and abroad.

The current pandemic has had a far-reaching global impact on the hotel sector and the overall economy since February this year. The travel and hospitality industry across the world has been among the most severely impacted sectors. The fear of the virus spreading is going to persist with people minimizing travel until therapeutic treatment protocols reduce mortality (already happening) and/or herd immunity with or without an effective vaccine (expected within the next 12-18 months). Besides the looming uncertainty in the near term around the financial impact on the hospitality business, there is also the big challenge of simultaneously revising our operational practices to ensure zero chances of transmission of the virus amongst our guests and staff.

Lemon Tree has kept more than 50% (now ~70%) of its operating inventory open during the pandemic and has partnered with state governments to serve as quarantine centers for Indian nationals returning home from abroad. We have also partnered with hospital chains (Apollo Hospitals and Medanta) to provide specific hotels as centers for asymptomatic/mild symptom patients under the hospital's care. These hospitals have set up 24x7 nursing stations at our hotels along with regular oversight by their doctors.

Our approach to handle this recalibration of revenue has been to align our costs – fixed and variable – to match this reduced revenue and thereby minimize the negative impact on profitability. Special attention was paid to large and fixed cost contributors like manpower costs (through substantial pay cuts for the leadership team and rotational leave without pay for other team members while ensuring no job losses); power and fuel (by reducing energy consumption to match the lower occupancies), lease rentals, etc. We have focussed on strengthening our employee morale through retention of all our team members, regular interactions (a hybrid of online-offline), reinforced online training, redefined standard operating procedures and very clearly defined hygiene and sanitization processes to ensure the health and safety of our employees and guests.

If we review the history of the previous three pandemics/ epidemics (all influenza based) of the past century (Spanish Flu of 1918, Asian Flu of 1958 and Hong Kong Flu of 1969), the evolution has been identical: the numbers rise in the first phase with one to three waves after which they decline as the population develops herd immunity. This then arrests and ends the pandemic/epidemic. The economic recovery and return to normalcy usually takes 2-3 years from the start. In our assessment we feel that this current pandemic, which has resulted in enormous short-term destruction of demand may also result in long term reduction in supply due to hotels permanently shutting down because of significant operating losses and/or an inability to service debt obligations. While this will be a very unfortunate outcome, it would also lead to a reversal of demand-supply dynamics with a shortage in surviving supply once demand recovers to pre-Covid19 levels. So while there may be some permanent reduction in business demand due to increased virtual meetings, this is more than likely to be matched or even exceeded by reduction in supply.

Your company is currently channelizing its efforts on building demand from any and all segments, including new ones (quarantine guests, health care professionals, etc.), and on tightly controlling/reducing costs – many of which will be permanent in nature leading to a permanent improvement in EBITDA margins once the situation normalizes. Simultaneously, we are seeking business development opportunities that are asset light. Hotel supply is currently shrinking and there are/will be multiple opportunities to reflag distressed hotels in the next 12 months.

From an industry perspective, 2019 was the best year for the hospitality industry in the past decade. The occupancy for branded hotels grew to 69% in 2019 from 67% in 2018 and ADR increased by 4.7% on a like-to-like basis. This positive trajectory has been temporarily halted by COVID-19. Going forward, we expect that the demand segment to first recover will be the retail/online segment, which has already seen a slight recovery in the last few months. The MSME sector should recover next. These two segments normally account for over 50% of your company's total revenue. On a broad basis, we expect domestic travel to recover first (within 9 months) followed by international travel (after 18 months). This will be beneficial for your company as nearly 90% of our guests are domestic.

In FY20, Lemon Tree's revenue from operations increased by 21.8% y-o-y from ₹ 550 crores in FY19 to ₹ 669 crores in FY20. The blended ADR increased by 4% from ₹ 4,180 in FY19 to ₹ 4,347 in FY20. On the same hotels basis, our ADR increased by 3.6% from ₹ 4,179 in FY19 to ₹ 4,328 in FY20. Our full year blended occupancy stood at 70.3% as compared to 76.3% in FY19 which was mainly due to the opening of a large number of new rooms which were initially at low occupancies. On the same hotels basis, our occupancy in FY20 stood at 75.0% as compared to 77.6% in FY19, the decline being due to an enormous fall in occupancy in March 2020. Fees from managed hotels stood at ₹ 20 crores in FY20 as compared to ₹ 17 crores in FY19. Our cost control focus led to an EBITDA increase of 21.6% on the old accounting basis from ₹ 169 crores in FY19 to ₹ 205 crores in FY20. Our EBITDA margin remained flat at about 31%.

Since April 2019, we have added about 2,600 rooms in 26 hotels across 16 cities and now we operate 8,006 rooms in 80 hotels across 48 cities. With these new hotels, we have expanded our geographical presence to Amritsar, Mumbai, Kolkata, Udaipur, Vijawada and Rishikesh in India and Dubai and Thimpu internationally.

We currently have a strong pipeline of hotels under development – most of which will be managed hotels i.e. asset light expansion. In the next 6-9 months, we will open 7 new hotels across 7 cities with ~460 rooms. Based on our current pipeline, we expect to operate 10,765 rooms across 109 hotels in 67 cities by the end of a calendar year 2022. This pipeline will constantly increase as we add more hotels under leased/management contracts in the future.

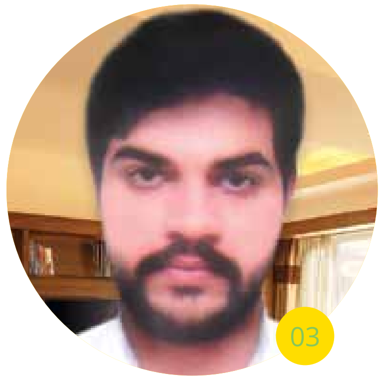
In June 2020 we raised ₹ 175 crores in Fleur Hotels Private Limited, a material subsidiary of our company. Over the next 18 months and if the situation requires, we may raise an additional ₹ 125 crores from our joint venture partner: APG Strategic Real Estate Pool N.V, the Dutch Pension Fund Manager. Furthermore, we are also planning to raise ₹ 100-150 crores in Lemon Tree Hotels Limited through either a Rights Issue or a Preferential Allotment/Qualified Institutional Placement. This will improve our liquidity, strengthen our balance sheet further and help us to easily tide over this crisis.

Going forward, our focus is to grow asset-light by expanding our managed hotels portfolio. This will lead to an expanded network/more choice for our customers, increased fees and a further distribution of costs, cheaper sourcing of raw materials and minimal deployment of our capital. We also intend to continue our asset monetization and capital recycling efforts to reduce debt and free up capital.

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

Warm regards,
Patanjali G. Keswani
Chairman & Managing Director

Board of Directors & Key Management Team



01

Patanjali G. Keswani

Chairman and Managing Director

- Bachelor's degree in electrical engineering from Indian Institute of Technology, New Delhi
- Postgraduate diploma degree in management from Indian Institute of Management, Calcutta
- Was a Tata Administrative Services officer & Associated with Taj Group of Hotels for a period of 17 years, including as the Chief Operating Officer, Business Hotels
- Worked with A.T. Kearney Limited, New Delhi as Director

02

Rattan Keswani

Deputy Managing Director

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

03

Aditya Madhav Keswani

Non-Executive Director

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

04

Ravi Kant Jaipuria

Non-Executive Director

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

05

Willem Albertus Hazeleger

Non-Executive Director

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

06

Pradeep Mathur

Independent Director

- Bachelor's degree in commerce from the University of Poona
- Postgraduate diploma degree in management from the Indian Institute of Management, Ahmedabad
- Served as the Global CFO and Senior Vice President of Tupperware Corporation
- Served as the Managing Director for Tupperware, India
- Over 35 years of experience across the fields of accounting, finance and general management

07

Arindam Kumar Bhattacharya

Independent Director

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

08

Freyan Jamshed Desai

Independent Director

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

09

Paramartha Saikia

Independent Director

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

10

Arvind Singhania

Independent Director

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

11

Ashish Kumar Guha

Independent Director

- Bachelor's degree in economics from the Jadavpur University in Kolkata and a Leadership programme at the London Business School (Management Development Programme)
- Serves as Advisor & Chairman of Ambit Private Limited
- Served as the Chief Executive Officer (CEO) of Lazard India Limited
- Served as the Chief Executive Officer and Managing Director of Heidelberg Cement
- Over 30 years of experience across the fields of investment banking, advisory and industrial goods

12

Davander Tomar

Executive Vice-President, Corporate Affairs

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

13

Vikramjit Singh

President

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

14

Jagdish Kumar Chawla

Executive Vice President - Projects and Engineering Services

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

15

Kapil Sharma

Chief Financial Officer

- Bachelor's degree in commerce from the University of Delhi
- Qualified chartered accountant
- Worked in: Leroy Somer & Controls India Private Limited; Last role as the Head of finance and accounts for Leroy Somer & Controls
- Over 24 years of experience across the fields of accounting, financing and investing
- Been with Lemon Tree Hotels for over 15 years

16

Anshu Sarin

Chief Executive Officer, Keys Hotels

- Anshu received a Hotel Management certification from National Council for Hotel Management, Delhi. She also did the Executive Management Program via SP Jain College, Mumbai.
- She has 20 years of work experience in the hospitality and aviation sectors across Marketing and Operations and has held key leadership roles. Her professional journey includes Taj Group of Hotels, Kingfisher Airlines, Berggruen Hotels and now Lemon Tree Hotels.
- Anshu joined Lemon Tree Hotels in 2019 during the acquisition of Berggruen Hotels and is currently CEO, Keys Hotels.

17

Sumant Jaidka

Senior Vice President - Operations

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

18

Mahesh S. Aiyer

Senior Vice President Operations

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

19

Harleen Mehta

Senior Vice President - Sales

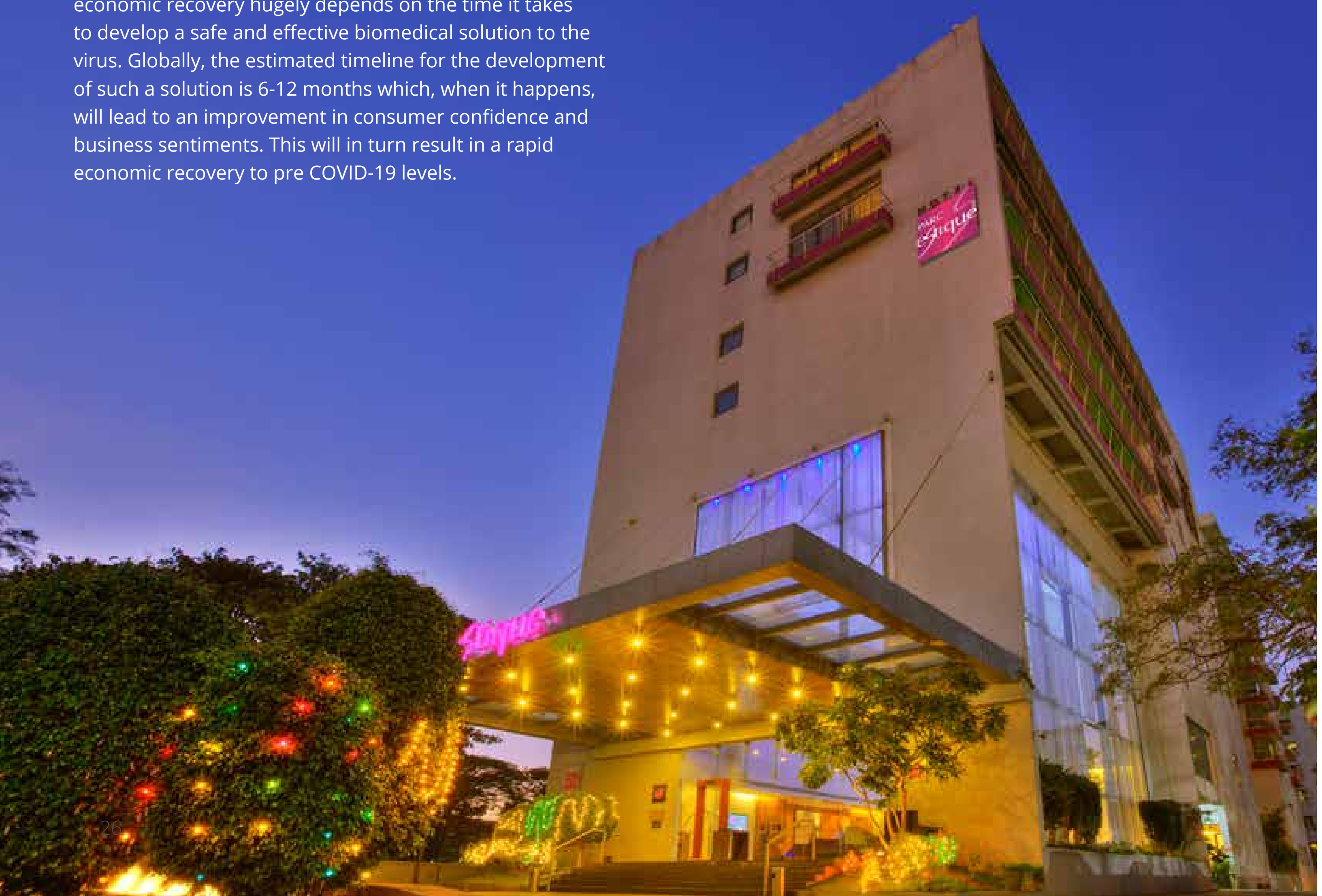
- Harleen is an MBA from Symbiosis Institute of Management Studies, Pune and holds a degree in Hotel Management from IHM, Gwalior.
- She has over 22 years of experience in the hospitality industry in Sales & Marketing
- She started her professional journey with Oberoi Hotels and was also associated with Taj Group of Hotels
- She has worked for 15 years with Hyatt Hotels and Resorts, where her last role was as Vice President–Sales Operations, India.
- Harleen joined Lemon Tree Hotels in 2019 to lead Sales for the group.

Management Discussion and Analysis

Macroeconomic Overview of India

The Indian economy expanded at a modest rate of 6.1% during FY19 but at significantly lower rates of 5%, 4.5%, 4.7% and 3.1% in Q1, Q2, Q3& Q4 of the fiscal year 2020 respectively. The full-year GDP growth rate settled at an 11-year low of 4.2%. Until the outbreak of the global pandemic, COVID-19, International Monetary Fund (IMF) forecasted the Indian gross domestic product to grow at a healthy rate of 7.7% in FY21. However, the outbreak of the COVID-19 deeply impacted the global economy and has posed fresh challenges to the Indian economy in the near to medium term. While the precise impact on the demand and supply side is yet to be estimated, the IMF, in April 2020, has projected India's GDP to grow at 1.9% for fiscal 2021. The upside for India is that at the same time the IMF has projected China to grow at a lower rate of 1.2% and the global economy to shrink by 3%. Moreover, the global economic recovery hugely depends on the time it takes to develop a safe and effective biomedical solution to the virus. Globally, the estimated timeline for the development of such a solution is 6-12 months which, when it happens, will lead to an improvement in consumer confidence and business sentiments. This will in turn result in a rapid economic recovery to pre COVID-19 levels.

One of the key challenges which need to be addressed upfront by the government is to keep the Micro, Small and Medium Enterprise (MSME) sector buoyant. The MSME sector has emerged as a highly vibrant and dynamic sector for the Indian economy over the last five decades. According to the Ministry of MSME, there are 6.33 crore MSMEs as of FY20 with more than 90 lakh MSMEs having registered in the last 5 years only. The MSMEs are complementary to large industries as ancillary units and this sector contributes enormously to the socio-economic development of the country. The MSMEs not only play a crucial role in providing large scale employment opportunities at comparatively lower capital costs (when compared with large industries) but also help in the industrialization of rural and backward areas. This reduces regional imbalances and assures a more equitable distribution of national income and wealth.



According to the Ministry of Statistics and Programme Implementation, the per-capita income of our country is expected to record an increase of 6.8% from $1,685 in FY19 to $1,800 in FY20 at the current average conversion rate of ₹ 75 per dollar. The increase in per-capita income will provide consumers with an incremental cushion for discretionary expenses. However, under the current economic downturn, there is a real case of tightening of household and corporate expenses in the near term by cutting or deferring consumption. Nevertheless, there is a conscious acceptance of the belief that the demand will recover within the next 2-3 quarters. Government schemes like direct benefit transfer will prove to be beneficial in reviving demand especially in tier 2 and tier 3 cities.

Travel and lodging form a significant portion of the discretionary expenses of individuals. Gen X and millennials across the globe are showing an increasing fondness for traveling to unexplored destinations. There is a rising trend of destination events like weddings, anniversary celebrations and even corporate events. The reflection of these trends is evident in the contribution of the Tourism and Hospitality industry to the national GDP. According to the World Travel and Tourism Council, the contribution of Tourism and Hospitality to the national GDP has increased from 6.4% in CY2011 to 9.4% in CY2019. The Tourism and Hospitality industry also provides about 43mn jobs which accounts for 8.1% of the total employment in the country.

In the current economic scenario, with travel restrictions imposed across the country as well as in most parts of the world, there is a big challenge in the near term for the tourism and hospitality industry. Being a high fixed cost business, the focus is on variablizing the fixed costs and transforming the operating model into a leaner and more flexible model. The hospitality industry must reinvent its product and service offerings and explore new business segments beyond the traditional segments. However, the traditional domestic demand is expected to start showing gradual signs of improvement, as soon as the travel restrictions are relaxed across the country.

Industry Outlook

According to the India Hotel Market Review, 2019 by Howarth HTL – CY2019 was the best year for the hospitality industry in the last ten years. The occupancy for branded hotels grew by 200bps to 69% in 2019 from 67% in 2018 and ADR increased by 4.7% on a like-to-like basis. As much as 4 major markets namely – Delhi, Mumbai, Hyderabad and Gurugram recorded industry-wide occupancy of more than 70%, with Delhi and Mumbai crossing the 75% occupancy mark. This was led by increased airport connectivity, greater confidence in the full-service model, rationalization of goods and service tax (GST) levied on hotel tariffs and overall positive business sentiment across the industry. The all India ADR for branded hotels was ₹ 6,000 with the same hotels ADR touching ₹ 6,200. Mumbai market maintained the ₹ 8,000 ADR levels of 2018 while the Delhi market crossed the ₹ 7,000 level. Udaipur market recorded the highest ADR levels of ₹ 11,000. The table below further outlines the performance of the mid-market of the branded hospitality sector-

Segment	ADR Growth	Occupancy Growth	RevPAR Growth
Upper Midscale equivalent to 4 star	2.3%	1.0%	3.3%
Midscale equivalent to 3 star	5.0%	3.6%	8.8%
Economy equivalent to 2 star	11.2%	6.2%	18.1%

Source: *Hotelivate Trends and Opportunity report 2019. The numbers presented in the above table are the latest available numbers for FY 2018-19*

According to the India Hospitality Industry Overview 2019 by HVS, the hospitality sector was expected to perform at similar levels of growth as witnessed in 2019 fueled by a swift recovery and demand pick-up in the second half of the calendar year 2020. However, with the sudden disruption in the business environment due to the spread of COVID-19, the demand for hotel rooms is going to be severely impacted globally. It is expected that the average

occupancy for branded hotel rooms will stay sub 50% for the full year FY21. The traditional demand for hotel rooms from business and leisure travelers are expected to remain subdued till the end of the financial year which will be partly compensated by demand for quarantine rooms. Currently, the business in branded hotel chains is at 25-30% of the normal levels. The business is expected to revert to 60% of the normal levels when an effective cure for the virus is found and made easily available across the country. The recovery of demand will be led by domestic business and leisure travelers, followed by MICE and international travelers. Universities and health organizations around the world are working on developing a vaccine to prevent the virus from spreading. When a significant proportion of the world population will get vaccinated, travel and hence the demand for hotel rooms is expected to bounce back to normal levels globally. As per conservative estimates, this may take 18-24 months to happen.

Key Demand Drivers

Business Travel

Business travel comprises inbound and domestic visits for business-related purposes. This includes travel on corporate accounts and by individual business travelers. This segment is a predominant source of demand for hotels located in business-oriented locations such as Gurugram, Bengaluru, Hyderabad and Pune. This demand has been severely impacted due to travel restrictions in place across the country and will remain at the current low levels until the end of the year. However, it is expected that the demand from domestic business travelers will be the fastest to recover when a cure for the virus is found.

Leisure Travel

Leisure travel comprises vacation travel, including short duration vacations. Greater affordability, changing attitudes towards lifestyle and improved road and air connectivity have materially encouraged short-stay vacations, including those taken on weekends and extended weekends. Leisure travel demand will primarily be in leisure destinations like Goa, Jaipur, Udaipur, Dehradun, etc. Business-oriented locations also attract staycation business over the weekend or even leisure business if the city is also a tourist destination, like New Delhi. Leisure travel will be undergoing a sharp reduction over the next 6-12 months not just because of the fear of getting infected by the virus but also because of the tightening of household discretionary expenses. Demand for hotel rooms from leisure travelers is expected to show slow recovery reaching the normal levels in 12-18 months.

MICE Demand

The MICE segment is mainly corporate-driven i.e. conferences, training programs and other events that are customer-facing and interactive. The demand tends to arise during the working week and occurs across all months of the year, barring the main holiday periods and the months from March through May. MICE demand tends to come with price sensitivity. Hotels in predominantly business locations will generate MICE demand for training and corporate seminars which could be a day or residential event. Conferences that include recreational elements choose city center locations and resort destinations. MICE events are expected to be off the table for many months going forward as corporates will be continuing to adopt social distancing as a preventive measure. Virtual meetings and conferences are going to replace physical meetings in the near term.

Weddings and Social Travel

Weddings and social travel mainly involve domestic travel for family weddings, destination weddings, and other family celebrations like anniversaries or birthdays. Such demand will likely gravitate to hotels that have the required function areas, guest room capacity and also the quality to host such events at a level consistent with the status of the host. In the current socio-economic environment, mass social gatherings and the expenditure related to these are expected to get postponed. Almost every state in the country has imposed restrictions on the number of people allowed to attend social events like weddings.

Diplomatic Travel

Diplomatic travel brings in government leaders and representatives of other countries, arriving for specific purposes and often accompanied by the large trade delegations, as well as diplomats posted to India and using hotels during the transition period. This demand is typically seen in major metros and other major cities that are source markets for international travel. Thus, New Delhi gets the bulk of such demand followed by Mumbai. Typically, international travel is expected to stay significantly reduced for the next 18-24 months. Currently, a large number of countries have suspended travel visas for foreign travelers and going forward international travelers may be advised, by their home countries, to follow restraint in resuming travel. International travel is expected to return to its normal levels only when a vaccine is found and a large proportion of the world population gets vaccinated.

Airlines and Airline Crew

This demand set helps create a core of demand for hotels, albeit at significantly discounted pricing. Crew demand could arise from international and domestic carriers, while the major international airlines will use upper-tier hotels, more price-sensitive airlines are open to using upper-midscale hotels. This demand is relatively nominal and mainly occurs at hotels that are closer to the airports. Due to the suspension of air travel during the lockdown, the demand from airlines and airline crew was negligible during April and May. This demand is expected to recover and regain its normal levels along with the demand from domestic travelers.

Transit Demand

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

Quarantine demand

Due to the steady rise in the confirmed cases of COVID-19, many state governments and local administrations, in order to reduce the load on state healthcare facilities have demarcated hotels where people can opt for quarantine. These are people returning from foreign countries and people who have come in direct contact with positive cases of COVID-19. Apart from this, leading healthcare chains have engaged with hotel chains to convert hotel rooms into isolation wards for positive cases as well as wards for doctors and paramedical staff. This demand is going to persist for the next few quarters or until the growth curve of the virus is flattened.

Supply Outlook

The overall supply growth in 2019 came down to about 5% with an addition of about 7,500 rooms to the existing inventory of 2018 (excluding the conversions and de-flagging of hotels). However, according to various reports the new consensus around the supply growth over the next 3-4 years is below 4%. The supply growth shrunk to 0.8%, 1.6%, 3.7% and 3.9% in key markets of Mumbai, Delhi, Goa and Hyderabad respectively in 2019. This gives a great opportunity to the existing operating hotels to grab a larger pie of the demand when the recovery happens. Following is a summary of the planned supply across major markets as of now but there are chances that a portion of the planned supply may materialize or will get pushed ahead in time, due to uncertainty in the near term.

Supply Composition by City

The top 10 markets (based on hotel room inventory) in India had 66% of rooms supply in FY19 and each market has at least 3,000 chain affiliated hotel rooms. The share of the top 10 markets will get reduced to 61% by FY24 as per Hotelivate – The Ultimate Indian Travel & Hospitality Report 2019, as only 24,000 of 50,000 new supply planned till FY24 is in the top 10 key markets. This supply slowdown along with growing demand will lead to significant occupancy improvements going ahead in the Top 10 key markets

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

Market	FY 18 (K)	FY 19 (K)	FY 24 E (K)
New Delhi	14.7	14.7	15.5
Mumbai	13.7	13.7	18.5
Bengaluru	12.7	14.3	18.9
Chennai	9.2	9.9	10.2
Hyderabad	6.8	7.0	7.7
Goa	6.7	6.8	8.8
Pune	6.3	6.5	7.2
Gurugram	5.9	5.9	7.7
Jaipur	5.4	5.6	8.2
Kolkata	3.9	3.7	5.3
Top 10 Market	**85.4**	**88.0**	**112.8**

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

Barriers to Entry

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

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

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

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

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

Key Risks to the Business

A slowdown in India's economic growth can have an adverse effect on the hospitality business affecting both operational and financial performance. The Indian economy was going already through a sluggish phase of growth during the last 4-6 quarters with quarterly GDP growth showing a declining trend. Coupled with the spread of COVID-19 and its large scale impact on the economy, the demand for hotel rooms may remain subdued for the next 2-3 quarters. The temporary shutting down of airports as part of the nationwide lockdown has dried up the demand from the corporate segment and from airlines. A prolonged blanket lockdown may lead to a total shutdown of a number of hotels in major business locations. MICE demand may also be impacted as people may in general choose to avoid social gatherings for some time in the post COVID-19 period. Inter-country diplomatic travel may remain restricted until a majority of the countries show containment of the virus. Under the new normal for some months people may choose to remain conservative on spends on weddings/anniversaries/ holidays.

Mitigation – Lemon Tree receives about 85% of its business from domestic Indian travelers. The company has been able to build a strong brand name, which is synonymous with quality and trust. The expanded brand portfolio with 7 brands now addresses a wider spectrum of hotel consumers. The company has more than 1.1mn loyalty members which on average contribute to20% of the room sales daily. As the leader of the mid-priced hotel segment, the company's goals are aligned to the aspirations of the expanding middle class. Under the current scenario of subdued demand, Lemon Tree has opportunistically addressed the non-traditional demand for hotel rooms. The company has been able to get significant business from many multi-national corporations as part of their business continuity plan. Besides this, the company has been able to partner with major healthcare chains to offer hotel rooms as isolation wards for asymptomatic COVID-19 cases. With such flexible business strategies and an agile sales network, Lemon Tree has been able to register higher occupancies than peers even in an adverse business environment. Along with this, our team is focused on bringing in operational efficiencies by rationalizing all cost and operating metrics. We have been able to bring down our employee cost by about 50% in the months of April and May 2020 without laying off any of our permanent staff. Our Power and Fuel cost, which is roughly 10% of our total revenues, has been brought down by almost 60% in April and May. We have renegotiated our purchase contracts with our suppliers of raw material to bring down our procurement cost. All efforts combined, we have been able to record positive hotel level operating profits at the group level in April and May. With our leaner structure and improved operating metrics, we are well-positioned to register better-operating margins when the demand recovery starts happening.

Liquidity position of leading hospitality chains around the world is going to weaken as the hospitality industry is looking at the muted top line in the near term. This will lead to negative operating EBITDA for some quarters going ahead. Being a capital intensive industry, most of the leading players are leveraged and may find a challenge servicing their interest and principal repayment obligations.

Mitigation – Lemon Tree has adopted a two-pronged approach to tackle the challenges in the near term around the liquidity position. Our operations team is working diligently to find multiple ways to reduce our operating costs. This will enable us to register positive operating EBITDA and not having a cash loss at the operating level. Simultaneously, we have been able to raise equity in our subsidiary Fleur Hotels from our longstanding business partner APG. APG has accepted the proposal to infuse a total capital of ₹ 300Cr in multiple tranches with ₹ 175Cr to be invested immediately. As an abundant precaution, the Lemon Tree board has given in-principle approval to raise up to ₹ 150Cr in Lemon Tree. These timely arrangements will provide us the necessary support not only in honoring our debt obligations but also in continuing our organic and inorganic expansion.

Health and safety of employees may be at risk as in many hotels the staff is attending to and taking care of asymptomatic cases and even patients with mild symptoms. Hospitality staff may lack experience in handling patients with COVID-19 symptoms and may become unwell themselves. This may lead to the sealing of the entire hotel or a block or a floor resulting in disruption of operations.

Mitigation –The health, safety and wellbeing of our employees is our top-most priority. Our hotel employees have shown tremendous courage in this unprecedented situation and have maintained our service standards at the highest level. For hotels that are housing quarantine guests or doctors/health care professionals, it is mandatory for employees to wear the full Personal Protective Equipment gear when they go to guest floors.

To ensure the complete safety of our employees and our guests, we have launched an innovative health and hygiene program, Rest Assured, showcasing the company's commitment to creating an environment focused on health, hygiene, safety and wellbeing. This initiative is in collaboration with Diversey, a global leader in smart, sustainable cleaning and hygiene solutions. As part of this initiative, Diversey is providing us with US EPA approved safe chemicals, operating checklists, training and support materials to add to our repertoire of processes and procedures.

Hospitality being an unorganized and highly fragmented industry has intense competition within geographic regions. This competition may impact the company's market share. A significant portion of our revenues comes from hotels in a few geographical regions and any adverse development affecting these regions could have an adverse effect on our business.

Mitigation – As of 29th May 2020 Lemon Tree has a presence across 46 cities within the country and in 2 overseas cities. With the opening of 3 new properties in Mumbai, Kolkata and Udaipur, Lemon Tree registered its footprint across all major metros and key hospitality markets of the country. This will enable the company not only to cater to the unaddressed demand in these 3 cities but also to capture a larger share of the outbound traffic from these cities to other cities where we are already operational. Apart from this, the acquisition of the Keys Hotels chain has expanded our geographical presence to 8 new destinations.

Operating Results

	FY 2020 (₹ in Lakhs)	FY 2019 (₹ in Lakhs)	Change (%)
INCOME			
Revenue from Operations	66,943.74	54,950.62	21.8%
Other Income	578.28	993.17	-41.8%
TOTAL INCOME	**67,522.02**	**55,943.79**	**20.7%**
EXPENSE			
Cost of food and beverages consumed	5,696.78	4,982.31	14.3%
Employee salaries and benefits	15,532.26	12,053.05	28.9%
Other Expenses	21,880.85	21,038.75	4.0%
TOTAL EXPENSES	**43,109.89**	**38,074.12**	**13.2%**
EBITDA	24,412.13	17,869.67	36.6%
Finance Costs	16,155.57	8,469.63	90.7%
Depreciation and amortization	8,716.12	5,411.48	61.1%
Share of profit/(loss) of associates	(266.66)	79.66	
PBT	**(217.68)**	**4,526.74**	
Current Tax	990.43	1,384.77	-28.5%
Deferred tax charge/(MAT credit)	95.64	(2,495.90)	
PROFIT/(LOSS) FOR THE YEAR	**(1,303.76)**	**5,637.88**	
Other Comprehensive Income	(0.45)	(8.73)	
Comprehensive profit/(loss)	**(1,304.21)**	**5,629.15**	
CASH PROFIT(PAT+Depreciation)	**7,756.81**	**11,049.36**	**-29.8%**

Income

The company's total income has increased by 20.7% from ₹ 55,944 lakhs during the fiscal year 2019 to ₹ 67,522 lakhs during the fiscal year 2020. Revenue from operations increased by 21.8% from ₹ 54,951 lakhs for the fiscal year 2019 to ₹ 66,944 lakhs for the fiscal year 2020. This was primarily due to a 4.0% increase in ADR from ₹ 4,180 in the fiscal year 2019 to ₹ 4,347 in the fiscal year 2020 and 45.4% increase in owned/leased rooms available from 3,570 as of March 2019 to 5,192 as of March 2020. However, the occupancy dropped 599 bps from 76.3% in the fiscal year 2019 to 70.3% in the fiscal year 2020. This was majorly due to an addition of 1,622 owned and leased rooms in the fiscal year 2020 that takes 2-3 years to stabilize and impact of CoVID–19 in the month of March. The company's total management fee income from managed hotels increased by 18.0% from ₹ 1,737 lakhs for the fiscal year 2019 to ₹ 2,050 lakhs for the fiscal year 2020.

Expenses

Total expenses increased by 13.2% from ₹ 38,074 lakhs for the fiscal year 2019 to ₹ 43,110 lakhs for the fiscal year 2020. After adjusting the impact of IndAS 116 accounting, total expenses increased by 21.9% from ₹ 38,074 lakhs for the fiscal year 2019 to ₹ 46,429 lakhs for the fiscal year 2020. Out of this, a 15.2% increase was due to an increase in the owned/leased rooms under operation from 3,570 as of March 2019 to 5,192 as of March 2020. The cost of food and beverages consumed increased by 14.3% to ₹ 5,697 lakhs. Out of this, a 15.7% increase was due to an increase in the owned/leased rooms under operation from 3,570 as of March 2019 to 5,192 as of March 2020. On the same hotel basis, the cost of food and beverages decreased by 1.4%. Employee benefit expenses increased by 28.9% to ₹ 15,532 lakhs. Out of this, an 18.2% increase was due to an increase in the owned/leased rooms under operation from 3,570 as of March 2019 to 5,192 as of March 2020 and balance was due to an increase in minimum wages and salary revisions. Other expenses increased by 19.8% to ₹ 25,200 lakhs. Out of this, 13.3% increase was due to an increase in the owned/leased rooms under operation from 3,570 as of March 2019 to 5,192 as of March 2020 and balance was due to the power tariff increase, OTA commission increase due to the change in customer mix and other general expenses.

EBITDA

The company's EBITDA increased by 36.6% from ₹ 17,870 lakhs for the fiscal year 2019 to ₹ 24,412 lakhs for the fiscal year 2020. After adjusting the impact of IndAS 116 accounting, EBITDA increased by 18.0% from ₹ 17,870 lakhs for the fiscal year 2019 to ₹ 21,093 lakhs for the fiscal year 2020. EBITDA margins in the fiscal year 2020 increased by 421 bps to 36.1% in the fiscal year 2020 from 31.9% in the fiscal year 2019. After adjusting the impact of IndAS 116 accounting, EBITDA margins in the fiscal year 2020 decreased by 70 bps to 31.2% in the fiscal year 2020 from 31.9% in the fiscal year 2019. This was majorly due to the lowered other income, the addition of 1,622 owned and leased rooms in the fiscal year 2020 which takes 2-3 years to stabilize and impact of COVID – 19 in the month of March.

Depreciation and Amortization

Depreciation and amortization expense increased by 61.1% from ₹ 5,411 lakhs for the fiscal year 2019 to ₹ 8,716 lakhs for the fiscal year 2020. After adjusting the impact of IndAS 116 accounting, Depreciation and amortization expense increased by 35.2% from ₹ 5,411 lakhs for the fiscal year 2019 to ₹ 7,318 lakhs for the fiscal year 2020. The increase was majorly due to an addition of 1,622 owned and leased rooms in the fiscal year 2020.

Finance Costs

Total debt increased by 30.6% from ₹ 1,20,781 lakhs for the fiscal year 2019 to ₹ 1,57,756 lakhs for the fiscal year 2020. The finance cost increased by 90.7% from ₹ 8,470 lakhs for the financial year 2019 to ₹ 16,156 lakhs for the financial year 2019. After adjusting the impact of IndAS 116 accounting, Finance cost increased by 47.5% from ₹ 8,470 lakhs for the fiscal year 2019 to ₹ 12,492 lakhs for the fiscal year 2020. The increase was majorly due to an addition of 1,622 owned and leased rooms in the fiscal year 2020 for which the finance costs started getting expenses. The company's cost of debt increased by 20 bps from 9.40% for the fiscal year 2019 to 9.60% for the fiscal year 2020. The increase in the cost of debt was on account of taking over Keys' debt of 11,704 lakhs which is at 12.4%.

Profit for the year

The company's profit for the year decreased from ₹ 5,638 lakhs for the fiscal year 2019 to (1,304) lakhs for the fiscal year 2020. After adjusting the impact of IndAS 116 accounting, profit for the year decreased from 5,638 lakhs for the fiscal year 2019 to (23) lakhs for the fiscal year 2020. The decrease was majorly due to an increase in Depreciation, Amortization and Finance Costs due to an addition of 1,622 owned and leased rooms in the fiscal year 2020.

Cash Profit (PAT + Depreciation)

The company's cash profit for the year decreased by 29.8% from ₹ 11,049 lakhs for the fiscal year 2019 to ₹ 7,757 lakhs for the fiscal year 2020. The decrease was majorly due to an increase in Depreciation, Amortization and Finance Costs due to an addition of 1,622 owned and leased rooms in the fiscal year 2020.

Performance of Owned/Leased hotels by brand – FY20 vs. FY19

Parameters	Occupancy Rate (%)			Average Daily Rate (₹)			Hotel Level EBITDAR/ Room (₹)			Hotel Level EBITDAR Margin		
By Brand	**FY20**	**FY19**	**Change (bps)**	**FY20**	**FY19**	**Change (%)**	**FY20**	**FY19**	**Change (%)**	**FY20**	**FY19**	**Change (%)**
LTP	75.7%	78.4%	(272)	5,207	5,126	1.6%	0.87	0.86	1.7%	45.1%	47.6%	(253)
LTH	72.2%	74.3%	(217)	4,199	4,088	2.7%	0.60	0.58	4.1%	39.2%	37.3%	195
RFH	73.3%	77.6%	(431)	3,339	3,131	6.6%	0.48	0.47	2.0%	45.6%	47.1%	(153)

Note: The above performance comparison excludes Red Fox Hotel, Chandigarh, Lemon Tree Premier, Mumbai and Lemon Tree Premier, Kolkata as they were not operational for the full fiscal year 2020.

Lemon Tree Premier

ADR increased by 1.6% from ₹ 5,126 for the fiscal year 2019 to ₹ 5,207 for the fiscal year 2020. Occupancy decreased by 272 bps from 78.4% for the fiscal year 2019 to 75.7% for the fiscal year 2020. EBITDAR/room increased by 1.7% from ₹ 8.6 lakhs for the fiscal year 2019 to ₹ 8.7 lakhs for the fiscal year 2020. EBITDAR margin decreased by 253 bps from 47.6% for the fiscal year 2019 to 45.1% for the fiscal year 2020. The decrease in occupancy and EBITDAR margin is due to an addition of 201 room Lemon Tree Premier Pune property which was operational for the full fiscal year 2020 and the impact of COVID–19 in March 2020.

Lemon Tree Hotels

ADR increased by 2.7% from ₹ 4,088 for the fiscal year 2019 to ₹ 4,199 for the fiscal year 2020. Occupancy decreased by 217 bps from 74.3% for the fiscal year 2019 to 72.2% for the fiscal year 2020. EBITDAR/room increased by 4.1% from ₹ 5.8 lakhs for the fiscal year 2019 to ₹ 6.0 lakhs for the fiscal year 2020. EBITDAR margin increased by 195 bps from 37.3% for the fiscal year 2019 to 39.2% for the fiscal year 2020. The decrease in occupancy is due to the impact of CoVID–19 in March 2020.

Red Fox Hotels

ADR increased by 6.6% from ₹ 3,131 for the fiscal year 2019 to ₹ 3,339 for the fiscal year 2020. Occupancy decreased by 431 bps from 77.6% for the fiscal year 2019 to 73.3% for the fiscal year 2020. EBITDAR/room increased by 2.0% from ₹ 4.7 lakhs for the fiscal year 2019 to ₹ 4.8 lakhs for the fiscal year 2020. EBITDAR margin decreased by 153 bps from 47.1% for the fiscal year 2019 to 45.6% for the fiscal year 2020. The decrease in occupancy and EBITDAR margin is due to an addition of 91 room Red Fox Hotel Dehradun property which was operational for the full fiscal year 2020 and the impact of COVID–19 in March 2020.

Keys Hotels

Lemon Tree Hotels acquired Berggruen Hotels Pvt. Ltd., India's 9th largest branded hotel chain by inventory and the owner of hotels under the brand name Keys Hotels, on 1st Nov 2019 in an all-cash deal. With this acquisition, Lemon Tree took over the ownership of 7 owned/ leased hotels with 936 rooms in 6 cities, the contracts to manage 10 hotels with about 700 rooms in 10 cities and the 3 brands i.e. Keys Prima, Keys Select and Keys Lite. Hence, Lemon Tree now holds a portfolio of 7 brands covering the entire spectrum of the mid-market hotel segment which enables the company to offer a wider range of products and services. The acquisition of Keys Hotels also strengthens Lemon Tree's presence in some key micro-markets like Whitefield and Electronic City in Bengaluru and in Pune. Lemon Tree Hotels' sales and distribution network, which is spread across the country, has got additional clientele with the acquisition of Keys Hotels. The integrated sales team is aggressively reaping the revenue synergies by cross selling the companies' offerings.

The operating model of Keys Hotels resonates perfectly with the tested operating model of Lemon Tree Hotels. The operations team has identified and implemented multiple methods of driving cost synergies. The team has put in efforts in reducing manpower duplication, renegotiating of central procurement contracts, renegotiating contracts with online travel agents and trimming of corporate overheads. These efforts combined with the increase in revenues will lead to an increase of about 500bps to 700bps in EBITDA margin on stabilization of Keys Hotels.

During the first 4 months of operations from November 2019 to February 2020, the average occupancy of the owned/leased Keys Hotels was 63% and the ADR was ₹ 3,000.

We will include the performance break-up of Aurika and Keys from next year onwards since they will be operational for the full fiscal year 2021.

Performance of Owned/Leased hotels by ageing – FY20 vs. FY19

Parameters	Financial year	Adult Hotels (Stable - older than 3 years)	Toddler Hotels (Stabilizing - between 1-3 years old)	Infant Hotels (New - less than 1 year old)	Under-development hotels
Hotels	FY20	24	6	11	2
	FY19	21	7	2	
Operating Rooms (year-end)	FY20	2,855	715	1,622	748
	FY19	2,727	551	292	
Occupancy Rate (%)	FY20	75.2%	67.1%	56.4%	Deep demand markets (high occupancies)
	FY19	79.2%	69.9%	36.3%	
Average Daily Rate (₹)	FY20	4,399	4,027	4,438	2.0x of Adult Hotels in that year*
	FY19	4,197	4,082	4,200	
Hotel level EBITDAR[1]/room (₹ million)	FY20	6.9	5.5	2.3	High*
	FY19	7.2	4.9	1.1	
Hotel level EBITDAR[1] Margin (%)	FY20	44%	39%	39%	High*
	FY19	44%	33%	40%	
Hotel level ROCE*[2] (%)	FY20	12%	5%	2%	1.5x of Adult Hotels in that year*
	FY19	13%	4%	1%	

Notes:

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

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

** Post stabilization.*

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

Adult Hotels (Stable Hotels – older than 3 years)

Adult hotels include 24 hotels with 2,855 operational rooms. 3 hotels i.e. 1 LTP and 2 LTH which were under toddler category in the fiscal year 2019 transitioned to an adult category in the fiscal year 2020. ADR increased by 4.8% from ₹ 4,197 for the fiscal year 2019 to ₹ 4,399 for the fiscal year 2020. Occupancy for adult hotels decreased from 79.2% in the fiscal year 2019 to 75.2% in the fiscal year 2020. EBITDAR/room decreased by 4.2% from ₹ 7.2 lakhs for the fiscal year 2019 to ₹ 6.9 lakhs for the fiscal year 2020. Hotel RoCE for adult hotels decreased from 13% for the fiscal year 2019 to 12% for the fiscal year 2020.

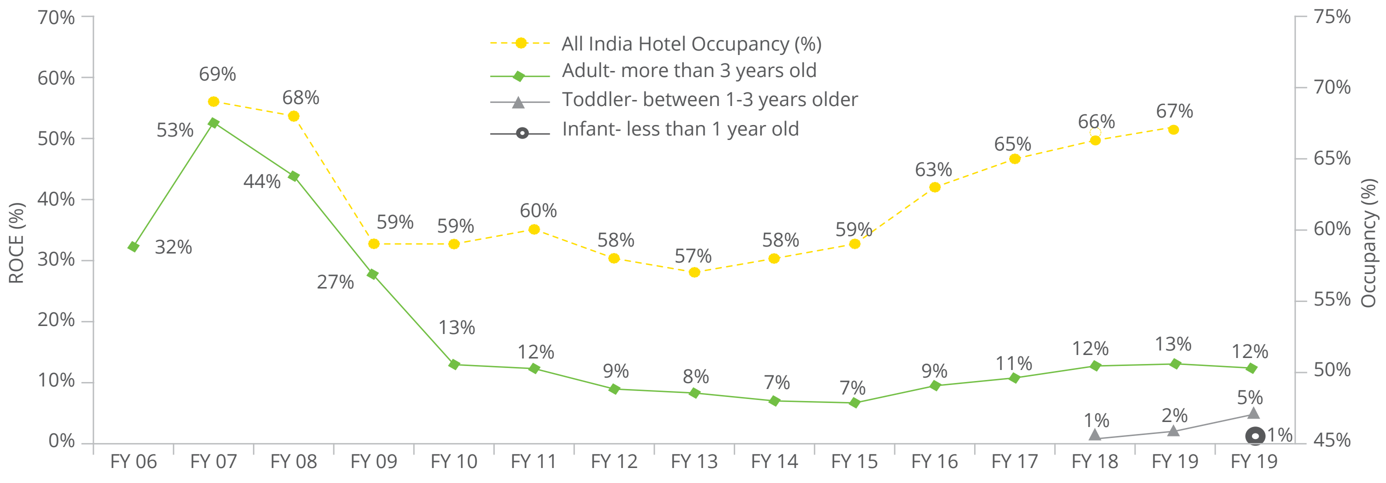
Toddler Hotels (Stabilizing Hotels – between 1-3 years old)

Toddler hotels include 6 hotels with 715 operational rooms. 2 hotels i.e. 1 LTP& 1 RFH which were under infant category in the fiscal year 2019 transitioned to toddler category in the fiscal year 2020. 3 hotels i.e. 1 LTP and 2 LTH which were under toddler category in the fiscal year 2019 transitioned to an adult category in the fiscal year 2020. ADR decreased by 1.3% from ₹ 4,082 for the fiscal year 2019 to ₹ 4,027 for the fiscal year 2020 due to inclusion of RFH hotel in toddler hotels. Occupancy for toddler hotels decreased from 69.9% in the fiscal year 2019 to 67.1% in the fiscal year 2020. EBITDAR/room increased by 12.2% from ₹ 4.9 lakhs for the fiscal year 2019 to ₹ 5.5 lakhs for the fiscal year 2020. Hotel RoCE for the toddler hotels increased from 4% for the fiscal year 2019 to 5% for the fiscal year 2020.

Infant Hotels (New – less than 1 year old)

Infant hotels include 11 hotels with 1,622 operational rooms. ADR for the infant hotels was ₹ 4,438 for the fiscal year 2020. Occupancy for the infant was 56.4% in the fiscal year 2020. EBITDAR/room was ₹ 2.3 lakhs for the fiscal year 2020. Hotel RoCE for the infant hotels was at 2.0% for the fiscal year 2019.

Hotel RoCE movement across different phases of the business cycle



Hotel buckets by ageing as on 31st March, 2020

Corporate information

REGISTERED & CORPORATE OFFICE

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

COMPANY SECRETARY & COMPLIANCE OFFICER

Nikhil Sethi

STATUTORY AUDITORS

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

REGISTRAR & SHARE TRANSFER AGENT

KFin Technologies Pvt Ltd
(Formerly known as “Karvy Fintech Private Limited”)
“Selenium Building, Tower B”, Plot NO. 31 & 32,
Financial District, Nanakramguda,
Serilingampally, Hyderabad-500032,
Telangana
Tel.: +91 40-67162222
Fax: +91 40-23001153
E-mail: einward.ris@kfintech
website: www.kfintech.com

BANKERS TO THE COMPANY

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

BOARD'S REPORT

TO
THE MEMBERS
OF LEMON TREE HOTELS LIMITED

Your Directors have pleasure in presenting the Twenty Eighth Annual Report of the Company together with audited Financial Statements for the Financial Year ended March 31, 2020.

FINANCIAL RESULTS AND OPERATIONS

The financial performance on the basis of Standalone & Consolidated Financial Statements for the year ended March 31, 2020 is summarized below:

(₹ In Lakhs)

Particulars	Standalone		Consolidated	
	As on March 31, 2020	As on March 31, 2019	As on March 31, 2020	As on March 31, 2019
Total Income	27,324.13	28,264.25	67,522.02	55,943.79
Profit before depreciation, Finance Costs, Tax and Exceptional items	10,905.97	10,035.25	24,412.13	17,869.67
Less: Depreciation	2,168.93	1,983.75	8,716.12	5,411.48
Less: Finance Costs	4,672.28	3,206.60	15,647.03	8,011.11
Profit / (Loss) before Tax	4,064.76	4,844.90	(217.68)	4,526.74
Less:				
Current Tax	689.98	1,004.79	990.43	1,384.77
Deferred Tax/MAT Credit entitlement	154.98	(2,484.19)	97.34	(2,495.91)
Profit / (Loss) after Tax	3,219.80	6,324.30	(1,305.45)	5,637.88
Add: Other Comprehensive Income net of taxes	9.72	(17.72)	1.24	(8.73)
Total Comprehensive Income	3,229.52	6,306.58	(1,304.20)	5,629.15
Less: Non - controlling Interest	-	-	(355.03)	352.00
Profits / (Loss) after Tax	-	-	(949.17)	5,277.15
Earning Per Equity Share of the face value of ₹ 10 each				
Basic	0.41	0.80	(0.12)	0.67
Diluted	0.41	0.80	(0.12)	0.67

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

Your Directors further inform that the global travel and hotel sector is being severely impacted by COVID-19 Pandemic. In India, all business activity and travel has been shut down since the end of March 2020 for ~eight weeks on account of the extended national lockdown as well as curfews (in some states). Through the lockdown, select hotels have been operational to host quarantine guests, as directed by the government. In some locations hotel companies have been asked to open up their properties to host doctors, nurses and health care workers. In addition, there has been a small amount of business on account of people in transit (who could not get back to their city/country of residence); airline crew; corporate demand for rooms for their staff and managers who need to be moved between destinations on account of their work or who need to be based out of a hotel for business continuity purposes. After lockdown is over and hotels are allowed to be operational, and the air travel and interstate road travel is re-started, then the demand for hotel rooms is expected to build slowly.

CAPITAL STRUCTURE

Authorised Share Capital

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

Paid-up Share Capital

During the financial year under review, the Issued and Paid up Share Capital of the Company was remained at ₹ 7,92,24,64,640/- divided into 79,22,46,464 equity shares of face value of ₹ 10/-.

OPERATIONAL HOTELS AND UPCOMING PROJECTS

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

The details of operational hotels and upcoming projects are given in the "Corporate Overview" Section of the Annual Report 2019-20.

AWARDS AND RECOGNITION

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

- Best Differently Abled Friendly Hotel at FICCI Travel & Tourism Excellence Awards 2019
- Best 3 star Hotel at FICCI Travel & Tourism Excellence Awards 2019
- Awarded BW Pure: Purpose-Led Brand Award 2019
- Won IT Excellence Award by The Indian Express group
- Felicitated by Schneider Electric with the 'Best Responsive Award'
- Amity Corporate Excellence Awards for Best CSR Practices, 2019 by Amity School of Science and Technology
- 47 hotels out of 55 operating hotels(over 1 year) awarded TripAdvisor's Certificate of Excellence 2019

    1. Lemon Tree Premier Ahmedabad | Gurugram-Leisure Valley-1 & 2, City Center | Jaipur| Hyderabad| Patna | Corbett
    2. Lemon Tree Hotel Ahmedabad | Alwar | Aurangabad | Baddi | Bangalore – Electronics City | Bandhavgarh | Whitefield, Bangalore | Chandigarh | Chennai | Coimbatore | Chennai - Shimona | Dehradun | Gangtok | Amarante Beach Resort, Goa | Goa-Candolim | Sector 60, Gurugram | Udyog Vihar | Banjara Hills-Hyderabad | Hyderabad- Gachibowli | Indore | Jammu| Katra | East Delhi| Tarudhan Valley, Manesar | Muhamma (Kerala) | Manesar | Sandal Suites, Noida| Pune| Siliguri| Srinagar | Vadodara
    3. Red Fox Hotel Bhiwadi | Chandigarh | East Delhi | Jaipur | Trichy| Delhi Aerocity| Morjim, Goa| Hyderabad| Sector 60, Gurugram

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

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

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

* Mr. Rattan Keswani has been re-appointed as Deputy Managing Director w.e.f 1st January, 2020 in the Annual General meeting held on August 22, 2019

**Appointed as Additional Independent Director w.e.f April 11, 2019 and appointed as Independent Director for a period of 5 years in the Annual General meeting held on August 22, 2019

CHANGES IN BOARD OF DIRECTORS/KMPs

Appointments

During the Financial Year under review, Dr. Arindam Kumar Bhattacharya has been appointed as Additional Director in the capacity of Non-Executive Independent Director w.e.f April

11, 2019 and has been appointed as an Independent Director in the Annual General meeting held on August 22, 2019 and in opinion of the Board, the Directors appointed during the year are persons of intergrity, expertise and experience which would help the Company in future growth.

In accordance with the Act and the Articles of Association of the Company, 2 (Two) of your Directors, viz. Mr. Patanjali Govind Keswani and Mr. Ravi Kant Jaipuria retires by rotation, and being eligible, offers themselves for re-appointment.

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

DECLARATION BY INDEPENDENT DIRECTORS

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

COMMITTEES OF THE BOARD

As on March 31, 2020, your Board has following mandatory Committees:

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

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

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

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

(a) Finance Committee;

(b) Share Allotment Committee;

(c) General Management Committee

BOARD MEETINGS HELD DURING THE YEAR

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

ANNUAL BOARD EVALUATION

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

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

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

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

Code of Conduct and Vigil Mechanism/Whistle Blower Policy

The Company has in place a mechanism for employees for reporting genuine concerns from reprisal and victimization. The policy is available in the 'Investor Relations' section at the Company's website www.lemontreehotels.com. During the year under review, no concerns have been received by the Company from any of the Directors, Officers, Employees and Associates pertaining to the Code and Vigil Mechanism.

Risk Management Policy

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

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

Nomination and Remuneration Policy

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

During the year under review, the Company has taken necessary approval/recommendation with respect to appointment/re-appointment of Directors/KMPs, wherever required, from Nomination and Remuneration Committee in terms of the policy.

Corporate Social Responsibility ("CSR") Policy

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

Annual Report on CSR Activities for the Financial Year 2019-2020 as required under Section 134 and 135 of the Act read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 read with Rule 9 of the Companies (Accounts) Rules, 2014 is attached as 'Annexure-3' to this Report.

Dividend Distribution Policy

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

SUBSIDIARY, ASSOCIATES AND JOINT VENTURE COMPANIES

As on March 31, 2020, your Company has 15 (fifteen) direct subsidiary companies and 9 (nine) indirect subsidiary companies and 4 (four) associate Companies as under:

Direct Subsidiary Companies

Begonia Hotels Pvt. Ltd., Canary Hotels Pvt. Ltd., Dandelion Hotels Pvt. Ltd., Lemon Tree Hotel Company Pvt. Ltd., Oriole Dr. Fresh Hotels Pvt. Ltd., PSK Resorts & Hotels Pvt. Ltd., Red Fox Hotel Company Pvt. Ltd., Sukhsagar Complexes Pvt. Ltd, Fleur Hotels Pvt. Ltd., Carnation Hotels Pvt. Ltd., Grey Fox Project Management Company Pvt. Ltd., Nightingale Hotels Pvt. Ltd, Madder Stays Private Limited, Jessamine Stays Private Limited and Poplar Homestead Holdings Private Limited.

During the year under review, Meringue Hotels Private Limited, subsidiary of the Company has been merged into Fleur Hotels Private Limited, material subsidiary of the Company w.e.f 31st January, 2020 through order passed by National Company Law Tribunal, New Delhi.

Indirect Subsidiary Companies

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

During the year under review, the Company, through its material subsidiary, Fleur Hotels Private Limited has acquired 100% shareholding of Berggruen Hotels Private Limited on 1st November, 2019 and accordingly it has become wholly owned subsidiary of Fleur Hotels Private Limited and indirect subsidiary of Lemon Tree Hotels Limited.

Our Associate Companies

Further, as on March 31, 2020, your Company has four Associate Companies i.e Mind Leaders Learning India Pvt. Ltd, Pelican Facilities Management Pvt. Ltd., Glendale Marketing Services Private Limited(formerly known as Vulture Management Service Private Limited) and Hamstede Living Private Limited.

Further, our Subsidiaries Fleur Hotels Pvt. Ltd and Celsia Hotels Pvt. Ltd. are partners of a limited liability partnership, Mezereon Hotels LLP ("Mezereon").

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

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

MANAGEMENT REPORTS

Management Discussion and Analysis Report

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

Business Responsibility Report

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

Corporate Governance

Your company has adopted good governance practices and committed to maintain high standards of the Corporate ethics, professionalism and transparency. The Company has adopted polices in line with the governance requirements including policy on Related Party Transactions, policy on Material Subsidiary, policy for Material Information and Events, Corporate Social Responsibility Policy, Dividend Distribution

Policy and Whistle Blower Policy. These policies are available in the 'Investor Relations' section at the Company's website www.lemontreehotels.com.

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

DEPOSITS

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

BORROWINGS FROM BANKS/ FINANCIAL INSTITUTIONS

The Company's total long term borrowings from banks/ financial institutions decreased from ₹ 30,908.30 Lakhs in the previous year to ₹ 30,099.46 Lakhs in the current year.

EMPLOYEES STOCK OPTION SCHEME

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

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

Further during the Financial Year under review, 10,18,902 shares have been exercised by the employees of the Company through Krizm Hotels Private Limited Employee Welfare Trust.

The applicable disclosures as stipulated under Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 with regard to Employees Stock Option Plan of the Company is given hereinbelow and the information required under SEBI (Share Based Employee Benefits) Regulations, 2014 is available at the Company's website at https://www.lemontreehotels.com/factsheet/otherdisclosures/Stock_Options_March_31_2020.pdf.

Sr. No.	Description	ESOP Scheme
a)	Options Granted	Nil
b)	Options vested	1,46,100
c)	Options Exercised*	-
d)	Total Number of Shares arising as a result of exercise of option*	-
e)	Options lapsed*	N.A
f)	The exercise price (On weighted average basis)**	-
g)	Variation of terms of options	N.A
h)	Money realized by exercise of options (if scheme is implemented directly by the Company)	N.A
i)	Total number of options in force	-
j)	Employee wise details for options granted to:-	
	(i) Key managerial Personnel:	
	a) Mr. Rattan Keswani (Deputy Managing Director)	N.A
	b) Mr. Kapil Sharma (Chief Financial Officer)	N.A
	c) Mr. Nikhil Sethi (Group Company Secretary and GM Legal)	N.A
	(ii) any other employee who received a grant of options in any one year of option amounting to five percent of more of options granted during that year	N.A
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital(Excluding outstanding warrants and conversions) of the Company at the time of grant	N.A

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

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

REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULARS OF EMPLOYEES

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

(ii) they have selected such accounting policies in consultation with Statutory Auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the Financial Year March 31, 2020 and of the profit and loss of the company for the Financial Year;

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

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

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

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

AUDITORS AND AUDITOR'S REPORT

Statutory Auditors

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

The reports given by the Statutory Auditors' on the Standalone Financial Statements of the Company and the Consolidated Financial Statements of the Company and its Subsidiaries & Associates for the Financial Year ended March 31, 2020 forms part of this Annual Report. There have been no qualifications, reservation or adverse remarks made by the Statutory Auditors in their reports. The Statutory Auditors have not reported any frauds under Section 143(12) of the Act.

Secretarial Auditor

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

Further, the Board of Directors, has re-appointed M/s Sanjay Grover and Associates, Practicing Company Secretaries to conduct the Secretarial Audit for the Financial Year 2020-21 in accordance with Section 204 of the Companies Act, 2013.

SIGNIFICANT AND MATERIAL ORDERS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

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

₹ In Lakhs

Name of the Company	Maximum Balance outstanding during the year 2020	As at March 31, 2020	Maximum Balance outstanding during the year 2019	As at March 31, 2019
Carnation Hotels Private Limited	257.72	2.71	652.72	257.72
Canary Hotels Private Limited	146.00	146.00	186.00	121.00
Oriole Dr. Fresh Hotels Private Limited	-	-	4.39	-
Sukhsagar Complexes Private Limited	542.00	542.00	337.00	337.00
Red Fox Hotel Company Private Limited	0.11	0.11	0.11	0.11
Grey Fox Project Management Company Private Limited	82.00	12.00	35.00	35.00
Meringue Hotels Private Limited(merged with Fleur Hotels Private Limited	4,652.00	2,788.00	3,960.00	3,960.00
PSK Resorts & Hotels Private Limited	1.00	1.00	-	-
Dandelion Hotels Private Limited	7.00	7.00	7.00	7.00

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188 OF THE COMPANIES ACT, 2013

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

The particulars of contracts or arrangements with related parties referred to in Section 188 of the Act in the prescribed Form AOC - 2, is annexed as 'Annexure-9' to this Report. Further, you may refer to Related Party transactions in Note No. 34 of the Standalone Financial Statements.

EXTRACT OF ANNUAL RETURN

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

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

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

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

A. **Conservation of Energy:**

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

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

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

The Company has utilized alternative source of energy viz. renewable Energy in the form of Solar Photovoltaic systems which is being utilized by our hotels. We are also using solar hot water systems in our hotels to reduce heating load for hot water systems.

The Capital investment on energy conservation requirements:

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

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

Technology absorption:

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

Research & Development:

The Company during the 2019-20 has not carried out any activity which can be construed as Research & Development. Therefore there is nothing to report under this section.

C. **Foreign exchange earnings and outgo:**

The information regarding Foreign Exchange earnings and outgo for the period under review is mentioned hereunder:

(₹ In Lakhs)

S. No.	Particulars	Year Ended March 31, 2020
1.	Earning in Foreign Currency	1,574.03
2.	Outgo in Foreign Currency	
	-Value of Capital Goods Imported on CIF basis	-
	-Commission/ Advertisement and business promotion	303.11

DIVIDEND ON EQUITY SHARES

Your Directors do not propose any dividend on the shares of the Company for the Financial Year ended on March 31, 2020.

TRANSFER TO RESERVES

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

ADEQUACY OF INTERNAL CONTROLS

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

COST RECORDS AND COST AUDIT

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

SECRETARIAL STANDARDS

During the year under review the Company has complied with Secretarial Standards on Board and General meetings issued by Institute of Company Secretaries of India.

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

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

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

GREEN INITIATIVE

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

Your Company shall be sending the Annual Report including the Notice of Annual General Meeting, Audited Financial Statements, Board's Report along with annexures etc. for the Financial Year 2019-2020 in the electronic mode to the shareholders who have registered their email ids with the Company and/or their respective Depository participants (DPs).

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

APPRECIATION

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

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

DATE: 29.05.2020
PLACE: NEW DELHI

Patanjali Govind Keswani
Chairman & Managing Director
DIN:00002974

ANNEXURE(S) TO THE BOARD'S REPORT

ANNEXURE-1

I. **FINANCE COMMITTEE MEETINGS**

During the Financial Year under review, five (5) Finance Committee meeting was held on May 2, 2019, September 26, 2019, December 30, 2019, January 24, 2020 and March 18, 2020.

Attendance of Members for the year ended March 31, 2020:

Name of the Member	Designation	No. of Meetings Attended
Mr. Patanjali Govind Keswani	Chairman & Member	4
Mr. Rattan Keswani	Member	4
Mr. Willem Albertus Hazeleger	Member	2

II. **SHARE ALLOTMENT COMMITTEE MEETINGS**

During the Financial Year under review, no share allotment committee meeting was held.

Name of the Member	Designation
Rattan Keswani	Chairman & Member
Patanjali G. Keswani	Member
Ashish Kumar Guha	Member

III. **GENERAL MANAGEMENT COMMITTEE MEETINGS**

During the Financial Year under review, eleven (11) General Management Committee meetings were held on April 8, 2019, May 30, 2019, July 1, 2019, July 4, 2019, August 6, 2019, September 11, 2019, October 9, 2019, October 22, 2019, December 5, 2019, December 24, 2019 and February 5, 2020.

Attendance of Members for the year ended March 31, 2020:

Name of the Member	Designation	No. of Meetings Attended
Mr. Patanjali Govind Keswani	Chairman & Member	11
Mr. Rattan Keswani	Member	11
Mr. Paramartha Saikia	Member	4

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

DATE: 29.05.2020
PLACE: NEW DELHI

Patanjali Govind Keswani
Chairman & Managing Director
DIN:00002974

ANNEXURE-2

NOMINATION AND REMUNERATION POLICY

1. **INTRODUCTION**

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

2. **POLICY OBJECTIVE**

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

3. **DEFINITIONS**

In this Policy unless the context otherwise requires:

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

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

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

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

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

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

(ii) Company Secretary;

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

(iv) Chief Financial Officer; and

(v) such other officer as may be prescribed;

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

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

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

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

4. **APPLICABILITY**

This Policy is applicable to:

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

(ii) Key Managerial Personnel

(iii) Senior Management Personnel

(iv) Other Employees of the Company

5. **GENERAL**

This Policy is divided in three parts:

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

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

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

PART-A

6. **SCOPE**

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

a. Formulate the criteria for determining qualifications, positive attributes and independence of a director and identify persons who are qualified to become

Directors and persons who may be appointed in Key Managerial and Senior Management Personnel, recommend to Board their appointment and removal;

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

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

PART-B

7. APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

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

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

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

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

8. TERM/TENURE

a. MD/ WTD/ Manager

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

b. Independent Director

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

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

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

9. DISQUALIFICATIONS FOR APPOINTMENT/ REAPPOINTMENT OF DIRECTORS

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

10. EVALUATION

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

11. REMOVAL

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

12. RETIREMENT

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

PART – C

13. MATTERS RELATING TO THE REMUNERATION & PERQUISITES

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

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

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

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

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

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

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

14. REMUNERATION TO MD/WTD/MANAGER

a. Remuneration

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

b. Minimum Remuneration

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

c. Provisions for excess remuneration

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

15. REMUNERATION TO NON-EXECUTIVE/INDEPENDENT DIRECTOR

a. Sitting Fees

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

b. Commission

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

c. **Stock Options**

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

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

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

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

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

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

17. DISSEMINATION

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

18. MISCELLANEOUS

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

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

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

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

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

Patanjali Govind Keswani
Chairman & Managing Director
DIN:00002974

DATE: 29.05.2020
PLACE: NEW DELHI

ANNEXURE-3

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

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

2. The Composition of the CSR Committee:

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

3. Average net profit of the company for last three financial years: ₹ 21.78 Crore

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 43.56 Lakhs

5. Details of CSR spent during the financial year.

   a) Total amount to be spent for the financial year: ₹ 43.56 Lakhs

   b) Amount unspent, if any: ₹ 43.56 Lakhs

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	**CSR project or activity Identified**	**Sector in which the Project is Covered**	**Projects or programs (1) Local area or Other (2) Specify the State and district where projects or programs was undertaken**	**Amount Outlay (budget) Project or programs wise**	**Amount spent on the projects or programs Sub heads: (1) Direct expenditure onprojects on programs. (2) Overheads**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
NIL							

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report: The Company was planning to spend amount towards CSR activities in Quarter 4 of the Financial Year under review, however because of impact of COVID on the business/hotel operations of the company, the Company has not spent CSR amount during Financial Year 2019-20. However, the Company is totally committed to focus on inclusive growth and improve lives by contributing towards communities around which it operates.

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

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

Patanjali Govind Keswani
Chairman & Managing Director
DIN:00002974

Paramartha Saikia
Chairman-CSR Committee
DIN:07145770

DATE:29.05.2020
PLACE: NEW DELHI

ANNEXURE-4

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

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

Part "A": Subsidiaries (₹ In Lakhs)

1	Sl. No.	1	2	3	4	5	6
2	Name of the Subsidiary	Fleur Hotels P. Ltd.	Begonia Hotels P. Ltd.	Canary Hotels P. Ltd.	Carnation Hotels P. Ltd.	Dandelion Hotels P. Ltd. *	Lemon Tree Hotel Company P. Ltd. *
3	Date since when subsidiary was acquired	25.09.2009	20.11.2009	18.05.2012	18.01.2007	19.07.2007	24.01.2007
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
6	Share Capital#	8,289.77	146.46	3,459.45	9.35	1.15	3.50
7	Reserves & surplus	1,38,159.95	4,373.94	(1,315.78)	905.26	250.09	(3.17)
8	Total Assets	2,57,569.63	4,871.15	4,809.10	3,854.93	258.84	0.55
9	Total Liabilities	1,11,119.91	350.75	2,665.43	2,940.32	7.60	0.22
10	Investments**	1.30	2,900.04	-	-	241.91	-
11	Turnover	21,028.66	1,276.90	1,284.73	1,352.37	-	-
12	Profit before taxation/(Loss)	(3,487.63)	305.75	1,18.91	545.94	(1.74)	(0.39)
13	Provision for taxation	5.57	74.74	-	139.81	-	-
14	Profit after taxation/(Loss)	(3,493.20)	231.01	118.91	406.13	(1.74)	(0.39)
15	Proposed Dividend	-	-	-	-	-	-
16	% of shareholding***	58.24%	74.11%	100%	74.90%	100%	100%

(₹ In Lakhs)

1	Sl. No.	7	8	9	10	11
2	Name of the Subsidiary	Manakin Resorts P. Ltd.	Nightingale Hotels P. Ltd.	Oriole Dr. Fresh Hotels P. Ltd.	Sukhsagar Complexes P. Ltd.	PSK Resorts & Hotels P. Ltd.*
3	Date since when subsidiary was acquired	13.02.2009	10.01.2013	10.01.2013	10.01.2013	13.02.2009
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.	N.A.	N.A.
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.	N.A.	N.A.	N.A.	N.A.
6	Share Capital#	571.43	1,303.66	370.00	619.50	118.69
7	Reserves & surplus	916.83	5,301.86	1,886.16	333.33	2,220.40
8	Total Assets	1,605.10	12,100.32	4,780.67	5,026.24	2,340.16
9	Total Liabilities	116.84	5,494.80	2,524.51	4,073.41	1.07
10	Investments**	-	1,000.00	-	-	-
11	Turnover	343.00	3,146.63	764.61	1,104.36	-
12	Profit before taxation/ (Loss)	30.50	656.42	(79.56)	(82.14)	(1.04)
13	Provision for taxation	(6.06)	4.40	-	-	-
14	Profit after taxation/ (Loss)	36.56	652.02	(79.56)	(82.14)	(1.04)
15	Proposed Dividend	-	-	-	-	-
16	% of shareholding***	100%	57.53%	100%	100%	100%

(₹ In Lakhs)

1	Sl. No.	12	13	14	15	16	17
2	Name of the Subsidiary	Red Fox Hotel Company P. Ltd. *	Grey Fox Project Management Company P. Ltd.	Valerian Management Services P. Ltd.	Poplar Homestead Holdings P. Ltd*	Jessamine Stays P. Ltd*	Madder Stays Private Limited*
3	Date since when subsidiary was acquired	10.01.2013	28.09.2012	16.09.2013	29.11.2018	28.11.2018	28.11.2018
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
6	Share Capital#	3.00	455.01	1.00	1.00	1.00	1.00
7	Reserves & surplus	(2.75)	(200.12)	(273.83)	(0.31)	(0.30)	(0.30)
8	Total Assets	0.44	535.05	30.52	0.77	0.78	0.77
9	Total Liabilities	0.19	280.16	303.55	0.08	0.08	0.07
10	Investments**	-	-	-	-	-	-
11	Turnover	-	336.41	75.05	-	-	-
12	Profit before taxation/ (Loss)	(0.40)	66.85	14.74	(0.16)	(0.15)	(0.15)
13	Provision for taxation	-	-	-	-	-	-
14	Profit after taxation/ (Loss)	(0.40)	66.85	14.74	(0.16)	(0.15)	(0.15)
15	Proposed Dividend	-	-	-	-	-	-
16	% of shareholding***	100%	100%	100%	100%	100%	100%

(₹ In Lakhs)

1	Sl. No.	18	19	20	21	22	23	24
2	Name of the Subsidiary	Celsia Hotels P. Ltd.	Inovoa Hotels And Resorts Ltd.	Iora Hotels P. Ltd. *	Ophrys Hotels P. Ltd.*	Hyacinth Hotels P. Ltd.	Bandhav Resorts Pvt Ltd	Berggruen Hotels Private Limited
3	Date since when subsidiary was acquired	29.03.2012	16.08.2013	14.11.2013	10.01.2014	19.07.2007	13.05.2016	01.11.2019
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
6	Share Capital#	3.53	3,828.00	1,145.19	2.50	82.10	90.11	5,455.16
7	Reserves & surplus	6,731.10	(1,664.88)	21,498.95	(2.73)	2,735.27	911.87	28,430.84
8	Total Assets	11,412.66	5,751.88	35,844.61	0.10	25,403.90	1,582.09	53,832.47
9	Total Liabilities	4,678.03	3,588.76	13,200.47	0.33	22,586.53	580.11	19,946.48
10	Investments**	3,300.00	400.16	-	-	-	-	-
11	Turnover	2,922.13	1,775.00	-	-	6,467.12	146.76	8,069.03
12	Profit before taxation/(Loss)	513.62	(85.74)	(38.49)	0.49	(138.37)	(55.32)	(2,746.20)
13	Provision for taxation	149.40		-	-	-	-	(378.10)
14	Profit after taxation/(Loss)	364.22	(85.74)	(38.49)	0.49	(138.37)	(55.32)	(2,368.10)
15	Proposed Dividend	-	-	-	-	-	-	-
16	% of shareholding***	58.24%	58.24%	60.24%	58.24%	58.24%	58.24%	58.24%

Notes:

* Subsidiaries which are yet to commence operations.

** Investments except investments in subsidiaries.

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

Includes only equity share capital

Part "B": Associates and Joint Ventures

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

S. No.		1	2	3	4
Name of the Associate/Joint Ventures		Mind Leaders Learning India Private Limited	Pelican Facilities Management Pvt. Ltd	Glendale Marketing Services Private Limited	Hamstede Living Private Limited
1	Latest audited Balance Sheet Date	31.03.2020	31.03.2020	31.03.2020	31.03.2020
2	Date on which the Associate or Joint Venture was associated or acquired	06.06.2017	20.06.2017	10.12.2019	13.03.2019
3	Shares of Associate held by the Company at year end: (Number)				
	Amount of investment in Associate	INR 3.40 Lakhs	-	-	INR 285 Lakhs
	Total number of shares	3,40,000 Equity Shares	-	-	88,50,000 (1,50,000 Equity Shares and 87,00,000 Preference Shares)
	Extent of holding %	36.56%	-	-	30%
4	Description of how there is significant influence	Due to percentage of shareholding	Being 100% subsidiary of our associate Mind Leaders Learning India Pvt. Ltd	Being 100% subsidiary of our associate Pelican Facilities Management Pvt. Ltd	Due to percentage of shareholding
5	Reason why the associate/joint venture is not consolidated	N.A	N.A	N.A	N.A
6	Net worth attributable to shareholding as per latest audited balance sheet	₹ 961.72 Lakhs	N.A	N.A	₹ 1,350.25 lakhs
	Profit for the year(Consolidated)				
	Considered in consolidation	₹ 152.39 Lakhs	N.A	N.A	₹ (419.04) lakhs
	Not considered in consolidation	N.A	N.A	N.A	N.A

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

Patanjali Govind Keswani
Chairman & Managing Director
DIN:00002974

DATE: 29.05.2020
PLACE: NEW DELHI

Kapil Sharma
Chief Financial Officer

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

CORPORATE GOVERNANCE REPORT

ANNEXURE 5

INTRODUCTION

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

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

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

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

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

The Company is managed and controlled through a professional body of Board of Directors ("the Board") which comprises of optimum combination of Executive and Non-Executive / Independent Directors headed by the Executive Chairman. As on March 31, 2020, the Company's Board consists of 12 Directors, 6 of which were Independent Directors including one Women Director. The composition of the Board satisfies the conditions of the SEBI (LODR) Regulations.

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

* Mr. Rattan Keswani has been re-appointed in the Annual General meeting held on August 22, 2019 for a period of 3 years w.e.f 1st January, 2020.

** Mr. Anish Kumar Saraf was appointed as a Additional Director w.e.f August 13, 2018 and appointed as a Director in the Annual General meeting held on August 22, 2019

*** Dr. Arindam Kumar Bhattacharya was appointed as an Additional Director in the capacity of Independent w.e.f April 11, 2019 and appointed as an Independent Director in the Annual General meeting held on August 22, 2019 for a period of 5 years.

Note:

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

BOARD MEETINGS

During the year under review, the Board of the Company met 5 times on May 29, 2019, June 28, 2019, August 7, 2019, November 13, 2019 and February 13, 2020. The maximum gap between any two Board meetings was less than four months. Meetings are usually held at Registered & Corporate Office at Asset No.6, Aerocity Hospitality District, New Delhi-110037, India.

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

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

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS/ COMMITTEE MEMBERSHIP

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

Name of the Director	Category	No. of Board Level Committee Memberships / Chairmanships in other Indian Public Companies		Attendance Particulars			No of Directorships (2)	Name of other Listed Entities in which they are director and category
		Member (1)	Chairman (1)	No. of Board Meetings		Attendance at last AGM		
				Held/ entitled to attend	Attended	Attended		
Mr. Patanjali Govind Keswani	Promoter/Executive Chairman & Managing Director	1	0	5	5	Yes	8	Nil
Mr. Rattan Keswani*	Executive/Deputy Managing Director	1	0	5	5	Yes	3	Nil
Mr. Aditya Madhav Keswani	Promoter/ Non-Executive Director	0	0	5	5	Yes	4	Nil
Mr. Ravi Kant Jaipuria	Non-Executive Director	0	0	5	3	No	10	Varun Beverages Ltd (Director)
Mr. Anish Kumar Saraf	Non-Executive Director	1	0	5	4	No	3	Nil
Mr. Willem Albertus Hazeleger	Non-Executive Director	0	0	5	3	No	1	Nil
Mr. Ashish Kumar Guha	Non-Executive Independent Director	3	1	5	5	Yes	3	CG Power and Industrial Solutions Ltd (Non-Executive Independent Director)
Mr. Arvind Singhania	Non-Executive Independent Director	1	0	5	3	No	3	Ester Industries Ltd (Managing Director)
Mr. Pradeep Mathur	Non-Executive Independent Director	4	2	5	4	Yes	5	CG Power and Industrial Solutions Ltd (Non-Executive Independent Director)
Dr. Arindam Kumar Bhattacharya**	Non-Executive Independent Director	2	0	5	2	No	2	Nil
Mr. Paramartha Saikia	Non-Executive Independent Director	4	0	5	5	Yes	8	Salora International Limited (Non-Executive Independent Director)
Ms. Freyan Jamshed Desai	Non-Executive Independent Director	1	1	5	5	Yes	1	Nil

* Re-appointed as Deputy Managing Director w.e.f. January 1, 2020 for a period of 3 years

** Appointed as an Independent Director w.e.f April 11, 2019 for a period of 5 years.

Notes:

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

(2) None of the Directors of the Company hold Directorships in more than 20 (Twenty) Companies or more than 10 (Ten) public companies whether listed or not. Necessary disclosures regarding Directorship positions in other companies as on March 31, 2020 have been made by the Directors.

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

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

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

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

INDEPENDENT DIRECTORS

Mr. Ashish Kumar Guha, Mr. Pradeep Mathur, Dr. Arindam Kumar Bhattacharya, Mr. Paramartha Saikia, Ms. Freyan Jamshed Desai and Mr. Arvind Singhania were the Independent Directors of the Company as on March 31, 2020.

During the Financial Year under review, Mr. Gopal Sitaram Jiwarjaka has resigned from the Company w.e.f 1st April, 2019, which has been disclosed in the previous year Board report.

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

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

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

INDEPENDENT DIRECTORS MEETING

A separate meeting of the Independent Director's was held on May 29, 2020 without the presence of Executive Directors or non-independent Directors and members of the management.

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

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

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

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

The Company does not have any pecuniary relationship with any non-executive or independent director except for payment of sitting fees to Independent Director for attending the Board and committee meetings.

Familiarisation Programme for Independent Directors

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

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

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

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

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

In terms of requirement of Listing Regulations, the Board has identified the following core skills / expertise /competencies of the Directors in the context of the Company's business for effective functioning as given below:

Name of the Director	Business	Leadership	Strategy and Planning	Governance	Financial	Sales & Marketing
Mr. Patanjali Govind Keswani	√	√	√	√	√	√
Mr. Rattan Keswani	√	√	√	√	√	√
Mr. Aditya Madhav Keswani	√	√	√	√		
Mr. Anish Kumar Saraf	√	√	√	√	√	
Mr. Ravi Kant Jaipuria	√	√	√	√	√	
Mr. Willem Albertus Hazeleger	√	√	√	√	√	
Mr. Pradeep Mathur	√	√	√	√	√	
Mr. Ashish Kumar Guha	√	√	√	√	√	
Dr. Arindam Kumar Bhattacharya	√	√	√	√	√	
Mr. Paramartha Saikia	√	√		√	√	√
Mr. Arvind Singhania	√	√	√	√	√	
Ms. Freyan Jamshed Desai	√	√		√		

SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS

The shareholding of Non-Executive Directors as on March 31, 2020 is as follows:

Name of the Director	Designation	No. of Shares Held (face value of ₹ 10 each)
Dr. Arindam Kumar Bhattacharya	Non-Executive Independent Director	690,490
Mr. Pradeep Mathur	Non-Executive Independent Director	353,454
Mr. Paramartha Saikia	Non-Executive Independent Director	125,662
Mr. Arvind Singhania	Non-Executive Independent Director	200,000

As on March 31, 2020, the Company doesn't have any convertible instruments.

COMMITTEES OF BOARD OF DIRECTORS

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

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

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

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

AUDIT COMMITTEE

Brief Terms of reference:

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

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

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

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

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

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

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

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

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

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

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

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

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

j. Scrutiny of inter-corporate loans and investments.

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

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

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

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

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

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

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

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

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

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

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

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

w. Mandatorily review the following

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

x. Reviewing the utilization of loans and/ or advances from/ investment by the holding company in the subsidiary exceeding rupees 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision.

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

Composition, Meetings and attendance of the Audit Committee

The Audit Committee, was reconstituted by a resolution of our Board dated April 11, 2019 and further reconstituted on February 13, 2020 with the following members in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations.

During the year under review, the Audit Committee met five (5) times on May 29, 2019, June 28, 2019, August 7, 2019, November 13, 2019 and February 13, 2020 with necessary quorum being present at all the meetings:

Name of the Members	Status	Category	No. of Meetings attended
Mr. Pradeep Mathur*	Chairman & Member	Non- Executive Independent	4
Mr. Ashish Kumar Guha	Member	Non- Executive Independent	5
Mr. Paramartha Saikia**	Member	Non- Executive Independent	5
Dr. Arindam Kumar Bhattacharya***	Member	Non- Executive Independent	N.A

* Appointed as a Chairman w.e.f April 11, 2019

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

*** Inducted as a member of the Committee w.e.f February 13, 2020

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

Nomination & Remuneration Committee

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

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

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

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

c. Devising a policy on diversity of the Board.

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

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

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

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

Composition, Meetings and attendance of the Nomination & Remuneration Committee

The Nomination & Remuneration Committee during the year under review was last reconstituted by a resolution of our Board on April 11, 2019 with the following members in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations.

During the year under review, the Nomination & Remuneration Committee met 1(one) time on May 29, 2019 with necessary quorum being present at the meeting:

Name of the Members	Status	Category	No. of Meetings attended
Mr. Paramartha Saikia*	Chairman	Non-Executive Independent	1
Mr. Pradeep Mathur	Member	Non-Executive Independent	1
Mr. Patanjali Govind Keswani	Member	Executive Chairman and Managing Director	1
Ms. Freyan Jamshed Desai**	Member	Non-Executive Independent	1

* Appointed as Chairman of the committee w.e.f May 29, 2019

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

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

Performance Evaluation Criteria for Independent Directors

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

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

Remuneration of Directors

Details of Remuneration paid or payable to Directors for the year ended March 31, 2020:

Name of the Director^	Category	Salary including Perquisites & PF (₹ In Lakhs)	Sitting Fees^^ (₹ In Lakhs)	Tenure Upto	Notice Period	Total (₹ In Lakhs)
Mr. Patanjali Govind Keswani	Executive/Chairman & Managing Director	348.47	N.A.	31.03.2023	N.A.	348.47
Mr. Rattan Keswani*	Executive/Deputy Managing Director	Nil	N.A.	31.12.2022	2 month	Nil
Mr. Aditya Madhav Keswani	Non-Executive Director	Nil	N.A.	N.A.	N.A.	Nil
Mr. Ravi Kant Jaipuria	Non-Executive Director	Nil	N.A.	N.A.	N.A.	Nil
Mr. Anish Kumar Saraf **	Non-Executive Director	Nil	N.A.	N.A.	N.A.	Nil
Mr. Willem Albertus Hazeleger	Non-Executive Director	Nil	N.A.	N.A.	N.A.	Nil
Mr. Ashish Kumar Guha	Non-executive Independent Director	Nil	1.75	14.06.2022	N.A.	1.75
Ms. Freyan Jamshed Desai	Non-executive Independent Director	Nil	1.55	14.06.2022	N.A.	1.55
Mr. Arvind Singhania	Non-executive Independent Director	Nil	0.50	14.06.2022	N.A.	0.50
Mr. Paramartha Saikia	Non-executive Independent Director	Nil	2.05	14.06.2022	N.A.	2.05
Mr. Pradeep Mathur	Non-executive Independent Director	Nil	1.50	04.12.2022	N.A.	1.50
Dr. Arindam Kumar Bhattacharya***	Non-Executive Independent Director	Nil	Nil	10.04.2024	N.A.	Nil

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

^^ The Non-Executive Independent Directors were paid sitting fees of ₹ 25,000/- for attending each meeting of the Board and ₹ 10,000/- for each committee meetings attended by them.

* Mr. Rattan Keswani has been re-appointed as Deputy Managing Director for a period of 3 years w.e.f 1st January, 2020 in the Annual General meeting held on August 22, 2019.

** Appointed as Additional Director w.e.f August 13, 2018 and as a Director in the Annual General meeting held on August 22, 2019.

*** Appointed as Additional Independent Director w.e.f April 11, 2019 and as an Independent Director for a period of 5 years w.e.f 11th April, 2019 in the Annual General meeting held on August 22, 2019. Mr. Arindam Kumar Bhattacharya is not willing to accepting the sitting fees and has given his dissent thereto.

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

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

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

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

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

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

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

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

Composition, Meetings and attendance of the Corporate Social Responsibility Committee

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

During the Financial Year under review, 1(one) meeting of Corporate Social Responsibility Committee has been held on February 13, 2020 with necessary quorum being present at the meeting, for taking approval for making any contribution in accordance with Section 135 of the Companies Act, 2013.

Name of the Members	Status	Category	No. of Meetings attended
Mr. Paramartha Saikia	Chairman	Non-Executive Independent	1
Mr. Patanjali Govind Keswani	Member	Executive Chairman & Managing Director	1
Mr. Aditya Madhav Keswani	Member	Non-Executive	1
Ms. Freyan Jamshed Desai	Member	Non-Executive Independent	1

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

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholder's Relationship Committee has been constituted in terms of Section 178 of the Act and Regulation 20 of SEBI (LODR) Regulations, for redressal of investor complaints, Shareholders related issues, transfer/transmission of securities etc and the terms of reference have been enhanced in the Board meeting held on May 29, 2019.

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

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

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

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

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

e. Review of measures taken for effective exercise of voting rights by shareholders

f. Review of the adherence to the service standards adopted by the company in respect of various services being rendered by the Registrar and Share Transfer Agent,

g. Review of the various measured and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

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

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

The Stakeholder's Relationship Committee was last reconstituted by a resolution of our Board on April 11, 2019 with the following members in compliance with the provisions of Section 178 (5) of the Companies Act, 2013 and SEBI (LODR) Regulations.

During the year under review, one (1) meeting of Stakeholder's Relationship Committee has been held on August 7, 2019 with necessary quorum being present at the meeting:

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

* Appointed as Chairman of the Committee w.e.f. May 29, 2019

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

RISK MANAGEMENT COMMITTEE

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

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

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

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

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

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

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

Composition, Meetings and attendance of the Risk Management Committee

The Risk Management Committee was constituted on May 29, 2019. Presently, following are the members in compliance with the provisions of Regulation 21 of SEBI(LODR) Regulations.

During the year under review, one (1) meeting of Risk Management Committee has been held on February 25, 2020 with necessary quorum being present at the meeting:

Name of the Members	Status	Category	No. of Meetings attended
Mr. Patanjali Govind Keswani	Chairman	Executive – Chairman & Managing Director	1
Mr. Rattan Keswani	Member	Executive-Deputy Managing Director	1
Mr. Vikramjit Singh	Member	Senior Management (President)	1

NAME AND DESIGNATION OF COMPLIANCE OFFICER:

Mr. Nikhil Sethi

Group Company Secretary & GM Legal

INVESTOR GRIEVANCES/COMPLAINTS

The details of the investor complaints received and resolved during the Financial Year 2019-20 are as follows:

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

GENERAL BODY MEETING

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

Financial Year	Date	Time	Venue	Special Resolution Passed
2018-19	22.08.2019	03.00 p.m	Air Force Auditorium, Subroto Park, New Delhi 110010	Yes
2017-18	03.08.2018	03.00 p.m	Air Force Auditorium, Subroto Park, New Delhi 110010	Yes
2016-17	29.09.2017	03.00 p.m	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	Yes

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

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

MEANS OF COMMUNICATION

Information like Quarterly/Half yearly/Annual Financial Results and press releases on significant developments in the Company that have been made available from time to time have been submitted to the Stock Exchanges to enable them to put on their websites and communicated to their members. The same is also available to the Investors or to the Analysts, if any and are also hosted on the Company Website at www.lemontreehotels.com. The Quarterly/Half yearly/Annual Financial Results are published in English and Hindi language newspapers normally in Financial Express and Jansatta. Moreover, a report on Management discussion and Analysis as well as Business responsibility Report also forms part of the Board's Report. The Company is electronically filling all report/information including quarterly results, shareholding pattern and Corporate Governance Report and so on, on NSE website www.connect2nse.com/LISTING/ and on BSE website www.listing.bseindia.com.

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

PROHIBITION OF INSIDER TRADING

During the year under review, the Company has in place the Code of Conduct for Prohibition of Insider Trading under SEBI (Prohibition of Insider Trading) Regulations, 2015 ("Regulations") and the same is uploaded on the website of the Company at www.lemontreehotels.com

GENERAL SHAREHOLDER INFORMATION

A. ANNUAL GENERAL MEETING

Day & Date	Tuesday, 29th September, 2020
Venue	Meeting will be held through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") facility. (Deemed Venue - Regd. Office: Lemon Tree Hotels Limited, Asset No. 6, Aerocity Hospitality District, New Delhi-110037)
Time	03.00 P.M
Cut-off date for the purpose of remote E- voting	Tuesday, 22nd September, 2020

B. Financial Year

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

Financial Calendar 2021 (tentative)

First Quarter Results: First/Second week of August, 2020

Second Quarter Results: First/Second week of November, 2020

Third Quarter Results: First/Second week of February, 2021

Audited Annual Results for the year ending on March 31, 2021: Third/Fourth week of May, 2021

C. DIVIDEND PAYMENT DATE

The Directors of the company have not recommended any dividend for the Financial Year 2019-20

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

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

Annual Listing fees for the Financial Year 2020-21 has paid by the Company to BSE Limited and National Stock Exchange of India Limited

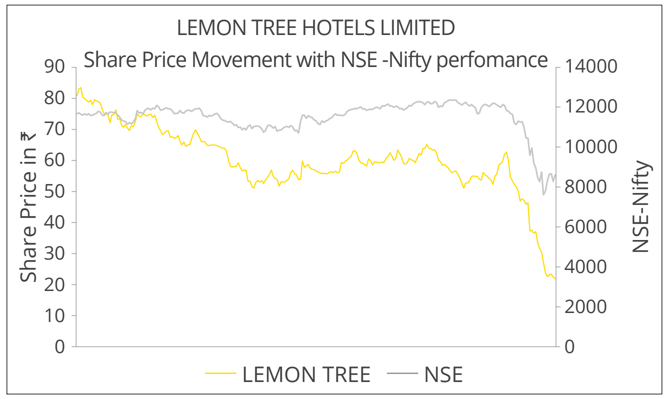
E. STOCK MARKET DATA & STOCK PERFORMANCE

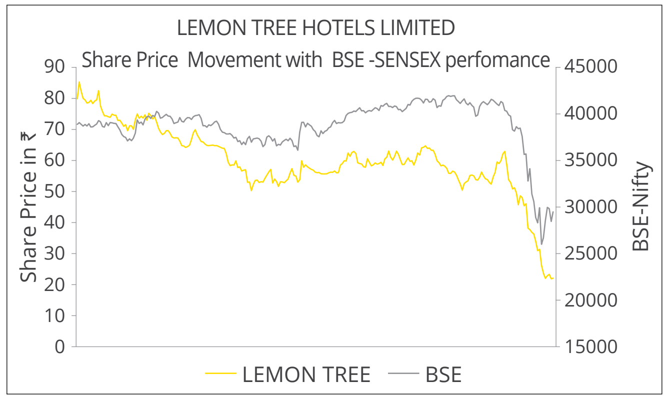
The details of stock market data and Stock performance for financial year 2019-20 are as under:

MARKET PRICE DATA FROM APRIL, 2019 TO MARCH, 2020

Month	BSE			NSE		
	High	Low	Volume (Nos.)	High	Low	Volume (Nos.)
Ap-19	90.90	71.50	5006297	86.4	71.50	169536635
May-19	79.30	68.85	1503049	77.90	68.50	12785315
Jun-19	76.5	64.00	442274	75.75	64.20	9394850
Jul-19	70.65	56.20	339500	71.00	56.10	9239394
Aug-19	60.60	48.0	4755633	60.60	47.00	72981858
Sep-19	69.0	51.30	3259337	69.95	51.00	77878659
Oct-19	63.90	55.35	4253661	62.15	55.20	14466122
Nov-19	65.0	51.00	22788309	63.80	57.15	18948593
Dec-19	65.80	58.05	741024	65.95	58.10	11768806
Jan-20	64.10	50.00	848125	64.25	50.05	16920692
Feb-20	63.70	49.25	1402597	63.75	49.15	23330522
Mar-20	52.55	21.35	6342342	52.50	21.00	16677419

Performance in comparison to broad-based indices





F. SHARE TRANSFER AGENT

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

KFin Technologies Pvt Ltd
(Formerly known as "Karvy Fintech Private Limited")

"Selenium Building, Tower B", Plot NO. 31 & 32,
Financial District, Nanakramguda,
Serilingampally, Hyderabad-500032,
Telangana
Tel.: +91 40-67162222
Fax: +91 40-23001153
E-mail: einward.ris@kfintech.com
Website: www.kfintech.com

G. SHARE TRANSFER SYSTEM

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

H. DISTRIBUTION OF SHAREHOLDING

The shareholding distribution of equity shares as on March 31, 2020 is given hereunder:

Number of Equity Shares Held	Number of shareholders	% of total shareholders	Number of shares held	% Shareholding
1-5000	35372	97.91	107,05,563	1.35
5001-10000	251	0.69	18,82,002	0.24
10001-20000	127	0.35	18,66,773	0.24
20001-30000	53	0.15	13,47,915	0.17
30001-40000	44	0.12	15,80,961	0.20
40001-50000	24	0.07	11,02,669	0.14
50001-100000	57	0.16	40,52,106	0.51
100001-ABOVE	198	0.55	76,97,08,475	97.16
TOTAL	**36126**	**100.00**	**79,22,46,464**	**100.00**

I. CATEGORY WISE SHAREHOLDING

S. No.	Description	Total no of Equity Shares held as on March 31, 2020	%age
1	Foreign Bodies Corporates	124,787,605	15.75
2	Promoters Bodies Corporate	216,314,039	27.30
3	Foreign Portfolio – Corp	185,777,355	23.45
4	Mutual Funds	135,437,083	17.10
5	Bodies Corporates	44,215,819	5.58
6	Resident Individuals	38,031,153	4.80
7	Promoters	31,160,764	3.93
8	Employees	8,674,923	1.09
9	Trusts	1,931,991	0.24
10	Non Resident Indian Non-Repatriable	1,749,169	0.22
11	Clearing Members	806,576	0.10
12	Non Resident Indians	1,345,797	0.17
13	H U F	451,486	0.06
14	Indian Financial Institutions	105,392	0.01
15	Foreign Portfolio Investors	100,000	0.01
16	Alternative Investment Fund	1,357,312	0.17
	Total	**792,246,464**	**100.00**

J. DEMATERIALIZATION OF SHARES

As on March 31, 2020, 96.46% of the total equity shares were held in dematerialised form.

K. OUTSTANDING CONVERTIBLE INSTRUMENTS

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

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

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

M. Hotel Location

The hotel location have been provided in the corporate overview section of the Annual Report & also available at www.lemontreehotels.com.

N. ADDRESS FOR CORRESPONDENCE

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

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

OTHER DISCLOSURES

Related Party Transactions

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

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

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

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

Statutory Compliances/Penalty

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

Vigil Mechanism and Whistle Blower Policy

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

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

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

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

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

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

1. **The Board**

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

2. **Shareholders' Rights**

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

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

   There are no modified opinion(s) on the financial statements for the financial year 2019-20.

4. **Reporting of Internal Auditor**

   The Internal Auditor reports to the Audit Committee.

Policy for Determining Material Subsidiaries and Dealing with Related Party Transactions

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

Four (4) of the Independent Directors of the Company are also on the Board of material subsidiary i.e Fleur Hotels Private Limited, two (2) of the Independent Directors of the Company are also on the Board of material subsidiary i.e Berggruen Hotels Private Limited and one (1) of the Independent Directors of the Company are also on the Board of material subsidiary i.e. Hyacinth Hotels Private Limited.

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

The Company has not raised funds through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) during the Financial Year 2019-20.

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

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

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

The total fees paid to the M/s Deloitte Haskins & Sells LLP, Statutory Auditor by the Company and its subsidiaries on a consolidated basis for the Financial Year 2019-20 is ₹ 1.15 Crore.

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

During the Financial Year ended March 31, 2020, the Company has not received any complaint in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

Scores

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

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

Equity Shares in the Suspense Account

The Company has in accordance with the procedure laid down in Schedule IV of SEBI (LODR) Regulations opened a dematerialization account namely 'Lemon Tree Hotels Ltd'. Unclaimed Suspense Demat Account' however, no shares have been transferred till March 31, 2020.

Reconciliation of Share Capital Audit

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

Information on Deviation from Accounting Standards, if any

The Company has adopted Indian Accounting Standards (Ind AS) in preparation of annual accounts for the Financial Year 2020.

Non acceptance of any recommendation of any Committee of the Board which was mandatorily required:

During the year, the Board has accepted all recommendations received from all its Committees.

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

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

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

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

CEO/CFO certification

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

Code of Conduct

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

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

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

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, an affirmation that they have complied with the Code of Conduct for Directors and Senior Management Personnel in respect of the Financial Year 2019-20.

For **Lemon Tree Hotels Limited**

Patanjali Govind Keswani
Chairman & Managing Director
DIN:00002974

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

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

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, Ihereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any court or any other Statutory Authority:

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

*Appointed as Additional Director w.e.f 13th August, 2018 and as Director in the Annual General Meeting held on 22nd August, 2019

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

***Appointed as Additional Independent Director w.e.f 11th April, 2019 and as Independent Director for a period of 5 years w.e.f.11th April, 2019 in the Annual General meeting held on 22nd August, 2019.

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

Dhawal Kant Singh
Membership No.: F8687
CP No.:7347
UDIN:F008687B000294632

Place: Delhi
Date : 29/05/2020

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

This is to certify that:

a. We have reviewed financial statements and the cash flow statement for the year ended March 31, 2020 of Lemon Tree Hotels Limited (the Company) and that to the best of our knowledge and belief:

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

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

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

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

d. We have indicated to the Auditors and Audit Committee

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

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

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

For **Lemon Tree Hotels Limited**

Place: New Delhi
Date: 29.05.2020

Kapil Sharma
Chief Financial officer

Patanjali Govind Keswani
Chairman & Managing Director
DIN: 00002974

Corporate Governance Certificate

To
The Members
Lemon Tree Hotels Limited

We have examined the compliance of conditions of Corporate Governance by Lemon Tree Hotels Limited ("the Company"), for the Financial Year ended March 31, 2020 as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

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

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

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

Devesh Kumar Vasisht
Partner
CP No.:13700
UDIN: F008488B000297942

Place: New Delhi
Date: May 29, 2020

ANNEXURE-6

REMUNERATION TO DIRECTORS/ KMPs AND EMPLOYEES

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

Sr. No.	Description	Directors	Employees			
a.	Name of the Employee	**Mr. Patanjali Govind Keswani(1)**	**Mr. Jagdish K Chawla(2)**	**Mr. Kapil Sharma(3)**	**Mr. Davander Tomar(4)**	**Ms. Ritu Ranjan (5)**
b.	Designation of the employee	Chairman & Managing Director	Executive Vice President-Projects & Engineering	Chief Financial Officer	Executive Vice President-Corporate Affairs	Chief Design Officer
c.	Remuneration Received (In ₹)	33,454,819	11,560,783	10,961,353	10,436,377	9,524,707
d.	Nature of Employment, whether contractual or not	Non-contractual	Non-contractual	Non-contractual	Non-contractual	Non-contractual
e.	Qualifications and experience of the employee	B. Tech in Electrical Engineering from IIT Delhi and PGDBM from IIM Calcutta. He has a experience of over 34 years	Diploma Degree in Electrical Engineering from Pusa Polytechnic, Pusa, New Delhi and has a total experience of over 41 years in the field of engineering, construction and operations	Chartered Accountant. He has a experience of over 25 years	M.A & LLB from Delhi University and has a total experience of over 38 years.	B.A (Honors) in Philosophy from Delhi University in the year 1987 and having 19 years of experience
f.	Date of commencement of employment with company	07.10.2002	01.02.2019	01.12.2004	25.09.2002	01.04.2014
g.	The age of such employee	61 Years	63 years	51 years	59 years	54 years
h.	The last employment held by such employee before joining the Company	Senior Partner A.T. Kearney Inc., India	Taj Group of Hotels	Head-Finance and Accounts, Leroy Somer & Controls India Private Limited	Area Security Manager-Taj Group of Hotels	Self employed
i.	The percentage of equity shares held by the employee in the Company within the meaning of Clause(iii) of sub-rule (2) above	3.51	0.17	0.06	0.01	0.05
j.	Whether any such employee is a relative of any director or manager of the Company and if so, the name of such director or manager	Mr. Aditya Madhav Keswani, Director	N.A.	N.A.	N.A.	N.A.

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

REMUNERATION TO EMPLOYEES

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

Sr. No.	Description	Employees				
a.	Name of the Employee	**Ms. Harleen Mehta(6)**	**Mr. Vikramjit Singh(7)**	**Mr. Mahesh Sesha Aiyer(8)**	**Mr. Prasad Iyer (9)**	**Ms. Sareena Kochhar (10)**
b.	Designation of the employee	Sr. Vice President - Sales	President	Senior Vice President Operations- South & West	Vice President-Digital & E-Commerce	Vice President-Housekeeping
c.	Remuneration Received (In ₹)	8,500,227	8,162,017	7,745,419	6,157,247	4,192,893
d.	Nature of Employment, whether contractual or not	Non-contractual	Non-contractual	Non-contractual	Non-contractual	Non-contractual
e.	Qualifications and experience of the employee	Master's in Business Administration from Symbiosis Institute of Management Studies, Pune. She also has a Hotel Management Degree from IHM Gwalior. She has experience of over 20 years	Graduate from Sri Ram College of Commerce and a post graduate in Hospitality Management and Administration from the Taj Group of Hotels and has an experience of over 24 years	B.E (Mechanical) & M.B.A and have over 25 years of experience in his field	MBA in International Business & International Marketing from University of Technology, Sydney, Australia. He has experience of over 17 years	B.Sc (Home Science) and Diploma in Hotel Management with over 33 years of experience in Hospitality
f.	Date of commencement of employment with company	19.08.2019	15.05.2014	02.07.2018	05.08.2019	15.07.2006
g.	The age of such employee	45 years	45 years	49 years	39 years	55 years
h.	The last employment held by such employee before joining the Company	Hyatt Hotels and Resorts, where her last role was as Vice President –Sales Operations, India	He was an entrepreneur in Assam where he ran his own hotel	Chief Operating Officer at Ozone Group	Indian Hotels Company Ltd as Associate Vice President – Digital & E-commerce	Corporate Executive Housekeeper with VLCC Health Care.
i.	The percentage of equity shares held by the employee in the Company within the meaning of Clause(iii) of sub-rule (2) above	Nil	0.05	0.01	Nil	0.04
j.	Whether any such employee is a relative of any director or manager of the Company and if so, the name of such director or manager	N.A.	N.A.	N.A.	N.A.	N.A.

Note(s):

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

For **Lemon Tree Hotels Limited**

Patanjali Govind Keswani
Chairman & Managing Director
DIN: 00002974

Place : New Delhi
Date : 29.05.2020

ANNEXURE-7

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

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

Name	Designation	Ratio of Remuneration of each Director to the median remuneration of employees	Percentage Increase in Remuneration*
Mr. Patanjali Govind Keswani	Chairman and Managing Director	297	Nil
Mr. Kapil Sharma	Chief Financial Officer	NA	18.73
Mr. Nikhil Sethi	Group Company Secretary & GM Legal	NA	9.66

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

No other directors were paid remuneration during the Financial Year 2019-20.

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

   The percentage increase in the median remuneration of employees in the financial year 2019-20 is 2%.

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

   The number of permanent employees on the rolls of the Company as on March 31, 2020 is 833 across all the locations globally.

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

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

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

For **Lemon Tree Hotels Limited**

Patanjali Govind Keswani
Chairman & Managing Director
DIN: 00002974

Place: New Delhi
Date : 29.05.2020

ANNEXURE – 8

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2020

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

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

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

We report that-

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

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

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

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

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

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

g) Some of the books and papers were verified through online means due to the prevailing lockdown (COVID-19) and due efforts have been made by the Company to make available all the relevant documents and records and by the Auditors to conduct and complete the audit in aforesaid lockdown conditions.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on 31st March, 2020 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

We have checked the Compliance Management System of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis.

We believe that the Audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the Compliance Management System of the Company seems adequate to ensure compliance of laws, specifically applicable to the Company.

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

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

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

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

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

Devesh Kumar Vasisht
Partner
CP No. 13700
UDIN: F008488B000296072

Place: New Delhi
Date: May 29, 2020

ANNEXURE-9

PARTICULARS OF CONTRACTS/ARRANGEMENTS ENTERED WITH THE RELATED PARTIES

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

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

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

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

Sl. No/ Particulars	Name of the related party and nature of relationship (1)	Nature of Contract/ arrangement and transactions (2)	Duration of Contract/ arrangements/ transaction (3)	Salient terms of the Contracts/ arrangement or transaction including the value (4)	Justification for entering into contracts or arrangements or transaction (5)	Date of approval of the Board (6)	Amount paid as Advances, if any (7)	Date of passing resolution u/Sec 188 of CA 2013 (8)
1	Fleur Hotels Private Limited (Subsidiary)	Hotel Operating Agreement for Red Fox Hotel, Chandigarh	12 years w.e.f June 1, 2019	Base Fees: 3.5 % of Gross Income of the Hotel on a calendar monthly basis; Incentive Fees: (a) 4.0% of Gross Operating Profit of the Hotel where the AGOP Margin is less than or equal to 50%; or (b) 8.0% of Gross Operating Profit of the Hotel where the AGOP Margin is more than 50%; Reimbursements for Additional Services : (i) all traveling, telephone, telegraph, subsistence, telex, postal, and other expenses (ii) the fees and reimbursable expenses	The transaction for entering into agreement for management and operation services is advantageous for the Company and the Related Party and is in compliance with Section 188 and other applicable provisions of the Companies Act, 2013 and the rules thereto.	12.12.2016	-	19.12.2016
		Hotel Operating Agreement for Lemon Tree Premier, New Town Kolkatta	12 years w.e.f October 14, 2019					
		Hotel Operating Agreement for Aurika, Udaipur	12 years w.e.f October 29, 2019					

Sl. No/ Particulars	Name of the related party and nature of relationship (1)	Nature of Contract/ arrangement and transactions (2)	Duration of Contract/ arrangements/ transaction (3)	Salient terms of the Contracts/ arrangement or transaction including the value (4)	Justification for entering into contracts or arrangements or transaction (5)	Date of approval of the Board (6)	Amount paid as Advances, if any (7)	Date of passing resolution u/Sec 188 of CA 2013 (8)
2	Meringue Hotels Private Limited* (Subsidiary)	Hotel Operating Agreement for Lemon Tree Premier Mumbai	12 years w.e.f June 28, 2019	Base Fees: 3.5 % of Gross Income of the Hotel on a calendar monthly basis; Incentive Fees: (a) 4.0% of Gross Operating Profit of the Hotel where the AGOP Margin is less than or equal to 50%; or (b) 8.0% of Gross Operating Profit of the Hotel where the AGOP Margin is more than 50%; Reimbursements for Additional Services : (i) all traveling, telephone, telegraph, subsistence, telex, postal, and other expenses (ii) the fees and reimbursable expenses	The transaction for entering into agreement for management and operation services is advantageous for the Company and the Related Party and is in compliance with Section 188 and other applicable provisions of the Companies Act, 2013 and the rules thereto.	28.06.2019	-	N.A

Sl. No/ Particulars	Name of the related party and nature of relationship (1)	Nature of Contract/ arrangement and transactions (2)	Duration of Contract/ arrangements/ transaction (3)	Salient terms of the Contracts/ arrangement or transaction including the value (4)	Justification for entering into contracts or arrangements or transaction (5)	Date of approval of the Board (6)	Amount paid as Advances, if any (7)	Date of passing resolution u/Sec 188 of CA 2013 (8)
3	Berggruen Hotels Private Limited	Hotel Operating Agreements (HOA) for following Hotels: 1. Keys Select Hotel, Thiruvananthapuram 2. Keys Select Hotel, Ludhiana 3. Keys Select Hotel, Hosur Road Bangalore 4. Keys Select Hotel, Whitefield, Bangalore 5. Keys Select Hotel Pimpri, Pune 6. Keys Select Hotel, Kochi 7. Keys Select Hotel, Vizag	For a period of 12 years w.e.f November 15, 2019	Base Fees: 3.5 % of Gross Income of the Hotel on a calendar monthly basis; Incentive Fees: (a) 4.0% of Gross Operating Profit of the Hotel where the AGOP Margin is less than or equal to 50%; or (b) 8.0% of Gross Operating Profit of the Hotel where the AGOP Margin is more than 50%; Reimbursements for Additional Services : (i) all traveling, telephone, telegraph, subsistence, telex, postal, and other expenses (ii) the fees and reimbursable expenses	The transaction for entering into agreement for management and operation services is advantageous for the Company and the Related Party and is in compliance with Section 188 and other applicable provisions of the Companies Act, 2013 and the rules thereto	13.11.2019	-	NA

*Amalgamated with Fleur Hotels Private Limited, a material subsidiary of the Company vide NCLT order w.e.f 31st January, 2020

For **Lemon Tree Hotels Limited**

Patanjali Govind Keswani
Chairman & Managing Director
DIN: 00002974

Place: New Delhi
Date : 29.05.2020

ANNEXURE-10

EXTRACT OF ANNUAL RETURN

FORM NO. MGT 9

(AS ON FINANCIAL YEAR ENDED ON 31.03.2020)

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

I REGISTRATION & OTHER DETAILS:

i	CIN	L74899DL1992PLC049022
ii	Registration Date	June 2, 1992
iii	Name of the Company	Lemon Tree Hotels Limited
iv	Category/Sub-category of the Company	Public Limited Company/Company having share capital
v	Address of the Registered office & contact details	Asset No. 6, Aerocity Hospitality District, New Delhi-110037 Contact: 011-46050101
vi	Whether listed company	Listed
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	KFin Technologies Pvt Ltd (Formerly known as "Karvy Fintech Private Limited") "Selenium Building, Tower B", Plot NO. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad-500032, Telangana Tel.: +91 40-67162222 Fax: +91 40-23001153

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES

Sl No	Name of the Company	Address	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD #
1	Begonia Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55101DL2009PTC189339	Subsidiary	74.11%
2	Carnation Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55101DL2002PTC118180	Subsidiary	74.90%
3	Dandelion Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55101DL2007PTC166044	Wholly Owned Subsidiary	100%
4	Lemon Tree Hotel Company Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55101DL2007PTC158376	Wholly Owned Subsidiary	100%
5	Nightingale Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037**	U55101DL2007PTC158178	Subsidiary	57.53%
6	Oriole Dr. Fresh Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U85110DL2004PTC128937	Wholly Owned Subsidiary	100%
7	Canary Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55101DL2006PTC144532	Wholly Owned Subsidiary	100%
8	Sukhsagar Complexes Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U70101DL1993PTC172878	Wholly Owned Subsidiary	100%
9	Red Fox Hotel Company Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55204DL2007PTC157848	Wholly Owned Subsidiary	100%
10	Grey Fox Project Management Company Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U74140DL2012PTC238272	Wholly Owned Subsidiary	100%
11	Valerian Management Services Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U20296DL2007PTC169518	Indirect Subsidiary	100%
12	PSK Resorts & Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U74140DL2007PTC169861	Wholly Owned Subsidiary	100%
13	Manakin Resorts Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55101DL2005PTC212230	Indirect Subsidiary	100%
14	Madder Stays Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U74999DL2018PTC342313	Wholly Owned Subsidiary	100%
15	Jessamine Stays Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U74999DL2018PTC342311	Wholly Owned Subsidiary	100%
16	Poplar Homestead Holdings Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U74999DL2018PTC342345	Wholly Owned Subsidiary	100%
17	Fleur Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55101DL2003PTC207912	Subsidiary	58.24%
18	Celsia Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U45201DL2003PTC191326	Indirect Subsidiary	58.24%
19	Hyacinth Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55204DL2007PTC166050	Indirect Subsidiary	58.24%
20	Inovoa Hotels and Resorts Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U65921DL1995PLC067686	Indirect Subsidiary	58.24%
21	Iora Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55101DL2009PTC192981	Indirect Subsidiary	60.23%
22	Ophrys Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55101DL2007PTC166020	Indirect Subsidiary	58.24%
23	Bandhav Resorts Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55100DL2008PTC327179	Indirect Subsidiary	58.24%
24	Berggruen Hotels Private Limited	602, Central Plaza, 6th Floor, 166, CST. Road, Kalina, Santacruz (West) Mumbai mh 400098	U55101MH2006PTC164475	Indirect Subsidiary	58.24%
25	Hamstede Living Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U74999DL2018PTC342682	Associate Company	30.00%
26	Mind Leaders Learning India Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U80904DL2017PTC312452	Associate Company	36.56%
27	Pelican Facilities Management Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U74140DL2009PTC195209	Indirect Associate Company	36.56%
28	Glendale Marketing Services Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U74999DL2008PTC184113	Indirect Associate Company	36.56%

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

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

(i) Category-wise Share holding

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters & Promoter Group :									
(1) Indian									
a) Individual/ HUF	3,11,50,764	0	3,11,50,764	3.93	3,11,60,764	0	3,11,60,764	3.93	0.00
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	21,35,69,039	0	21,35,69,039	26.96	21,63,14,039	0	21,63,14,039	27.31	0.35
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (A) (1)	**24,47,19,803**	**0**	**24,47,19,803**	**30.89**	**24,74,74,803**	**0**	**24,74,74,803**	**31.24**	**0.35**
(2) Foreign									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other…	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (A) (2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0**	**0**
Total Share-holding of Promoters (A)=(A)(1) +(A)(2)	**24,47,19,803**	**0**	**24,47,19,803**	**30.89**	**24,74,74,803**	**0**	**24,74,74,803**	**31.24**	**0.35**
B. PUBLIC SHAREHOLDING:									
(1) Institutions									
a) Mutual Funds	7,08,32,867	0	7,08,32,867	8.94	13,54,37,083	0	13,54,37,083	17.10	8.16
b) Banks/FI	1,07,166	0	1,07,166	0.01	1,05,392	0	1,05,392	0.01	0.00
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIS	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others –Foreign Portfolio Investors	10,69,44,890	0	10,69,44,890	13.50	18,58,77,355	0	18,58,77,355	23.46	9.96
SUB TOTAL (B)(1):	**17,78,84,923**	**0**	**17,78,84,923**	**22.45**	**32,14,19,830**	**0**	**32,14,19,830**	**40.57**	**18.12**

Category of Shareholder	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non Institutions									
a) Bodies corporate									
i) Indian	6,01,68,539	89,80,362	6,91,48,901	8.72	3,70,15,819	72,00,000	4,42,15,819	5.58	-3.15
ii) Overseas									
(a) Foreign Body Corporates	11,67,80,476	12,98,36,014	24,66,16,490	31.13	10,81,50,105	1,66,37,500	12,47,87,605	15.76	-15.37
(b) OCB	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakhs	53,97,077	2,94,121	56,91,198	0.72	1,09,14,130	2,07,793	1,11,21,923	1.40	0.68
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	2,57,78,020	1,42,72,315	4,00,50,335	5.06	3,16,03,929	39,79,864	3,55,83,793	4.49	-0.57
c) Others (specify)									
HUF	375,292	26,184	4,01,476	0.05	4,51,846	0	4,51,846	0.06	0.01
Trust	29,50,893	0	29,50,893	0.37	19,31,991	0	19,31,991	0.24	-0.13
NBFC	14,500	0	14,500	0.00	0	0	0	0	0
Clearing members	1166986	0	1166986	0.15	8,06,576	0	8,06,576	0.10	-0.05
Alternative Investment Fund					13,57,312	0	13,57,312	0.17	0.17
Non-Resident Individuals (NRI's)									
-Repat Basis	7,88,273	1,68,654	9,56,927	0.12	13,45,797	0	13,45,797	0.17	0.05
-Non-repat Basis	89,994	25,54,038	26,44,032	0.34	17,49,169	0	17,49,169	0.22	-0.12
SUB TOTAL (B)(2):	**21,35,10,050**	**15,61,31,688**	**36,96,41,738**	**46.65**	**19,53,26,674**	**2,80,25,157**	**22,33,51,831**	**28.19**	**-18.46**
Total Public Share-holding (B)=(B)(1)+(B)(2)	**39,13,94,973**	**15,61,31,688**	**54,75,26,661**	**69.11**	**51,67,46,504**	**2,80,25,157**	**54,47,71,661**	**68.76**	**-0.35**
C. Shares held by Custodian for GDRs & ADRs	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Grand Total (A+B+C)	**63,61,14,776**	**15,61,31,688**	**79,22,46,464**	**100.00**	**76,42,21,307**	**2,80,25,157**	**79,22,46,464**	**100.00**	**0**

(ii) SHAREHOLDING OF PROMOTERS AND PROMOTER GROUP

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	Spank Management Services Pvt. Ltd.	20,76,85,759	26.21	-	20,77,10,759	26.22	6.28	0.00
2	Patanjali G Keswani	2,78,31,564	3.51	-	2,78,41,564	3.51	3.51	0.00
3.	Ms. Lillette Dubey	3,74,908	0.05	-	3,74,908	0.05	-	0.00
4.	Ms. Ila Dubey	29,44,292	0.37	-	29,44,292	0.37	-	0.00
5.	Sparrow Buildwell Private Limited	58,83,280	0.74	-	67,83,280	0.86	0.74	0.12
6.	Toucan Real Estates Private Limited	-	-	-	18,20,000	0.23	-	0.23
	Total	**24,47,19,803**	**30.89**	**-**	**24,74,74,803**	**31.24**	**-**	**0.35**

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

Sl No.	Name of the Promoter	No of Share as at 01.04.2019/ 31.03.2020	% of total shares of the company	Date	Increase/ Decrease in shareholding	Reason	Cumulative Share holding during the year	
							No of shares	% of total shares of Company
1	Spank Management Services Private Limited	20,76,85,759	26.21	01.04.2019				
				27.08.2019	25,000	Market Purchase	20,77,10,759	26.22
		20,77,10,759	26.22	31.03.2020				
2	Mr. Patanjali G. Keswani	2,78,31,564	3.51	01.04.2019				
				06.06.2019	10,000	Market Purchase	2,78,41,564	3.51
		2,78,41,564	3.51	31.03.2020				
3	Ms. Lillette Dubey	3,74,908	0.05	01.04.2019				
					No Change		3,74,908	0.05
		3,74,908	0.05	31.03.2020				
4	Ms. Ila Dubey	29,44,292	0.37	01.04.2019				
					No Change		29,44,292	0.37
		29,44,292	0.37	31.03.2020				
5	Sparrow Buildwell Private Limited	58,83,280	0.74	01.04.2019				
				22.08.2019	8,00,000	Market Purchase	66,83,280	0.84
				29.08.2019	1,00,000	Market Purchase	67,83,280	0.86
		67,83,280	0.86	31.03.2020				
6	Toucan Real Estates Private Limited	0	0	01.04.2019				
				06.06.2019	20,000	Market Purchase	20,000	0.00
				14.08.2019	7,00,000	Market Purchase	7,20,000	0.09
				23.08.2019	11,00,000	Market Purchase	18,20,000	0.23
		18,20,000	0.23	31.03.2020				

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

Sl No.	Name of the Shareholders	No of Shares as at 01.04.2019/ 31.03.2020	% of total shares of Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative Share holding during the year	
							No of shares	% of total shares of Company
1	**APG Strategic Real Estate Pool N.V**	11,87,30,914	14.99	01.04.2019				
						No Change	11,87,30,914	14.99
		11,87,30,914	14.99	31.03.2020				
2	**SBI Equity Hybrid Fund**	5,11,03,566	6.45	01.04.2019				
				01.11.2019	-1,11,03,566	Market sale	4,00,00,000	5.05
		4,00,00,000	5.05	31.03.2020				
3	**WF Asian Reconnaissance Fund Limited**	0	0	01.04.2019				
				22.11.2019	1,40,97,957	Market Purchase	1,40,97,957	1.78
				29.11.2019	1,00,00,000	Market Purchase	2,40,97,957	3.04
				31.01.2020	3,31,144	Market Purchase	2,44,29,101	3.08
				07.02.2020	27,67,256	Market Purchase	2,71,96,357	3.43
				20.03.2020	12,32,000	Market Purchase	2,84,28,357	3.59
				31.03.2020	68,87,492	Market Purchase	3,53,15,849	4.46
		3,53,15,849	4.46	31.03.2020				
4	**RJ Corp Ltd.**	5,34,27,784	6.74	01.04.2019				
				24.09.2019	-1,00,00,000	Market Sale	4,34,27,784	5.48
				27.11.2019	-1,10,00,000	Market Sale	3,24,27,784	4.09
		3,24,27,784	4.09	31.03.2020				

Sl No.	Name of the Shareholders	No of Shares as at 01.04.2019/ 31.03.2020	% of total shares of Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative Share holding during the year	
							No of shares	% of total shares of Company
5	FRANKLIN INDIA SMALLER COMPANIES FUND	0	0	01.04.2019				
				13.12.2019	2,28,03,405	Market Purchase	2,28,03,405	2.88
				13.03.2020	2,73,540	Market Purchase	2,30,76,945	2.91
				30.03.2020	9,912	Market Purchase	2,30,86,857	2.91
		2,30,86,857	2.91	31.03.2020				
6	VANECK FUNDS - EMERGING MARKETS FUND	0	0	01.04.2019				
				28.06.2019	5,03,482	Market Purchase	5,03,482	0.06
				05.07.2019	2,31,137	Market Purchase	7,34,619	0.09
				12.07.2019	8,10,171	Market Purchase	15,44,790	0.19
				19.07.2019	2,10,446	Market Purchase	17,55,236	0.22
				26.07.2019	4,94,764	Market Purchase	22,50,000	0.28
				02.08.2019	14,72,436	Market Purchase	37,22,436	0.47
				09.08.2019	24,58,205	Market Purchase	61,80,641	0.78
				16.08.2019	54,359	Market Purchase	62,35,000	0.79
				30.08.2019	2,22,220	Market Purchase	64,57,220	0.82
				06.09.2019	1,27,00,000	Market Purchase	1,91,57,220	2.42
				07.01.2020	18,00,000	Market Purchase	2,09,57,220	2.65
		2,09,57,220	2.65	31.03.2020				
7	Zaaba Pan Asia Master Fund	162,86,064	2.06	01.04.2019				
				05.04.2019	66,559	Market Purchase	1,63,52,623	2.06
				19.04.2019	40,000	Market Purchase	1,63,92,623	2.07
				03.05.2019	5,07,383	Market Purchase	1,69,00,006	2.13
				10.05.2019	65,000	Market Purchase	1,69,65,006	2.14
				17.05.2019	2,70,903	Market Purchase	1,72,35,909	2.18

Sl No.	Name of the Shareholders	No of Shares as at 01.04.2019/ 31.03.2020	% of total shares of Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative Share holding during the year	
							No of shares	% of total shares of Company
				24.05.2019	1,54,321	Market Purchase	1,73,90,230	2.20
				07.06.2019	59,547	Market Purchase	1,74,49,777	2.20
				16.08.2019	31,471	Market Purchase	1,74,81,248	2.21
				08.11.2019	67,525	Market Purchase	1,75,48,773	2.22
				15.11.2019	60,000	Market Purchase	1,76,08,773	2.22
				29.11.2019	3,61,315	Market Purchase	1,79,70,088	2.27
				06.12.2019	5,18,807	Market Purchase	1,84,88,895	2.33
				13.12.2019	1,23,089	Market Purchase	1,86,11,984	2.35
				20.12.2019	57,000	Market Purchase	1,86,68,984	2.36
				31.12.2019	5,000	Market Purchase	1,86,73,984	2.36
				03.01.2020	4,00,000	Market Purchase	1,90,73,984	2.41
				24.01.2020	3,40,000	Market Purchase	1,94,13,984	2.45
				31.01.2020	3,60,000	Market Purchase	1,97,73,984	2.50
		1,97,73,984	2.50	31.03.2020				
8	KUWAIT INVESTMENT AUTHORITY FUND F238	0	0	01.04.2019				
				27.09.2019	1,20,00,000	Market Purchase	1,20,00,000	1.51
		1,20,00,000	1.51	31.03.2020				
9	ABERDEEN ASIAN SMALLER COMPANIES INVESTMENT TRUST	93,96,435	1.19	01.04.2019				
				26.04.2019	18,29,527	Market Purchase	1,12,25,962	1.42
				16.08.2019	5,17,473	Market Purchase	1,17,43,435	1.48
				23.08.2019	2,06,251	Market Purchase	1,19,49,686	1.51
				30.08.2019	6,92,166	Market Purchase	1,26,41,852	1.60
				06.09.2019	18,84,110	Market Purchase	1,45,25,962	1.83
				27.03.2020	-1,84,703	Market Sale	1,43,41,259	1.81
				31.03.2020	-27,31,578	Market Sale	1,16,09,681	1.47
		1,16,09,681	1.47	31.03.2020				

Sl No.	Name of the Shareholders	No of Shares as at 01.04.2019/ 31.03.2020	% of total shares of Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative Share holding during the year No of shares	Cumulative Share holding during the year % of total shares of Company
10	**SBI SMALL CAP FUND**	0	0	01.04.2019				
				27.09.2019	78,18,056	Market Purchase	78,18,056	0.99
				04.10.2019	8,73,474	Market Purchase	86,91,530	1.10
				11.10.2019	5,38,641	Market Purchase	92,30,171	1.17
				18.10.2019	3,39,912	Market Purchase	95,70,083	1.21
				25.10.2019	88,633	Market Purchase	96,58,716	1.22
				01.11.2019	341,284	Market Purchase	1,00,00,000	1.26
		1,00,00,000	1.26	31.03.2020				

(v) Shareholding of Directors & KMP

Sl No.	Name of the Directors/ KMP's	No of Share as at 01.04.2018 31.03.2019	% of total shares of Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative Share holding during the year No of shares	Cumulative Share holding during the year % of total shares of Company
1	**Mr. Patanjali Govind Keswani-Chairman & Managing Director**	2,78,31,564	3.51	01.04.2019				
				06.06.2019	10,000	Market Purchase	2,78,41,564	3.51
		2,78,41,564	3.51	31.03.2020				
2	**Mr. Rattan Keswani-Deputy Managing Director**	4,27,270	0.05	01.04.2019				
					No Change		4,27,270	0.05
		4,27,270	0.05	31.03.2020				
3	**Mr. Ravi Kant Jaipuria-Director**	Nil	Nil		Nil		Nil	Nil
4	**Mr. Anish Kumar Saraf-Director**	Nil	Nil		Nil		Nil	Nil
5	**Mr. Willem Albertus Hazeleger-Director**	Nil	Nil		Nil		Nil	Nil
6	**Dr. Arindam Kumar Bhattacharya-Independent Director**	6,90,490	0.09	01.04.2019				
					No change		6,90,490	0.09
		6,90,490	0.09	31.03.2020				

Sl No.	Name of the Directors/ KMP's	No of Share as at 01.04.2018 31.03.2019	% of total shares of Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative Share holding during the year No of shares	Cumulative Share holding during the year % of total shares of Company
7	**Mr. Paramartha Saikia-Independent Director**	153,162	0.02	01.04.2019				
				05.09.2019	5,000	Market Sale	1,48,162	0.02
				06.09.2019	5,000	Market Sale	1,43,162	0.02
				09.09.2019	14,000	Market Sale	1,29,162	0.02
				11.09.2019	2,000	Market Sale	1,27,162	0.02
				12.09.2019	1,500	Market Sale	1,25,662	0.02
		125,662	0.02	31.03.2020				
8	**Mr. Aditya Madhav Keswani-Director**	Nil	Nil		Nil		Nil	Nil
9	**Mrs. Freyan Jamshed Desai- Independent Director**	Nil	Nil		Nil		Nil	Nil
10	**Mr. Ashish Kumar Guha-Independent Director**	Nil	Nil		Nil		Nil	Nil
11	**Mr. Arvind Singhania-Independent Director**	200,000	0.03	01.04.2019				
					No change		2,00,000	0.03
		200,000	0.03	31.03.2020				
12	**Mr. Pradeep Mathur-Independent Director**	353,454	0.04	01.04.2019				
					No change		3,53,454	0.04
		3,53,454	0.04	31.03.2020				
13	**Mr. Kapil Sharma-Chief Financial Officer**	12,98,986	0.16	01.04.2019				
				25.09.2019	16,000	Market Sale	12,82,986	0.16
				20.12.2019	16,000	Market Sale	12,66,986	0.16
		12,66,986	0.16	31.03.2020				
14	**Mr. Nikhil Sethi-Group Company Secretary & GM Legal**	Nil	Nil		Nil		Nil	Nil

V. Indebtedness

(Amt in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,10,30,35,290.30	-	-	3,10,30,35,290.30
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**3,10,30,35,290.30**	**-**	**-**	**3,10,30,35,290.30**
Change in Indebtedness during the financial year				
Additions	98,95,06,436.53	-	-	98,95,06,436.53
Reduction	63,55,38,037.72	-	-	63,55,38,037.72
IND AS adjustment w.r.t processing fees	22,175.10	-	-	22,175.10
Net Change	35,39,46,223.71	-	-	35,39,46,223.71
Indebtedness at the end of the financial year				
i) Principal Amount	3,45,69,81,514.01	-	-	3,45,69,81,514.01
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	**-**	**-**	**-**	**-**
Total (i+ii+iii)	**3,45,69,81,514.01**	**-**	**-**	**3,45,69,81,514.01**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		Mr. Patanjali Govind Keswani	Mr. Rattan Keswani	
1.	**Gross salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961	3,03,05,556	-	3,03,05,556
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	5,49,262	-	5,49,262
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	
4	Commission	-	-	-
	as % of profit			
	others (specify)			
5	Others	-	-	-
	Total (A)	**3,08,54,818**	**-**	**3,08,54,818**
	Ceiling as per the Act#	**-**	**-**	**-**

In terms of the Special Resolution passed by the shareholders in the Annual General meeting held on 3rd August, 2018

B. Remuneration to other directors:

Sl. No	Particulars of Remuneration	Mr. Ashish Kumar Guha	Mr. Arvind Singhania	Mr. Paramartha Saikia	Ms. Freyan Jamshed Desai	Mr. Pradeep Mathur
1	**Independent Directors**					
	(a) Fee for attending board and committee meetings	1,75,000	50,000	2,05,000	1,55,000	1,50,000
	(b) Commission	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-
	Total (1)	**1,75,000**	**50,000**	**2,05,000**	**1,55,000**	**1,50,000**
2	**Other Non Executive Directors**					
	(a) Fee for attending board committee meetings	-	-	-	-	-
	(b) Commission	-	-	-	-	-
	(c) Others, please specify.	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**
	Total (B)=(1+2)	**1,75,000**	**50,000**	**2,05,000**	**1,55,000**	**1,50,000**
	Total Managerial Remuneration	NA	NA	NA	NA	NA
	Overall Ceiling as per the Act.	NA	NA	NA	NA	NA

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

Amount in ₹

		Key Managerial Personnel			Total
Sl. No	Particulars of Remuneration	CEO	CFO	CS	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	N.A	1,08,20,293	31,75,201	1,39,95,494
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		37,059	39,600	76,659
	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		-	-	-
2	Stock Option		-		-
3	Sweat Equity		-	-	-
4	Commission		-	-	-
	as % of profit				
	others, specify				
5	Others		-	-	-
	Total (c)		**1,08,57,352**	**32,14,801**	**1,40,72,153**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

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

Date : 29.05.2020
Place : NEW DELHI

Patanjali Govind Keswani
Chairman & Managing Director
DIN:00002974

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN)	L74899DL1992PTC049022
2	Name of the company	Lemon Tree Hotels Ltd.
3	Registered Office	Lemon Tree Premier – Delhi Airport Asset No. 6, Aerocity Hospitality District New Delhi 110037
4	Website	www.lemontreehotels.com
5	Email address	hi@lemontreehotels.com sectdeptt@lemontreehotels.com
6	Financial Year Report	2019-2020
7	Sector(s) that the company is engaged in (industrial activity code-wise)	Hotels 99631110
8	List three key products /services that the company manufactures/provides	Hotel services – rooms, restaurants, conference facilities
9	Total number of locations where the business activity is undertaken by the Company	Number of International Locations: 2 cities and 2 hotels Number of National Locations : 46 cities,78 hotels • 41 owned/leased hotels • 39 manage hotels
10	Markets served by the company – local/state/national/ international	National and international markets

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid up capital (INR in Lakhs)	INR 79,224.64 Lakhs
2	Total turnover (INR in Lakhs)	INR 26,957.58 Lakhs
3	Total profit after taxes (INR in Lakhs)	INR 3,219.80 Lakhs
4	Total spending on Corporate Social Responsibility (CSR) as a percentage of profit after tax (%)	In FY 20, CSR expenses have not been incurred.
5	List of activities in which expenditure in 4 above has been incurred	N.A. however other community outreach activities by the group hotels across India: • Regular visits to orphanages, old people's home/Cheshire home, etc. to distribute packed meals, fruit, linen, etc. on special occasions including the hotel anniversary every year • Regular blood donations camps done annually across the group to support blood banks, especially for the requirements of Thalassemia patients

SECTION C: OTHER DETAILS

1	Does the company have any subsidiary company/ companies?	Lemon Tree Hotels Ltd. has 24 subsidiaries. These companies are all domestic companies
2	Do the subsidiary company/companies participate in the BR initiatives of the parent company? If yes, then indicate the number of such subsidiaries	Yes they do participate, however in FY 20, CSR expenses have not been incurred
3.	Do any other entity/entities (e.g. suppliers, distributor etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	No

SECTION D: BR INFORMATION

1. Director/Directors responsible for BR

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

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

b. Details of BR head

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

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

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

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

3. Governance related to BR

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

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

SECTION E: PRINICIPLE-WISE PERFORMANCE

Lemon Tree Hotels commitment to responsible business

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

PEOPLE | Socially inclusive work ethos

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

PROFIT | Without profits, we cannot survive

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

Our effort, at the group level, has been to offer hotels with universal access for guests of all abilities as well as to build a socially inclusive workplace which seeks to bring in people of different backgrounds, abilities and ethnicities. On 31st March 2020, ~16% of our employee base were Opportunity Deprived Indians (ODIs) including ~600 Employees With Disability (EWDs) and ~400 Employees from Economically/Socially Marginalised segments across 80 hotels, 48 cities, ~8000 rooms.

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

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

http://www.lemontreehotels.com/about-us.aspx

- Under 'About Us' the buttons on CSR and Eco-Friendly Practices
- Under 'Investor Relations' the buttons on Corporate Governance

Principle 1: policies related to ethics, bribery and corruption

1. **Whistleblower Policy**

Code of Conduct and Vigil Mechanism

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

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

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

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

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

Loopholes are plugged with strong internal mechanism.

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

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

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

Examples of environmentally friendly initiatives implemented across the group:

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

Examples of specific measures and their impact:

1. **Double Glazed Units (DGU) for room windows:** we have installed double glazed units (DGU) in the windows of all rooms. It minimizes heat dissipation by a factor of 14 W/sqmdegK, between the internal and external environment.
2. **VFD; VRF; Energy saver card (key card access to power in guest rooms):** we have installed (1) VFDs for major equipment leading to energy saving of ~25% (2) VRF for all public area air-conditioning. Better control and effective air-conditioning. Saving ~20% (3) Energy saver card – for all unoccupied guest rooms we save on power consumption as the in-room power is accessible only on insertion of the key card. Saving ~50%
3. **High usage of/conversion to LED lights, across the group:** conversion to LED fixtures helps us save electricity consumption vs that of CFL by ~50%. Also replacement cost of bulbs minimizes to 0 after 2 years of usage. Additionally, manpower cost and time is saved greatly by there being no need to replace a bulb.
4. **Use of green fixtures and dual-flush system:** these environmentally friendly fixtures and flush systems manage and restrict the flow of water, thereby reducing total water usage. At the same time, the user/guests is able to use water without experiencing any difficulty.
5. **Installation of Sewage Treatment Plant (STP):** all hotels in the portfolio have an STP plant. All water from bathrooms, kitchen, laundry, etc. is treated in this plant. The treatment involves the MBBR technology to reduce organic matter; maintains BOD and COD of the water was per Government norms.
6. **Organic Waste Converter:** the OWC machine with shredder is installed in ~12 hotels. All food waste (wet garbage) is put into the OWC and kept for 15 days to be converted into compost. This is then used as manure for horticulture purpose. The ROI is 100% because the earlier collection process came to us at a cost (now that money is saved) and the compost becomes a useful product and the wet garbage is not being thrown in a landfill, thereby not polluting the environment.
7. **GHG emissions (Scope 1 and Scope 2):** we are now measuring this with the help of an online tool. For FY20 it is 9230.62 in CO2 equivalent tonnes (measured through an online tool)

Principle 3: Wellbeing and Engagement of Employees

As on 31 March 2020

1	Total number of employees (permanent)	6007
2	Total number of outsourced employees (temporary/ contractual/casual basis)	1095
3	Total number of permanent women employees	629
4.1	Total number of permanent Employees With Disability	524
4.2	Total number of Employees With Disability	524
5	List of employee associations that are recognized by management	1. Shiv Garjana Kamgar Sanghatana 2. Bhartiya Kamgar Sena 3. CITU
6	Percentage of permanent employees who are members of recognized employee associations	1.20%
7.1	Number of complaints related to child labour/ forced labour/involuntary labour	NIL (we do not employ child/forced/ involuntary labour)
7.2	Number of complaints related to sexual harrassment	NIL Pending NIL
7.3	Discriminatory employment	NIL (we do not discriminate while hiring)
7.4	Number of man hours/days for leadership training	393 employees / 10 man days / 82 hours / 11,642 man hours
7.5	Number of man hours/days for staff training	9,507 employees / 89 man days / 708 hours / 172,372 man hours

Learning and Development Strategy

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

Vision

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

Our Learning Cycle

Key Drivers

- Service Excellence
- Customer Retention
- Brand Ownership

Baseline

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

Pedagogy

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

Gender Focus

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

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

Employee health and well-being

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

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

Within The Company

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

Employees With Disability (EWDs):

Physical

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

Intellectual

- Down Syndrome
- Autism

People who belong to Economically/Socially marginalized segments:

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

   For any of the above segments (except #2), we consider those who have studied upto Class 9.

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

Definitions for the Economically/Socially marginalized segments

Below Poverty Line (BPL) Individuals

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

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

For the purpose of hiring, Lemon Tree focuses on:

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

Individuals from economically weak families

We target economically needy families as defined (and audited) by our partner NGOs (government recognized). The usual criteria is family income not exceeding ₹ 10000 p.m. and a house or bike/car is not owned by the family. These individuals are children of drivers, maids, rickshaw pullers, daily contract workers, small shop owners, etc.

Widowed or abandoned/battered women

A widow, with or without children:

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

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

Orphans

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

Focus States

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

With The Community

Tribal Art

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

Giving Back To Society

Lemon Tree Hotels supports and partners these NGOs and societies:

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

Art Objects Through People For Animals

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

Principle 5: Respect and Promote Human Rights

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

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

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

Principle 6: Address Environmental Issues and Respect the Environment

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

Definition of Sustainability

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

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

It contains two key concepts:

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

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

People

Fair and beneficial business practices toward labor and the community.

Planet

Sustainable environmental practices

Profit

Economic value created by the organization after deducting all costs

Caring for the Environment

- Our existing and upcoming hotels are designed and constructed to qualify for the L.E.E.D Gold Standard. Leadership in Energy and Environment Design (L.E.E.D) is the internationally recognized eco-friendly building certification standard awarded by the United States Green Building Council (USGBC) and the Indian Green Building Council (IGBC) to buildings designed for energy savings, efficient use of water, reduction of CO2 emission and overall improvement in environmental quality.
- Lemon Tree Premier and Red Fox Hotel, Delhi Aerocity certified in 2014
- Lemon Tree Premier, City Center, Gurgaon certified in 2016
- Planting of trees, shrubs on hotel premises
- Universal design, for greater access for differently abled people

Energy Conservation

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

- Solar Panel for hot water: alternative, renewable energy
- Wind power: alternative, renewable energy. Implemented at our hotels in Chennai. We are working on more cities and hotels, to implement this initiative at.

Water Conservation

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

Green Fuels and Green Materials

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

Waste Management

- Sewage Treatment: prevents pollution

Noise Pollution Management

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

Operational Practices

- All our restaurants serve a half glass of water, and on request can serve a full glass. This helps save a number of litres daily. And guests feel that they too are participating in our sustainability program.
- Laundry paper/cloth bags instead of plastic: environmentally friendly
- Recycled garbage bio-degradable bags: environmentally friendly
- Water glasses inverted and placed on a cork surface: thereby doing away with plastic covers
- Pencils not plastic pens

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

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

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

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

Principle 8: Support Inclusion and Equity in the Organization

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

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

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

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

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

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

Patanjali Govind Keswani
Chairman & Managing Director
DIN:00002974

DATE: 29.05.2020
PLACE: NEW DELHI

INDEPENDENT AUDITOR'S REPORT

To The Members of Lemon Tree Hotels Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Lemon Tree Hotels Limited ("the Parent"), its subsidiaries and Limited Liability Partnership Firm (the Parent, its subsidiaries and Limited Liability Partnership Firm together referred to as "the Group") which includes the Group's share of loss in its associates comprising the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive loss), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries, Limited Liability Partnership and associates referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2020, and their consolidated loss, their consolidated total comprehensive loss, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

Attention is invited to Note 34(i) of the consolidated financial statements which sets out the Group's assessment of impact of COVID-19 pandemic situation, the uncertainties associated therewith on its financial statements and going concern assumption. Based on these assessments, the management has concluded that the Group will continue as a going concern and will be able to meet all of its obligations as well as recover the carrying amount of its assets as on March 31, 2020.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matter	Auditor's Response
Impairment assessment of hotel properties **(Refer Note 34(i) to the Consolidated Financial Statements)** At each reporting period, the Group assesses the carrying amounts of hotel properties (CGU) to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, the Group estimates the asset's recoverable amount. To assess the recoverability of the CGU, management is required to make significant estimates and assumptions related to forecast of future revenue, operating margins, growth rate and selection of the discount rates. The Group used the discounted cash flow approach to determine the recoverable value of the CGU. These assumptions are of particular importance due to the level of uncertainties and judgment involved, thus changes in these assumptions could have a significant impact on the recoverable value of the investments. We have identified the estimation of the recoverable amount of the hotel properties as a key audit matter because these assumptions are of particular importance due to the level of uncertainties and judgment involved, thus changes in these assumptions could have a significant impact on the recoverable value of the CGU.	**Principal Audit Procedures performed:** Obtained an understanding of the Group's process for projecting the future cash flows and evaluated the significant assumptions used for determining the recoverable amount of CGU. Tested the design, implementation and operating effectiveness of relevant internal controls relating to estimate of future cash flows for the purpose of determining recoverable amount of CGU. Our assessment included: i) Challenged Group's key market related assumptions used in the model including discount rate, long term growth rates against external data, using our valuation expertise; ii) Assessed the reliability of cash flow forecasts through a review of actual past performance; iii) Challenged the assumptions used in the cash flow forecasts which includes occupancy rate, average room rate along with impact of COVID-19 on the same. To consider forecasting risk we also performed sensitivity analysis over these assumptions. We have used valuation specialist to assess the appropriateness of the weighted average cost of capital used in the determining recoverable amount. We have tested the arithmetical accuracy of the model and assessed the disclosures made by the Group in relation to this matter
Business Combination **(Refer Note 2.3(a) to the Consolidated Financial Statements)** The Group, through one of its significant component, acquired business of Berggruen Hotels Private Limited during the year. The accounting for these acquisitions is governed by IND AS 103 Business Combinations and requires management to exercise judgment in determining certain estimates. The most significant is the determination of the purchase price allocation, which encompasses: • Identifying the assets and liabilities acquired and determining their fair values; • Determination of goodwill to be recognized on acquisition; and • Determining the value of the considerations transferred. • Management appointed independent experts to assist them with the purchase price allocation (PPA) and the determination of the resulting goodwill. We have determined this to be a key audit matter due to the significant judgment and estimate in the determination of the flair value of assets and liabilities assumed at acquisition date.	**Principal Audit Procedures performed:** Obtained an understanding and evaluated the Group's process for accounting of acquisition of business and fair valuation of the assets acquired and liabilities assumed. Tested the design, implementation and operating effectiveness of relevant internal controls relating to assumptions used in fair valuation of the assets and liabilities. Our audit procedures included challenging management on the appropriateness of the business combination method and reasonableness of the assumptions used, by performing the following: We assessed the reasonableness of the method including assumptions and judgements used by the management for business combination. Our assessment included: i) Reviewed the management's assessment to evaluate that the acquisition is accounted for as business combination and also identified date of control of this business combination transaction; ii) Assessed management's procedures and assumptions in determining the fair value of the assets acquired and liabilities assumed by comparing management's assumptions to data from other independent sources and assess appropriateness of key financial assumptions applied in the Purchase Price Allocation (PPA).

Key Audit Matter	Auditor's Response
	We have used valuation specialist to assess the fair valuation of the assets acquired; iii) Tested the calculation of the PPA and computation of goodwill being the difference between the total net consideration paid and the fair value of the net assets acquired. We have assessed the disclosures made by the Group in relation to this matter.

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

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

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive loss, consolidated cash flows and consolidated changes in equity of the Group including its Associates in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent and its subsidiary and associate companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

(a) We did not audit the financial statements of 22 subsidiaries and 1 Limited Liability Partnership Firm (as mentioned below), whose financial statements reflect total assets of ₹ 146,271.00 lacs as at March 31, 2020, total revenues of ₹ 20,397.83 lacs and net cash outflow amounting to ₹ 966.31 lacs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 152.39 lacs for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of 3 associates (as mentioned below), whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, Limited Liability Partnership and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, Limited Liability Partnership and associates is based solely on the reports of the other auditors.

Subsidiaries, Limited Liability Partnership Firm and Associates included in consolidated financial statements and not audited by us are as below:

A. **Subsidiaries -**

1. PSK Resorts and Hotels Private Limited
2. Canary Hotels Private Limited
3. Sukhsagar Complexes Private Limited
4. Nightingale Hotels Private Limited
5. Manakin Resorts Private Limited
6. Begonia Hotels Private Limited
7. Oriole Dr Fresh Hotels Private Limited
8. Carnation Hotels Private Limited
9. Grey Fox Project Management Company Private Limited
10. Dandelion Hotels Private Limited
11. Lemon Tree Hotel Company Private Limited
12. Red Fox Hotel Company Private Limited
13. Berggruen Hotels Private Limited
14. Valerian Management Services Private Limited
15. Inovoa Hotels and Resorts Limited
16. Iora Hotels Private Limited
17. Ophrys Hotels Private Limited
18. Bandhav Resorts Private Limited
19. Celsia Hotels Private Limited
20. Poplar Homestead Holdings Private Limited
21. Madder Stays Private Limited
22. Jessamine Stays Private Limited

B. **Limited liability partnership firm -**

1. Mezereon Hotels LLP

C. **Associates -**

1. Mind Leaders Learning India Private Limited
2. Pelican Facilities Management Private Limited
3. Glendale Marketing Services Private Limited

(b) We did not audit the financial statements of Krizm Hotels Private Limited Employees Welfare Trust (the "Trust") whose financial statements reflect total assets of ₹ 567.86 lacs as at March 31, 2020, total revenues of ₹ 0.05 lacs and net cash outflows of ₹ 84.30 lacs for the year ended March 31, 2020, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report have been furnished to us by the management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of such trust, is based solely on the report of other auditor.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries, Limited Liability Partnership and associates incorporated in India referred to in the Other Matters section above we report, to the extent applicable, that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Parent as on March 31, 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies and associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

      In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014,as amended in our opinion and to the best of our information and according to the explanations given to us:

      i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates.(Refer note 37 C)

      ii) The Group and its associates did not have any material foreseeable losses on long-term contracts including derivative contracts.(Refer note 50)

      iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent, its subsidiary companies and associate companies incorporated in India. (Refer note 51)

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Vijay Agarwal
(Partner)
(Membership No. 094468)
UDIN: 20094468AAAACO8061

Place: New Delhi
Date: May 29, 2020

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of Lemon Tree Hotels Limited (hereinafter referred to as "Parent") and its subsidiary companies and its associate companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies and its associate companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies and its associate companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies and associate companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies and its associate companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 22 subsidiary companies and 3 associate companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Vijay Agarwal
(Partner)
(Membership No. 094468)
UDIN: 20094468AAAACO8061

Place: New Delhi
Date: May 29, 2020

CONSOLIDATED BALANCE SHEET

as at March 31, 2020

	Note	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	265,180.14	158,942.55
(b) Capital work-in-progress	4	18,956.64	66,386.54
(c) Investment Property	5	236.93	241.33
(d) Intangible assets	6	2,431.48	517.47
(e) Right to use asset	7	33,868.58	-
(f) Goodwill on consolidation	6	9,508.46	676.05
(g) Financial assets	8		
(i) Investments		959.51	625.86
(ii) Loans		118.88	171.11
(iii) Other non- current financial assets		5,965.49	5,249.31
(h) Deferred tax assets (net)	9.1	438.47	2,035.21
(i) Non-current tax assets (net)	9.2	3,265.19	1,863.93
(j) Other non-current assets	10	19,424.06	20,818.29
		360,353.83	257,527.65
Current assets			
(a) Inventories	11	821.76	598.37
(b) Financial assets			
(i) Trade receivables	12	5,027.09	8,441.92
(ii) Cash and Cash equivalents	13	4,081.73	3,139.70
(iii) Investments	8	441.37	2,866.79
(iv) Other current financial assets	14	434.91	339.09
(c) Other current assets	15	5,114.62	4,270.48
		15,921.48	19,656.35
Total Assets		376,275.31	277,184.00
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	16	79,031.44	78,929.55
(b) Other Equity	17	3,267.73	8,572.84
Equity attributable to owners of the parent		82,299.17	87,502.39
(c) Non-controlling interests	18	72,176.94	43,218.43
Total Equity		154,476.11	130,720.82
Liabilities			
Non-current liabilities			
(a) Financial liabilities	19		
(i) Borrowings		145,089.51	113,473.11
(ii) Lease liability	20	46,188.08	-
(iii) Other non- current financial liabilities		-	275.74
(b) Provisions	21	240.28	173.38
(c) Other non-current liabilities	22	-	3,346.79
		191,517.87	117,269.02
Current liabilities			
(a) Financial liabilities	23		
(i) Borrowings		5,957.53	122.06
(ii) Lease liability	20	77.54	-
(iii) Trade payables		4,201.91	9,577.14
(iv) Other current financial liabilities		17,100.35	16,451.66
(b) Provisions	21	425.38	380.53
(c) Other current liabilities	24	2,518.62	2,662.77
		30,281.33	29,194.16
Total Liabilities		221,799.20	146,463.18
Total Equity and Liabilities		376,275.31	277,184.00
See accompanying notes forming part of the financial statements.	1 to 51		

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration No.
11736600/W-100018

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

Vijay Agarwal
Partner

Patanjali G. Keswani
(Chairman &
Managing Director)
DIN-00002974

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company
Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 29, 2020

Place : New Delhi
Date : May 29, 2020

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2020

	Note	For the year ended March 31, 2020 ₹ in lakhs	For the year ended March 31, 2019 ₹ in lakhs
Revenue from operations	25	66,943.74	54,950.62
Other Income	26	578.28	993.17
Total Income (I)		**67,522.02**	**55,943.79**
Expenses			
Cost of food and beverages consumed	27	5,696.78	4,982.31
Employee benefits expense	28	15,532.26	12,053.05
Other expenses	29	21,880.85	21,038.76
Total Expenses (II)		**43,109.89**	**38,074.12**
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I-II)		24,412.13	17,869.67
Finance costs	30	16,155.57	8,469.63
Finance income	31	(508.54)	(458.52)
Depreciation and amortization expense	32	8,716.12	5,411.48
Profit before exceptional items and tax		**48.98**	**4,447.08**
Share of (loss)/profit of associate		(266.66)	79.66
(Loss)/Profit before tax		**(217.68)**	**4,526.74**
Tax expense:			
(1) Current tax	34	990.43	1,384.77
(2) Deferred tax			
- MAT credit entitlement related to current year		(689.98)	(999.92)
- MAT credit entitlement related to earlier years		4.40	(1,301.30)
- Deferred tax expense related to current year		782.92	1,645.28
- Deferred tax asset not recognized in earlier years		-	(1,839.97)
		1,087.77	**(1,111.14)**
(Loss)/Profit for the year		**(1,305.45)**	**5,637.88**
Other comprehensive income/(expenses)			
Items that will not be reclassified to profit and loss			
(i) Remeasurements of defined benefit plans		1.42	(11.91)
(ii) Income tax effect		(0.18)	3.18
		1.24	**(8.73)**
Total comprehensive (Loss)/Income for the year		**(1,304.20)**	**5,629.15**
(Loss)/Profit for the year		**(1,305.45)**	**5,637.88**
Attributable to:			
Equity holders of the parent		(953.70)	5,287.83
Non-controlling interests		(351.75)	350.05
Total comprehensive (Loss)/Income for the year		**(1,304.20)**	**5,629.15**
Attributable to:			
Equity holders of the parent		(949.17)	5,277.15
Non-controlling interests		(355.03)	352.00
Earnings per equity share			
(1) Basic	33	(0.12)	0.67
(2) Diluted	33	(0.12)	0.67
See accompanying notes forming part of the financial statements.	1 to 51		

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration No.
11736600/W-100018

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

Vijay Agarwal
Partner

Patanjali G. Keswani
(Chairman &
Managing Director)
DIN-00002974

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company
Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 29, 2020

Place : New Delhi
Date : May 29, 2020

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
as at March 31, 2020

A. Equity Share Capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. of shares	Amount ₹ in lakhs
As at April 1, 2018	**786,393,251**	**78,639.32**
Issued during the year - Exercise of ESOP	5,833,781	583.38
Change in shares held by ESOP trust	(2,931,461)	(293.15)
As at March 31, 2019	**789,295,571**	**78,929.54**
Change in shares held by ESOP trust	1,018,902	101.89
As at March 31, 2020	**790,314,474**	**79,031.43**

B. Other Equity

For the year ended March 31, 2020 ₹ in lakhs

	Reserve & Surplus						Items of other comprehensive income	Non-controlling interests	Other equity
	Capital reserve	Capital redemption reserve	Securities Premium	Share Based Payments	General Reserves	Surplus in the statement of profit and loss	Remeasurement gains (losses) on defined benefit plans and income tax effect		
As at April 1, 2018	**6,234.62**	**45.00**	**9,602.15**	**248.27**	**3,035.24**	**(16,331.93)**	**11.46**	**42,864.35**	**45,709.14**
Profit/(Loss) for the yar	-	-	-	-	-	5,637.88	-	-	5,637.88
Other Comprehensive Income for the year	-	-	-	-	-	-	(8.73)	-	(8.73)
Total Comprehensive Income for the year attributable to non-controlling interests	-	-	-	-	-	(352.00)	-	352.00	-
Share-based payments	-	-	-	93.15	-	-	-	-	93.15
Exercise of share options	-	-	670.88	-	-	-	-	-	670.88
Amount transferred from share based payment reserve to securities premium	-	-	341.42	(341.42)	-	-	-	-	-
Amount on disposal of interest in subsidiary (also refer note 45)	23.97	-	-	-	-	-	-		23.97
Change in shares held by ESOP trust	-	-	(337.12)	-	-	-	-	-	(337.12)
Movement during the year due to non-controlling interest	-	-	-	-	-	-	-	2.09	2.09
As at March 31, 2019	**6,258.59**	**45.00**	**10,277.33**	**-**	**3,035.24**	**(11,046.05)**	**2.73**	**43,218.43**	**51,791.27**
Profit/(Loss) for the year	-	-	-	-	-	(1,305.45)	-	-	(1,305.45)
Other Comprehensive Income for the year	-	-	-	-	-	-	1.24	-	1.24
Total Comprehensive Income for the year attributable to non-controlling interests	-	-	-	-	-	355.03	-	(355.03)	-
Retrospective impact adjustment of Ind AS 116	-	-	-	-	-	(4,826.40)	-	-	(4,826.40)
Gain on acquisition of additional interest in subsidiary (also refer note 46)	353.29	-	-	-	-	-	-	-	353.29
Change in shares held by ESOP trust	-	-	117.17	-	-	-	-	-	117.17
Movement during the year	-	-	-	-	-	-	-	29,313.54	29,313.54
As at March 31, 2020	**6,611.88**	**45.00**	**10,394.50**	**-**	**3,035.24**	**(16,822.87)**	**3.97**	**72,176.94**	**75,444.66**

The accompanying notes are an integral part of the financial statements. 1 to 51

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration No.
11736600/W-100018

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

Vijay Agarwal
Partner

Patanjali G. Keswani
(Chairman & Managing Director)
DIN-00002974

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 29, 2020

Place : New Delhi
Date : May 29, 2020

CONSOLIDATED CASH FLOW STATEMENT
for the year ended March 31, 2020

		For the year ended March 31, 2020 ₹ in lakhs	For the year ended March 31, 2019 ₹ in lakhs
A.	**Cash flow from operating activities**		
	Profit /(loss) before tax	(217.68)	4,526.74
	Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
	Depreciation and amortisation expenses	8,716.12	5,411.48
	Lease equalisation reserve	-	626.26
	Finance income (including fair value change in financial instruments)	(267.51)	(323.41)
	Finance costs	15,705.67	8,002.79
	Provision for gratuity	37.31	53.15
	Provision for leave encashment	53.75	38.74
	Share based payments to employees	-	93.16
	Excess provision/ credit balances written back	(0.48)	(9.14)
	Profit on relinquishment of rights	(135.00)	(861.00)
	Provision for litigations	22.11	22.20
	Provision for doubtful debts	444.50	0.64
	Net loss on sale of property, plant and equipment	-	1.71
	Net gain on sale of current investments	(232.04)	(41.90)
	Operating profit before working capital changes:	**24,126.75**	**17,541.42**
	Movements in working capital:		
	Decrease/(Increase) in trade receivables	3,515.49	(3,190.19)
	(Decrease)/Increase in loans and advances and other current assets	(18.38)	2,371.82
	Increase in inventories	(163.75)	(59.54)
	(Decrease)/Increase in liabilities and provisions	(12,495.67)	3,339.89
	Cash Generated from Operations	**14,964.44**	**20,003.40**
	Direct taxes paid (net of refunds)	(131.74)	(1,336.63)
	Net cash flow from operating activities (A)	**14,832.70**	**18,666.77**
B.	**Cash flows used in investing activities**		
	Purchase of property, plant and equipment including CWIP, capital advances and capital creditors	(64,449.39)	(28,019.32)
	Proceeds from sale of property, plant and equipment	1,138.25	19.10
	Profit on relinquishment of rights	135.00	861.00
	Profit on sale of shares in subsidiaries	-	23.97
	(Purchase)/sale of other non current investments	(333.64)	(364.66)
	(Purchase)/sale of current investments	2,681.11	(1,555.08)
	Interest received	272.50	89.16
	Net Cash flow used in investing activities (B)	**(60,556.17)**	**(28,945.83)**

CONSOLIDATED CASH FLOW STATEMENT
for the year ended March 31, 2020

	For the year ended March 31, 2020 ₹ in lakhs	For the year ended March 31, 2019 ₹ in lakhs
C Cash flows from financing activities*		
Proceeds from issuance of share capital	219.06	623.98
Proceeds from Minority Interest (issuance of share capital by Subsidiaries)	35,999.96	2.08
Payment of lease liability	(3,272.40)	-
Proceeds from long term borrowings	27,060.86	61,525.69
Repayment of long term borrowings	(5,517.54)	(39,625.77)
Proceeds/(Repayment) of short term borrowings	2,602.51	(3,447.98)
Interest paid	(11,425.37)	(7,762.20)
Net Cash flow from financing activities (C)	**45,667.08**	**11,315.80**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	**(56.40)**	**1,036.74**
Cash and cash equivalents at the beginning of the year	3,139.70	2,102.96
Cash and cash equivalents acquired on inclusion of new subsidiary (Refer note 42)	998.43	-
Cash and cash equivalents at the end of the year	**4,081.73**	**3,139.70**
Components of cash and cash equivalents		
Cash on Hand	75.06	57.91
Balances with Scheduled Banks in		
- Current accounts	3,826.69	3,081.79
- Deposits with original maturity of less than three months	179.98	-
Total cash and cash equivalents	**4,081.73**	**3,139.70**
*There are no non-cash changes arising from financing activities.		
Summary of significant accounting policies	2.3	
See accompanying notes forming part of the financial statements.	1 to 51	

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration No.
11736600/W-100018

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

Vijay Agarwal
Partner

Patanjali G. Keswani
(Chairman &
Managing Director)
DIN-00002974

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company
Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 29, 2020

Place : New Delhi
Date : May 29, 2020

NOTES
to financial statements for the year ended March 31, 2020

1. Corporate Information

Lemon Tree Hotels Limited (the Company) is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Asset No. 6, Aerocity Hospitality District, New Delhi-110037.

The Company, its subsidiaries, associates and limited liability partnership (together referred as ("The Group") intend to carry out business of developing, owning, acquiring, renovating, operating, managing and promoting hotels, motels, resorts, restaurants, etc. under the brand name of Lemon Tree Hotel, Lemon Tree Premier, Red Fox Hotel, Aurika, Keys Select, Keys Prima and Keys Lite. Also, some of the Group companies provide Project Management Services and Learning & Development services.

The consolidated financial statements are approved for issue by the Board of directors on May 29, 2020.

2 Basis of preparation of financial statements and Significant accounting policies

2.1 Basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), and the provisions of the Companies Act ,2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

The consolidated financial statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities which are measured at fair value/ amortised cost (refer note 40).

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing account standard required a change to the accounting policy hitherto to in use.

The consolidated financial statements are presented in Indian Rupees (INR) and all values are rounded off to the nearest lakhs, expect where otherwise indicated

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company, its subsidiaries, associates and limited liability partnership (together referred as "The Group") as at March 31, 2020. The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its return

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31st March.

NOTES

to consolidated financial statements for the year ended March 31, 2020

On transition to IND AS, the Group has elected to continue with the carrying value of all of its property plant and equipment recognised as at April 1, 2015 in the consolidated financial statements, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income and expenses of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiaries are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income and expenses relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary (including deemed acquisition/ deemed disposal), without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Summary of significant accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

NOTES

to consolidated financial statements for the year ended March 31, 2020

- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with Ind AS 18 Revenue.

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

NOTES
to consolidated financial statements for the year ended March 31, 2020

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Distributions received from an associate reduce the carrying amount of the investment. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there any is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

(b) Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- 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

NOTES
to consolidated financial statements for the year ended March 31, 2020

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

(c) Foreign currencies

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

(d) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, and unquoted financial assets measured at fair value. External valuers are involved for valuation of significant assets and liabilities. The management selects external valuer on various criteria such as market knowledge, reputation, independence and whether professional standards are maintained by valuer. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

NOTES
to consolidated financial statements for the year ended March 31, 2020

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Group's accounting policies. For this analysis, the Management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 34)
- Quantitative disclosures of fair value measurement hierarchy (note 40)
- Financial instruments (including those carried at amortised cost) (note 41)

(e) **Revenue recognition**

Effective April 1, 2018, the Company has applied Ind AS 115 "Revenue from Contracts with Customers" which establishes a comprehensive framework to depict timing and amount of revenue to be recognised. The Company has adopted Ind AS 115 using cumulative catch-up transition method, where any effect arising upon application of this standard is recognised as at the date of initial application (i.e April 1, 2018). The standard is applied only to contracts that are not completed as at the date of initial application.

In arrangements for room revenue and related services, the Company has applied the guidance in Ind AS 115 for recognition of Revenue from contract with customer, by applying the revenue recognition criteria for each distinct performance obligation. The arrangements with customers generally meet the criteria for considering room revenue and related services as distinct performance obligations. For allocating the transaction price, the Company has measured the revenue in respect of each performance obligation of a contract at its relative standalone selling price. The price that is regularly charged for an item when sold separately is the best evidence of its standalone selling price.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognized.

Sales tax/ value added tax (VAT)/Goods & service tax(GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Rooms, Restaurant, Banquets and Other Services

Income from guest accommodation is recognized on a day to day basis after the guest checks into the Hotels and are stated net of allowances. Incomes from other services are recognized as and when services are rendered. Sales are stated exclusive of Service Tax, Value Added Taxes (VAT), GST and Luxury Tax. Difference of revenue over the billed as at the period-end is carried in financial statement as unbilled revenue separately.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, sale of food and beverage are recognized at the points of serving these items to the guests. Sales are stated exclusive of Sales Tax / VAT/GST.

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividends

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

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Management Fee

Revenue from management services comprises fixed & variable income. Fixed income is recognised pro-rata over the period of the contract as and when services are rendered. Variable income is recognised on an accrual basis in accordance with the terms of the relevant agreement.

(f) **Taxes**

Tax expense represents current income tax and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits (including MAT credit) and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets (including MAT credit available) is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in 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

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assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date.

If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

Sales/ value added taxes/GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes/GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(g) **Property, plant and equipment**

On transition to IND AS, the Company has elected to continue with the carrying value of all of its property plant and equipment recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment.

Capital work in progress is stated at cost, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Freehold land is not depreciated.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation on fixed assets is provided as per Schedule II of Companies Act, 2013 on Straight Line Method over its economic useful life of fixed assets as follows:

Fixed Assets	Useful life considered
Plant & Machinery	15 Years
Building	60 Years
Electrical installations and fittings	10 Years
Office Equipments	5 Years
Furniture and Fixtures	8 Years
Crockery, cutlery and soft furnishings	3 Years
Commercial Vehicles	6 Years
Private Vehicles	8 Years
Computers	3 Years

The Group, based on management estimates, depreciates certain items of building, plant and equipment over estimated useful lives which are lower than the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the 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.

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(h) **Intangible assets**

On transition to IND AS, the Company has elected to continue with the carrying value of all of its property plant and equipment recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as 3 years and the same shall be amortised on Straight line basis over its useful life.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually at each year end either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.

(i) **Investment properties**

On transition to IND AS, the Company has elected to continue with the carrying value of all of its Investment properties recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such Investment properties.

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes) Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Group depreciates building component of investment property over 60 years from the date of original purchase.

Though the Group measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

(j) **Borrowing costs**

Borrowing cost includes interest expense as per Effective Interest Rate (EIR).

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset until such time that the assets are substantially ready for their intended use. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such current investments is deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the company during the year. Capitalisation of borrowing costs is suspended and charged to profit and loss during the extended periods when the active development on the qualifying assets is interrupted.

Effective interest rate(EIR) is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortised cost of a financial liability after considering all the contractual terms of the financial instrument.

(k) **Leases**

As per IND AS 17 applicable till period ended March 31, 2019

As a lessee

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

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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 fulfillment 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.

As a lessor

Leases in which the group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Operating lease receipt are recognised as income in the statement of profit and loss on a straight-line basis over the lease term.

As per IND AS 116 applicable w.e.f. April 1, 2019

The Group assesses that the contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

(1) The contract involves the use of an identified asset,

(2) The Group has substantially all of the economic benefits from use of the identified asset, and

(3) The Group has the right to direct the use of the identified asset.

Group as a lessee

The Group recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated from the commencement date over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Group measures the lease liability at the present value of the lease payments over the lease term. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company adopts the incremental borrowing rate for the entire portfolio of leases as a whole. The lease payments shall include fixed payments, variable lease payments, exercise price of a purchase option and payments of penalties for terminating the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Group recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in statement of profit and loss.

The Group has elected not to apply the requirements of Ind AS 116 to leases for which the underlying asset is of low value. The lease payments associated with these low value leases are recognized as an expense on a straight-line basis over the lease term.

Group as a lessor

Leases where the Group does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Lease rentals under operating leases are recognized as income on a straight-line basis over the lease term.

(l) Inventories

Stock of food & beverages, stores and operating supplies are valued at lower of cost and net realisable Value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a first in first out basis.Net realisable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make sale.

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(m) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair valueless costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the entity operates, or for the market in which the asset is used.

Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(n) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent Assets/ Liabilities

Contingent assets are not recognised. However, when realisation of income is virtually certain, then the related asset is no longer a contingent asset, and is recognised as an asset.

Contingent liabilities are disclosed in notes to accounts when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more

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uncertain future events not wholly within the control of the Group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

(o) Deferred Revenue

The Group operates a loyalty point's programme, which allows customers to accumulate points when they obtain services in the Group's Hotels. The points can be redeemed for free products/ nights, subject to a minimum number of points being obtained. Consideration received is allocated between the Room Revenue and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is determined by applying a statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

(p) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The group has no obligation, other than the contribution payable to the provident fund. The group recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Retirement benefit in the form of gratuity is a defined benefit scheme. Gratuity liability of employees is accounted for on the basis of actuarial valuation on projected unit credit method at the close of the year. Group's contribution made to Life Insurance Corporation is expenses off at the time of payment of premium.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Retirement benefits in the form of Superannuation Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

The Group treats leaves expected to be carried forward for measurement purposes. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Remeasurement gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group has the unconditional legal and contractual right to

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defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

(q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

A debt instrument is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables etc. For more information on receivables, refer to Note 12.

Debt instrument at FVTOCI

A debt instrument is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments included within the FVTPL or FVTOCI category are measured at fair value with all changes recognized in the P&L or OCI.

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Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Trade receivables or any contractual right to receive cash or another financial asset

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Group combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Group does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

Financial liabilities at amortised cost

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 19.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

If a financial guarantee is an integral element of a debt instrument held by the entity, it should not be accounted for separately.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet

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to consolidated financial statements for the year ended March 31, 2020

if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(r) **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(s) **Share-based payments**

Certain employees (including senior executives) of the Group receive part of their remuneration in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over share (equity-settled transactions).

The cost of equity-settled transactions with employees is determined measured at fair value at the date at which they are granted using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

(t) **Cash Flow Statement**

Cash flows are reported using the indirect method, where by profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(u) **Measurement of EBITDA**

The Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Group does not include depreciation and amortization expense, interest income, finance costs, and tax expense.

(v) **Earnings Per Share (EPS)**

Basic EPS is calculated by dividing the profit for the period attributable to ordinary equity shareholders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS is calculated by dividing the profit attributable to ordinary equity shareholders of the Company by the weighted average number of Equity shares outstanding during the period plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

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3. Property, plant & equipment

(₹ in Lakhs)

Particulars	Tangible Assets											
	Freehold land	Building on freehold land	Building on leasehold Land	Plant and Machinery	Electrical fittings	Electrical equipments	Office equipments	Furniture and Fixtures	Crockery, cutlery and soft furnishings	Computers	Vehicles	Total (Tangible Assets)
Gross Carrying amount												
As at April 1, 2018	42,876.51	59,140.97	27,798.20	14,494.41	4,242.62	2,561.25	357.11	6,054.66	1,202.77	329.71	805.42	159,863.62
Additions	261.86	13,766.68	34.18	2,778.70	37.44	146.51	22.62	1,189.73	803.49	105.00	212.27	19,358.48
Disposals	-	-	-	11.67	-	-	-	-	-	-	32.60	44.27
As at March 31, 2019	43,138.37	72,907.65	27,832.38	17,261.44	4,280.06	2,707.76	379.73	7,244.39	2,006.25	434.71	985.09	179,177.83
Additions	788.70	53,320.10	68.16	6,053.04	1,050.39	344.01	73.17	2,623.59	1,853.44	255.75	499.66	66,930.00
Additions on inclusion of new subsidiary (refer note 46)	7,677.99	35,368.71	60.18	3,509.33	214.58	123.70	-	529.23	-	23.03	-	47,506.74
Disposals	1,118.85	-	-	0.27	-	-	-	-	-	-	76.36	1,195.48
As at March 31, 2020	50,486.20	161,596.45	27,960.72	26,823.54	5,545.03	3,175.48	452.90	10,397.21	3,859.70	713.48	1,408.39	292,419.10
Depreciation												
As at April 1, 2018	-	2,560.26	1,665.01	3,491.94	1,934.77	1,087.64	118.86	2,928.13	816.31	212.86	158.60	14,974.38
Charge for the year	-	1,073.30	545.17	1,369.28	560.53	313.48	44.49	869.97	284.77	70.52	152.84	5,284.36
Disposals	-	-	-	9.05	-	-	(-)	-	-	-	14.42	23.47
As at March 31, 2019	-	3,633.56	2,210.18	4,852.17	2,495.30	1,401.12	163.35	3,798.10	1,101.08	283.38	297.02	20,235.28
Charge for the year	-	1,950.04	456.29	1,858.13	510.16	326.56	36.02	932.19	710.63	112.76	168.13	7,060.91
Disposals	-	-	-	-	-	-	-	-	-	-	57.23	57.23
As at March 31, 2020	-	5,583.59	2,666.47	6,710.31	3,005.46	1,727.69	199.38	4,730.29	1,811.71	396.13	407.92	27,238.96
Net Block												
As at March 31, 2020	50,486.20	156,012.86	25,294.26	20,113.23	2,539.57	1,447.79	253.52	5,666.92	2,047.99	317.36	1,000.47	265,180.14
As at March 31, 2019	43,138.37	69,274.09	25,622.20	12,409.27	1,784.76	1,306.64	216.38	3,446.28	905.18	151.34	688.07	158,942.55

Net book value	As at March 31, 2020	As at March 31, 2019
Property, plant and equipment	265,180.14	158,942.55

Notes

a). Certain property, plant and equipments are pledged as collateral against borrowings, the details related to which have been described in Note no. 19 on "Borrowings".

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4. Capital work-in-progress

Particulars	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Hotel at Shimla		
Material	1,204.31	956.64
Project staff expenses	102.79	89.64
Salary wages & bonus	45.92	36.52
Professional charges	92.61	84.40
Others	4.16	3.30
	1,449.79	**1,170.50**
Hotel at Mumbai		
Material	16,615.52	16,250.85
Professional charges	2,137.67	2,137.67
Borrowing cost	3,045.56	2,230.29
-Salary wages & bonus	330.49	327.07
Project staff expenses other then salary	400.96	400.96
Travelling	54.91	54.91
Rates and taxes	5,186.04	5,186.04
Others	182.54	182.54
Less: Capitalised during the year	(27,953.69)	
	-	**26,770.33**
Hotel at Udaipur		
Material	17,000.49	14,818.99
Professional charges	1,089.53	1,742.43
Borrowing cost	2,359.69	1,527.46
-Salary wages & bonus	296.78	242.38
Project staff expenses other then salary	208.54	175.45
Travelling	43.42	27.88
Rates and taxes	70.50	46.89
Others	1.71	0.26
Less: Capitalised during the year	(20,724.43)	-
	346.23	**18,581.74**
Hotel at Kolkata		
Material	7,734.81	6,706.87
Professional charges	435.63	860.90
Borrowing cost	983.17	591.41
-Salary wages & bonus	156.19	129.18
Project staff expenses other then salary	218.46	137.32
Travelling	21.64	15.59
Others	2.75	1.35
Less: Capitalised during the year	(9,552.65)	-
	-	**8,442.62**

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to consolidated financial statements for the year ended March 31, 2020

Particulars	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Hotel at MIAL Aerocity, Mumbai		
Material	5,615.14	1,035.97
Professional charges	3,542.65	3,439.22
Lease rent	5,934.79	5,271.57
Salary wages & bonus	210.20	97.84
Project staff expenses other then salary	157.06	91.45
Travelling	34.00	29.19
Borrowing Cost	134.04	-
Rates and taxes	1,482.17	1,413.59
Others	47.82	42.52
	17,157.86	**11,421.35**
Capital work in progress at office	2.75	-
Total	**18,956.64**	**66,386.54**

5. Investment property

Particulars	Total ₹ in lakhs
Cost or valuation	
As at April 1, 2018	258.89
Additions	-
As at March 31, 2019	**258.89**
Additions	-
As at March 31, 2020	**258.89**
Depreciation and Impairment	
As at April 1, 2018	13.18
Charge for the year	4.38
As at March 31, 2019	**17.56**
Charge for the year	4.39
As at March 31, 2020	**21.96**
Net Block	
As at March 31, 2020	**236.93**
As at March 31, 2019	**241.33**

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Information regarding income and expenditure of Investment property:

Particulars	March 31, 2020 ₹ in lakhs	March 31, 2019 ₹ in lakhs
Rental income derived from investment property	16.85	15.50
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(0.97)	(1.00)
Profit arising from investment properties before depreciation and indirect expenses	15.88	14.50
Less – Depreciation	(4.39)	(4.39)
Profit arising from investment properties before indirect expenses	11.49	10.11

The Group's investment properties consist of a commercial property in India. The management has determined that the investment property consist of one classes of asset − office space − based on the nature, characteristics and risks of the property. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties.

As at March 31, 2020 and March 31, 2019, the fair values of the property is ₹ 258.89 lakhs and ₹ 258.89 lakhs respectively. These valuations are based on valuations performed by an external independent valuer at the time of acquisition of property. The management has considered these valuations on the basis that there is no material change in the value of property since acquired.

Reconciliation of fair value:

Particulars	₹ in lakhs
Opening balance as at 1 April 2018	258.89
Fair value difference	-
Purchases	-
Closing balance as at March 31, 2019	258.89
Fair value difference	-
Purchases	-
Closing balance as at March 31, 2020	258.89

Description of valuation techniques used and key inputs to valuation on investment properties:

Valuation technique	Significant unobservable Inputs
Sales comparable method	- Location - Size of building - Quality of building - Visibility of unit - Furnished/unfurnished

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6. Intangible assets

₹ in lakhs

Particulars	Software	Management Contracts	Brand	Total	Goodwill
Cost or valuation					
As at April 1, 2018	314.57	-	-	314.57	676.05
Additions	471.83	-	-	471.83	
As at March 31, 2019	786.40	-	-	786.40	676.05
Additions	167.88	1,900.00	100.00	2,167.88	-
Acquired on Acquisition of new subsidiary (Refer note 46)	1.70			1.70	8,832.41
As at March 31, 2020	955.98	1,900.00	100.00	2,955.97	9,508.46
Amortisation and impairment					
As at April 1, 2018	141.97	-	-	141.97	-
Amortisation	126.96	-	-	126.96	-
As at March 31, 2019	268.93	-	-	268.93	-
Amortisation	165.78	89.79	-	255.57	-
As at March 31, 2020	434.70	89.79	-	524.49	-
Net Block					
As at March 31, 2020	521.27	1,810.21	100.00	2,431.48	9,508.46
As at March 31, 2019	517.47	-	-	517.47	676.05

Net book value	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Intangible assets	2,431.48	517.47

7. Right to use asset

Particular	Amount ₹ In lakhs
Balance as at April 01, 2019	35,543.94
Additions during the year	-
Disposals during the year	-
Amortisation during the year	1,675.36
Balance as at March 31, 2020	33,868.58

Net book value	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Right to use asset	33,868.58	-

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8. Financial assets

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
(i) Investments		
Unquoted equity shares of associate companies (at cost)		
340,000 (March 31, 2019: 340,000) equity shares of Mind Leaders Learning India Private Limited of Re.1 each fully paid.	350.70	198.31
Unquoted compulsory convertible preference shares of associate companies at cost		
8,700,000 (Previous year: 2,700,000) 0.001% Compulsorily Convertible Preference shares of Hamstede Living Private Limited of ₹10 each fully paid	408.21	227.25
Quoted investments at fair value through Profit & Loss		
Mutual funds		
Nil (March 31, 2019: 24,915.549) units of Reliance Low Duration Fund - Direct Growth Plan Growth option	-	657.87
138,119 (March 31, 2019: Nil) units of Aditya Birla Sunlife liquid fund - Direct Plan Growth Plan - Growth option	441.37	-
Nil (March 31, 2019: 8,228.985) units of Reliance Money Manager Fund-Direct Growth Plan Growth Option	-	217.28
Nil (March 31, 2019: 9,785.595) units of Reliance Liquid Fund-Direct Growth Plan Growth Option	-	446.41
Nil (March 31, 2019: 5,791.874) units of Reliance liquid fund treasury plan	-	152.93
Nil (March 31, 2019: 23,145.106) units of Reliance liquid fund - Direct Plan Growth Plan - Growth option	-	1,055.85
Nil (March 31, 2019: 389.747) units of Reliance Liquid Fund-Cash Plan-Direct Growth Plan	-	11.91
Nil (March 31, 2019: 6,676.324) units of Reliance Treasury Plan-Direct Growth Plan	-	304.57
Nil (March 31, 2019: 703) units of Reliance Liquid Fund Direct Plan	-	19.97
Other unquoted investments at fair value through Profit and Loss		
5,598 (March 31, 2019: 2,567) equity shares of SEP Energy Private Limited of ₹10 each fully paid.	0.56	0.26
3,184 (March 31, 2019: 3184) equity shares of School of Hospitality India Private Limited of ₹10 each fully paid.	200.04	200.04
	1,400.88	**3,492.65**
Aggregate book value of quoted investments	441.37	2,866.79
Aggregate book value of unquoted investments	959.51	625.86
Current	441.37	2,866.79
Non-Current	959.51	625.86
	1,400.88	**3,492.65**

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
(ii) Loans		
Unsecured, considered good		
Loans to employees at amortised cost	118.88	171.11
	118.88	171.11

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to consolidated financial statements for the year ended March 31, 2020

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
(iii) Other Non- current financial assets		
Unsecured, considered good		
Security deposits at amortised cost	4,393.36	3,837.31
Interest accrued on deposits with banks	694.50	500.89
Fixed deposits under lien*	877.63	911.11
	5,965.49	**5,249.31**

* Fixed deposits under lien includes deposits lien marked with banks against guarantees issued in favour of various Government departments.

9.1 Deferred tax assets liability (net)

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Property, plant and equipments and intangible assets	11,257.17	10,316.83
Fair value of investments	0.40	-
Capital Work-in-progress	-	0.85
Revaluation of land	2,444.90	417.04
Deferred tax liability	**13,702.47**	**10,734.72**
Impact of expenditure charged to the statement of profit and loss in the current/ earlier period but allowable for tax purposes on payment basis	330.04	367.28
Right to use asset/lease liability	1,707.63	-
Provision for doubtful debts and advances	64.14	5.13
Fair value of investments	-	3.70
Effect of unabsorbed depreciation and business loss	8,133.22	7,036.26
Provision for gratuity	63.57	74.01
Provision for leave compensation	48.89	49.11
Loyalty program	4.60	5.98
Provision for litigation	16.19	16.28
Provision for slow moving inventory	10.33	12.34
Expense on account of lease equalization reserve created	-	484.59
Security deposits	205.67	918.28
Provision for contingency	22.29	18.65
Loan to employee recorded at amortized cost	9.63	0.83
Borrowings	15.46	8.87
Prepaid expenses	-	5.71
Provision for expected credit losses	55.26	6.41
DTL on split accounting done for preference shares	1.90	-
MAT credit entitlement receivable	3,452.12	3,756.50
Deferred tax asset	**14,140.94**	12,769.93
Deferred tax (asset)/liability (net)	**(438.47)**	(2,035.21)

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Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for period/year ended March 31, 2020 and March 31, 2019:

	March 31, 2020 ₹ in lakhs	March 31, 2019 ₹ in lakhs
Profit/(loss) before tax	(217.68)	4,526.74
Tax rate	29.12%	34.61%
Tax at statutory income tax rate	(834.42)	1,481.73
Effect of incomes taxable at nil/lower/MAT rate	(49.77)	(146.42)
Effect of non-deductible expenses	4.46	9.35
Income tax charge/ (credit) in respect of earlier year	46.95	(1,282.44)
Impact of change in tax rate	(240.43)	10.95
Unrecognized tax assets (net) and other adjustments	2,154.78	(1,195.60)
Other adjustments	6.18	11.29
Net	**1,087.77**	**(1,111.14)**

9.2 Non-current tax assets (net)

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Advance Income Tax (net of provision for taxation)	3,265.19	1,863.93
	3,265.19	**1,863.93**

10. Other non-current assets

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Unsecured, considered good		
Capital advances	189.57	1,727.76
Balance with statutory/ government authorities	215.72	48.81
Prepaid expenses	744.23	1,060.84
Unamortized portion of security deposits and loans	18,274.56	17,980.88
Total	**19,424.06**	**20,818.29**

11. Inventories
(valued at lower of cost and net realisable value)

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Food and beverages (excluding liquor and wine)	207.77	137.41
Liquor and wine	142.79	119.18
Stores, cutlery, crockery, linen, provisions and others	471.20	341.78
Total	**821.76**	**598.37**

Refer footnote to Note 19 for inventories pledged.

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12. Financial assets

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Trade receivables		
Trade receivables	5,027.09	8,441.92
	5,027.09	**8,441.92**
Break-up for security details:		
Unsecured, considered good	5,027.09	8,443.22
Unsecured, considered doubtful	1,548.69	39.47
	6,575.78	**8,482.69**
Impairment Allowance (allowance for bad and doubtful debts)		
Unsecured, considered good	-	1.30
Unsecured, considered doubtful	1,548.69	39.47
	1,548.69	**40.77**
Total Trade receivables	**5,027.09**	**8,441.92**

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.

13. Cash and cash equivalents

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Balance with banks		
On current accounts	3,826.69	3,081.79
Deposits with original maturity of 3 months or less	179.98	-
Cash on hand	75.06	57.91
	4,081.73	**3,139.70**

14. Other current financial assets

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Other bank balances - fixed deposits	389.14	1.68
Security deposits	45.77	337.41
	434.91	**339.09**

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15. Other current assets

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Advances recoverable		
- Employee advance	2.24	1.09
- Others, considered good	1,255.18	1,283.49
- Others, considered doubtful	8.75	8.75
	1,266.17	**1,293.33**
Provision for doubtful advances	8.75	8.75
	1,257.42	**1,284.58**
Unbilled revenue	17.46	0.12
Balance with statutory/ government authorities	1,911.20	1,012.10
Interest accrued but not due	3.25	-
Prepaid expenses	733.18	779.57
Unamortized portion of security deposits and loans	1,192.11	1,194.11
Total	**5,114.62**	**4,270.48**

16. Share capital

Authorised Share Capital	Equity shares	
	No. of shares	₹ in lakhs
As at April 1, 2018	1,001,440,000	100,144.00
Increase/(decrease) during the year	-	-
As at March 31, 2019	**1,001,440,000**	**100,144.00**
Increase/(decrease) during the year	-	-
As at March 31, 2020	**1,001,440,000**	**100,144.00**

Authorised Share Capital	5% Redeemable Cumulative Preference Shares	
	No. of shares	₹ in lakhs
As at April 1, 2018	145,000	145.00
Increase/(decrease) during the year	-	-
As at March 31, 2019	**145,000**	**145.00**
Increase/(decrease) during the year	-	
As at March 31, 2020	**145,000**	**145.00**

Terms/rights attached to equity shares

The company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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Issued equity capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. of shares	₹ in lakhs
As at April 1, 2018*	786,393,251	78,639.32
Issued during the year - Exercise of ESOP	5,833,781	583.38
Change in shares held by ESOP trust	(2,931,461)	(293.15)
As at March 31, 2019*	**789,295,571**	**78,929.55**
Change in shares held by ESOP trust	1,018,902	101.89
As at March 31, 2020*	**790,314,474**	**79,031.44**

* excluding 1,931,990 equity shares (March 31, 2019: 2,950,893 shares) held by ESOP trust which has been consolidated in accordance with the requirement of IndAS 102. The movement is explained below :-

	Share capital		Shares held by ESOP trust		Share capital (net)	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
As at April 1, 2018	**786,412,683**	**78,641.26**	**19,432**	**1.94**	**786,393,251**	**78,639.32**
Issued during the year - Exercise of ESOP	5,833,781	583.38	-	-	5,833,781	583.38
Change in shares held by ESOP trust	-	-	2,931,461	293.15	(2,931,461)	(293.15)
As at March 31, 2019	**792,246,464**	**79,224.64**	**2,950,893**	**295.09**	**789,295,571**	**78,929.54**
Change in shares held by ESOP trust	-	-	(1,018,902)	(101.89)	1,018,902	101.89
As at March 31, 2020	**792,246,464**	**79,224.64**	**1,931,990**	**193.20**	**790,314,474**	**79,031.43**

Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% held	No. of shares	% held
Equity shares of ₹ 10 each fully paid up				
Maplewood Investment Limited	-	-	98,408,065	12.42%
Spank Management Services Private Limited	207,710,759	26.22%	207,685,759	26.21%
RJ Corp Limited	32,427,784	4.09%	53,427,784	6.74%
APG Strategic Real Estate Pool N.V.	118,730,914	14.99%	118,730,914	14.99%
SBI Large and Midcap Fund	67,482,790	8.52%	56,817,761	7.17%

Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 38.

Aggregate number of bonus share issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

	March 31, 2020	March 31, 2019
	No. of shares	No. of shares
Equity shares allotted as fully paid bonus shares by capitalization of securities premium and capital redemption reserve	646,125,652	646,125,652

In addition, the company has issued total 11,443,592 shares (March 31, 2019 : 11,501,015 shares) 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.

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17. Other equity

Securities Premium	₹ in lakhs
As at April 1, 2018	9,602.15
Add: additions on ESOPs excercised	670.88
Add: transferred from stock options outstanding	341.42
Change in shares held by ESOP trust	(337.12)
As at March 31, 2019	**10,277.33**
Change in shares held by ESOP trust	117.17
As at March 31, 2020	**10,394.50**

Retained Earnings	₹ in lakhs
As at April 1, 2018	(16,320.47)
Profit for the year	5,277.15
As at March 31, 2019	**(11,043.32)**
Loss for the year	(949.17)
Retrospective impact adjustment of Ind AS 116	(4,826.40)
As at March 31, 2020	**(16,818.89)**

Capital Reserve	₹ in lakhs
As at April 1, 2018	6,234.62
Add: Gain on disposal of subsidiary (Refer Note 45)	23.97
As at March 31, 2019	**6,258.59**
Gain on acquisition of additional interest in subsidiary (Refer note 46)	353.29
As at March 31, 2020	**6,611.88**

General Reserve	₹ in lakhs
As at April 1, 2018	3,035.24
Increase/(decrease) during the year	-
As at March 31, 2019	3,035.24
Increase/(decrease) during the year	-
At March 31, 2020	3,035.24

Capital redemption reserve	₹ in lakhs
As at April 1, 2018	45.00
Increase/(decrease) during the year	-
As at March 31, 2019	**45.00**
Increase/(decrease) during the year	-
As at March 31, 2020	**45.00**

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	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Other reserves		
Securities Premium	10,394.50	10,277.33
Retained Earnings	(16,818.89)	(11,043.32)
Capital Reserve	6,611.88	6,258.59
General Reserve	3,035.24	3,035.24
Capital redemption reserve	45.00	45.00
	3,267.73	**8,572.84**

Notes:

Capital reserve: Capital reserve represents reserve on consolidation of subsidiary.

General reserve: Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paidup capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn.

Share-based payments: The Group has one share option scheme under which options to subscribe for the Group's shares have been granted to certain executives and senior employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 38 for further details of the plan.

Capital redemption reserve: The Companies Act provides that companies redeeming its preference shares at face value or nominal value is required to transfer an amount into capital redemption reserve. This reserve can be used to issue fully paid-up bonus shares to the shareholders of the Company.

Securities premium: Securities premium comprises premium received on issue of shares.

Retained earnings: Retained earnings comprise balances of profit and loss at each year end.

18. **Non-controlling interests**

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Non-controlling interest	72,176.94	43,218.43

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19 (i) Borrowings

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Non-current borrowings		
Term Loans		
Loans from Banks (Secured)		
Kotak Mahindra Bank Limited (Refer footnote 1 to 6 below)	10,332.40	11,220.01
Indusind Bank Limited (Refer footnote 13 & 17 below)	4,900.31	-
RBL Bank Ltd. (Refer footnote 7 & 8 below)	-	3,140.25
Yes bank Limited (Refer footnote 9 to 12, 14 to 15, 20 & 29 to 31 below)	49,105.76	44,433.92
HDFC Bank Limited (Refer footnote 24 to 28 below)	27,530.10	27,996.47
Vehicle loans (Refer footnote 21 below)	557.88	375.12
Axis Bank Limited (Refer footnote 16 & 33 to 36 below)	32,993.79	20,787.24
Loans from financial institutions (Secured)		
Tourism Finance Corporation of India Limited (Refer note 32 below)	720.00	-
Aditya Birla Finance Limited (Refer footnote 18, 19, 22 & 23 below)	18,949.27	5,520.10
Total non-current borrowings	**145,089.51**	**113,473.11**
Current maturity of long term loans from banks		
Kotak Mahindra Bank Limited (Refer footnote 1 to 6 below)	900.57	1,272.49
Indusind Bank Limited (Refer footnote 13 & 17 below)	50.00	-
RBL Bank Ltd. (Refer footnote 7 & 8 below)	-	599.95
Yes bank Limited (Refer footnote 9 to 12, 14 to 15, 20 & 29 to 31 below)	256.25	696.25
HDFC Bank Limited (Refer footnote 24 to 28 below)	1,505.88	2,123.43
Vehicle loans (Refer footnote 21 below)	119.15	136.35
Axis Bank Limited (Refer footnote 16 & 33 to 36 below)	1,096.87	975.00
Current maturity of loans from financial institutions		
Aditya Birla Finance Limited (Refer footnote 18, 19, 22 & 23 below)	498.95	158.00
Total current maturity of loans	**4,427.67**	**5,961.47**
Less: Amount clubbed under "other current financial liabilities"	(4,427.67)	(5,961.47)
Net current borrowings	-	-
	149,517.18	**119,434.58**

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to consolidated financial statements for the year ended March 31, 2020

Footnotes to Note 19 "Borrowings"

₹ in lakhs

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
1	Kotak Mahindra Bank Limited	1,633.00	8.95%	9.45% (interest rate @ 6 months MCLR rate+ 0.60%)	The loan is repayable in 20 quarterly installments.	The Term Loan is secured by way of: a) Exclusive charge on all existing and future current assets of the borrower's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon. b) Subservient charge over all existing and future current assets of the Company except current assets of the company's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon on which bank has exclusive charge. c) Equitable Mortgage by way of exclusive charge on the plot of Land at Sector-29, Gurgaon owned by the borrower. Also, exclusive charge over Moveable Fixed assets of the Hotel Property at Sector-29, Gurgaon.
2	Kotak Mahindra Bank Limited	431.00	8.95%	9.45% (interest rate @ 6 months MCLR rate+ 0.60%)	The loan is repayable in 60 montly installments.	
3	Kotak Mahindra Bank Limited	5,200.00	8.85%	9.35% (interest rate @ 6 months MCLR rate+ 0.50%)	The loan is repayable in 28 quarterly installments.	The Term Loan is secured by way of: a) Exclusive charge on all existing and future current assets of the borrower's commercial space at Sector-60, Gurgaon. b) Minimum asset cover of 1.25x to be maintained throughout the tenor of bank's loan as per valuation accepted by bank. c) Subservient charge over all existing and future current assets of the borrower except current assets of the borrower's commercial space at Sector-60, Gurgaon on which bank has exclusive charge. d) Equitable Mortgage by way of exclusive charge on the on the proportionate share of land and building of commercial space of the borrower at Sector-60, Gurgaon. e) Exclusive charge over Moveable Fixed assets of commercial space at Sector-60, Gurgaon.

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to consolidated financial statements for the year ended March 31, 2020

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
4	Kotak Mahindra Bank Limited	3,730.00	8.93%	9.25%	Loan shall be repaid by way of 120 equal monthly installments starting from month following the month of first disbursement of loan.	The loan is secured by: - First and exclusive charge on all existing and future current assets and moveable fixed assets of the company - First and exclusive equitable charge on immoveable properties being land and building situated at 54B/55A Hosur Main road Electronic city Phase 1 Bangalore Karnataka - Corporate guarantee of Fleur Hotels Pvt Ltd.
5	Kotak Mahindra Bank Limited	2,300.00	8.85%	9.15%		
6	Kotak Mahindra Bank Limited	6,000.00	8.85%	9.35%	The loan is repayable in 48 quarterly installments starting from 39th month following the month of first disbursement.	The loan is secured by: - First and exclusive charge on all existing and future current assets, movable and immovable fixed assets of the hotel - Red Fox Sector - 60, Gurgaon. - Subservient charge on all existing and future current assets of the Borrower except current assets of the hotel - Red Fox Sector - 60, Gurgaon. - Equitable Mortgage by way of exclusive charge on the land and building of Red Fox Hotel Sector-60, Gurgaon. - Minimum asset cover 1.2x to be maintained throughout the tenor of bank loan as per valuation accepted by bank.
7	RBL Bank Ltd.	3,000.00	-	10.25%	The loan is repayable in scattered quarterly installment beginning from March 2014. Interest is payable monthly as and when due.Repaid entire loan during the year.	The company has satisfied following charge : (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.

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Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
8	RBL Bank Ltd.	2,420.00	-	9.80%	The loan was repayable in scattered quarterly installment. Same has been repaid during the year.	(iii) Exclusive charge on the project's book debts, operating cash flows, receivables, commissions, bank accounts (wherever held), revenues of whatever nature and wherever arising, present and future subject to prior charge of bankers on specified current assets for securing working capital facilities and subject to prior approval of bank. (iv) Exclusive charge by way of assignment or creation of charge in favour of the lender of - All the right, title, interest,benefits, claims and demands whatsoever of the borrower in agreements (developement agreement, management agreement, construction contract), duly acknowledged and consented to by the counter party; - All the rights,title, interest,benefits, claims and demands whatsoever of the borrower in clearances; - All the rights,title, interest,benefits, claims and demands whatsoever of the borrower in any letter of credit, guarantee, performance bond provided by any party to the project documents - All insurance contracts/insurance proceeds; (v) All Cash Flow routing to be done through Collection account maintained with bank. (vi) Right of substitution and other rights under the Substituition Agreement, on pari passu basis with other lenders. (Project implies to Red Fox Hotel at Property No. 6, Hospitality District, Delhi International Airport, New Delhi)

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to consolidated financial statements for the year ended March 31, 2020

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
9	Yes Bank Limited	12,500.00	NA	NA	The loan is repayable in scattered quarterly installment beginning from February 2016. Interest is payable monthly as and when due	Following Charge has been satisfied during the year: a) First pari passu charge on the current assets, entire movable fixed assets and immovable assets of the Hotel Lemon Tree, Udyog Vihar, Hotel Lemon Tree, Pune, Hotel Lemon Tree, Ahemdabad, Hotel Lemon Tree, Chennai, Hotel Lemon Tree, Bangalore and Red Fox Hotel, Hyderabad. The charge for assets at Red Fox Hotel, Hyderabad has been removed before March 31, 2018.
10	Yes Bank Limited	12,000.00	-	9.80%	The loan is repayable in scattered quarterly installment beginning from April 2017. Repaid entire loan during the year.	It is secured by: a) Exclusive charge on all immoveable fixed assets of Lemon Tree Premier, Hyderabad. b) Exclusive charge on all moveable fixed assets and current assets both present and future of LTP, Hyderabad. c) Corporate guarantee of Lemon Tree Hotels Limited.
11	Yes Bank Limited	6,000.00	9.50%	9.80%	The loan is repayable 44 structured quarterly installment after a moratorium period of 36 months from the date of first disbursement.	It is secured by : a) Exclusive charge on all immoveable fixed assets, moveable fixed assets and current assets of Lemon tree Sector 60 Gurgaon, and covention centre within Hotel premises of 20,000 sq.ft (appox.). b) Escrow of all receivables of the project including security deposits. c) Corporate guarantee of Lemon Tree Hotels Limited. d) DSRA equivalent to three months interest and one quarter principal to be created in case of any over dues beyond 30 days in the form of fixed deposits duly lien marked in favour of YBL. * Minimum security cover of 1.5x on immoveable and moveable fixed assets of the project.

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Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
12	Yes Bank Limited	2,500.00	9.50%	9.80%	The loan is repayable 48 structured quarterly installment after a moratorium period of 12 months from the date of first disbursement.	It is secured by: a) First charge on all present and future immoveable fixed assets of Red Fox Hotel, Kundli New Delhi. b) First charge on all moveable fixed assets and current assets both present and future of Red Fox Hotel, Kundli New Delhi. c) Escrow of all receivables of project including security deposits. d) Corporate guarantee of Lemon Tree Hotels Limited. e) DSRA equivalent to three months interest and one quarter principal to be created in case of any over dues beyond 30 days in the form of fixed deposits duly lien marked in favour of YBL. * Minimum security cover of 1.5x on immoveable and moveable fixed assets of the project.
13	Indusind Bank Limited	3,381.00	10.4% {9.40% p.a (fixed for 1st year). Linked to 1 month MCLR plus 15bps spread from 2 years}		Takeover of existing term loan of YES bank limited. Tenor to be in line with the residual tenor of the term loan of lender whose loan is being taken over i.e. The loan is repayable 48 structured quarterly installment.	It is secured by: a) First charge on all moveable fixed assets (both present and future) and current assets (both present and future) including Escrow account of the borrower. b) First charge on all present and future immoveable fixed assets of the project (130 Keys Lemon Tree Hotels in Whitefield, Bangalore) owned by borrower including the land and hotel building located in Whitefield, Bangalore. c) Escrow of all the receivable of the project including security deposits. d) Unconditional and Irrevocable Corporate Guarantee of Fleur Hotels Private Limited. e) DSRA equivalent to 3 months interest and 1 quarter principal to be created in case of any overdue beyond 30 days in the form of the fixed deposits duly lien marked in favor of IBL. f) Non disposal undertaking to be executed by Fleur Hotels Private Limited for 51% shares in borrower held directly/indirectly. g) Minimum security cover 1.5x on immovable and movable foxed assets of the project.

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Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
14	Yes Bank Limited	3,500.00	9.80%	9.80%	The loan is repayable 48 structured quarterly installment after a moratorium period of 12 months from the date of first disbursement. Loan takenover by Indusind Bank Limited	It is secured by: a) First charge on all present and future immoveable fixed assets of the project (including land and building) Lemon Tree Hotel, Whitefield Bangalore. b) First charge on all moveable fixed assets and current assets both present and future of Lemon Tree Hotel, Whitefield Bangalore. c) Escrow of all receivables of project including security deposits. d) Corporate guarantee of Fleur Hotels Private Limited. e) DSRA equivalent to three months interest and one quarter principal to be created in case of any over dues beyond 30 days in the form of fixed deposits duly lien marked in favour of YBL. * Minimum security cover of 1.5x on immoveable and moveable fixed assets of the project.
15	Yes Bank Limited	20,500.00	9.50%	9.80%	The loan is repayable in 52 structured quarterly installments post moratorium period of 36 months from the date of first disbursement.	It is secured by: a) First charge on all present and future movable & immoveable fixed assets of the project. Lemon Tree Premier Hotel, Kolkata, Lemon Tree Premier Hotel in Pune, Lemon Tree Hotel in sector 60 Gurgaon and approximately 20,000 sqft convention centre within the hotel premises. b) Escrow of all receivables of the hotels including security deposits (if any). c) Corporate guarantee of Lemon Tree Hotels Limited. d) DSRA equivalent to 3 months interest and 1 quarter principle to be created in case of any over dues beyon 30 days in the form of fixed deposits duly lien marked in favour of YBL.

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Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
16	Axis Bank Limited	10,000.00	9.19%	NA	Tenor of 18 years and 9 months including construction period of 1.5 years and moratorium period of 2.5 years with repayments in with 60 quarterly unequal installments.	It is secured by: a) Exclusive charge by way of EM over the land & building at Plot No.1, Khasra No. 979 to 981, Kalarohi, Udaipur,(admeasuring 26390.3 sq. yards or 237513 sq. ft.), b) Exclusive charge over the moveable fixed assets of the Udaipur Hotel, both present and future, c) Exclusive charge by way of hypothecation of all the current assets of Udaipur Hotel, d) Exclusive charge by way of hypothecation of all the cashflows of Udaipur Hotel. e) Corporate Guarantee of Lemon Tree Hotels. FACR of 1.50x shall be maintained at all times. Any additional collateral security other than those mentioned herein above offered by the borrower to other lenders (in case of pari-passu charge) shall also be available to bank.
17	Indusind Bank Limited	5,000.00	9.35%	NA	Tenor of 16 years with door door tenor facility shall not exceed 193 months from the date of first disbursement, including moratorium priod of nil months.	It is secured by: a) First charge on all presesnt and future immoveable assets of the hotel " Lemon Tree Amarante Beach Resort (At Candolim, Goa)" housed under Begonia Hotels Private Limited b) First charge on all moveable fixed assets (both present and future) (including Escrow account opened with IBL) of the hotel " Lemon Tree Amarante Beach Resort (At Candolim, Goa)" housed under Begonia Hotels Private Limited, c) Exclusive charge on book debts, operating cash flows, credit card receivables, commissions, revenues of whatsoever nature and wherever arising, present and future through Escrow mechanisim of teh Hotel "Lemon Tree Amarante Beach Resort (At Candolim, Goa) housed under Begonia Hotels Private Limited, d) Escrow of all cash flows of Begonia Hotels Private Limited including security deposits.

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Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
18	Aditya Birla Finance Limited	11,500.00	9.30%	NA	Takenover from existing term loan from YES Bank Limited. Tenor of 12 years with repayment in 48 structured quarterly installment. Repayment of term loan 1 in line with existing lender repayment schedule. The facility have lock-in tenor of 1 year from the date of first disbursment.	It is secured by: a) First exclusive charge by way of Mortgage/ Hypothecation on the immovable and movable fixed assets (both present and future) of Lemon Tree Premier Hotel Hitec City, Hyderabad, to provide minimum cover of 1.25x at all times during the tenor of the loan, b) First exclusive charge on the current assets of the Lemon Tree Premier Hotel, Hitec City Hyderabad, c) First exclusive charge on project's bank account including but not limited to Escrow account where entire cash flow of Lemon Tree Premier Hotel, Hitec City, Hyderabad shall be deposited, d) Unconditional and Irrevocable Corporate Guarantee of Lemon Tree Hotels Limited, e) Demand Promissory Note (DPN),
19	Aditya Birla Finance Limited	4,000.00				
20	Yes Bank Limited	12,500.00	9.50%	9.80%	The loan is repayable 60 structured quarterly installment after a moratorium period of 60 months from the date of first disbursement.	It is secured by: a) Equitable mortgage over 80% share of Land and building (except 2nd basement, ground floor and first floor) on pari passu basis with other lenders for the project, Lemon Tree Premier Hotel, Andheri Mumbai. b) First charge (on pari passu basis) on their movable fixed assets and all current assets, both present and future of the project. Lemon Tree Premier Hotel, Andheri Mumbai. c) Corporate guarantee of Lemon Tree Hotels Limited.
21	Vehicle loan (different banks)	-			These loans are repaid on agreed monthly installments.	Vehicle loan is secured by hypothecation of underlying motor vehicle acquired out of such loans from HDFC Bank Limited, Axis Bank Limited and BMW Financial Services.

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Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
22	Aditya Birla Finance Limited	4,500.00	9.70%	10.25% (linked with 1 year MCLR)	The loan is repayable in 44 structured quarterly installments after moratorium of 12 months from the date of 1st disbursement.	It is secured by: a) First exclusive charge on the Immovable Fixed Assets (both present and future) of the Red Fox Hotel, Hyderabad, to provide a minimum cover of 1.50x at all times during the tenor of the loan. b) First exclusive charge on all the Movable Fixed Assets (both present and future) of the Red Fox Hotel, Hyderabad. c) First exclusive charge on Escrow of entire cash flow of Red Fox Hotel, Hyderabad. d) DPN
23	Aditya Birla Finance Limited	2,350.00	9.70%	10.75%	The Loan is repayable in 44 Structured Quarterly Installments payable after moratorium period of 12 months from the date of first disbursement.	It is secured by: a) First exclusive charge on all the immovable fixed assets(both current and future) of the Lemon Tree Hotel EDM, Kaushambi Ghaziabad to provide minimum cover of 2.00x cover all the times during the tenure of loan, b) First exclusive charge on all the movable fixed assets(both current and future) of the Lemon Tree Hotel EDM, c) First exclusive charge on the escrow account of entire cash flow of Lemon Tree Hotel EDM, d) Unconditional & irrevocable Guarantee by Lemon Tree Hotels Limited, e) DPN

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Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
24	HDFC Bank Limited	2,100.00	9.20%	9.60% (linked with 1 year MCLR)	The loan is repayable in 39 step-up quarterly installments.	It is secured by : a) First charge on all the fixed assets, both present and future, of the hotel "Lemon Tree" at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh, including hypothecation of all movables and mortgage of leasehold rights on land admeasuring 0.46 acres and buildling thereon. b) A first & exclusive charge on Projects (Lemon Tree" at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh) unencumbered-book debts,operating cash flows,receivables,comissions, banks accounts (whenever held) if any-present & future all revenues. c) Mortgage of leasehold rights of the projects (Lemon Tree at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh) land admeasuring 0.46 acre (2241.38 sq yrd) and building thereon.
25	HDFC Bank Limited	10,000.00	9.00%	9.51% (linked with 1 year MCLR)	The loan is repayable in 44 consecutive quarterly installments after a moratorium of 1 year.	It is secured by : a) First pari passu charge by way of mortgage on Select properties. The borrower shall ensure asset cover ratio should not be less than 1.50x (based on market value of security) at all times. b) First pari passu charge by way of hypothecation in favor of the lender on all current assets and movable fixed assets including movable plant and machinery, machinery spares, tools and accessories, furniture and fixtures, vehicles and all other movable assets, present and future of Select Properties. Properties:- - Hotel Lemon Tree, Udyog Vihar - Hotel Lemon Tree, Pune - Hotel Lemon Tree, Ahemdabad - Hotel Lemon Tree, Chennai - Lemon Tree Premier, Bangalore

NOTES
to consolidated financial statements for the year ended March 31, 2020

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
26	HDFC Bank Limited	4,300.00	9.55%	9.15%	The Loan is repayable in 28 quarterly installments.	It is secured by: - Exclusive charge by way of Equitable mortgage on all of the Project's (Red Fox Hotel situated at Khasra No.102/103/433, Village Jhalana , J.L.N. Marg , Jaipur) land and building. - Exclusive charge on Company's hotel movables, including movable plant and machinery, machinery spares, furniture and fixtures and all other movable assets, present and future. - Exclusive charge on Project's current assets - book debts, operating cash flows, receivables, commissions, bank accounts both present and future, all revenue. - Further it is secured by Coporate Guarantee of Lemon Tree Hotels Limited. - Pledge of 100% shares of SCPL held by Lemon Tree Hotels Limited.
27	HDFC Bank Limited	11,100.00	8.60%	9.20% (linked with 1 year MCLR)	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, Ahemdabad, Hotel Lemon Tree, Chennai, Lemon Tree Premier, Bangalore. b) Stock in trade both present and future consisting of raw material, finished goods, goods in process of manufacturing and any other goods, moveable assets or merchandise whatsoever now or at anytime hereafter belonging to the security provider. c) All the book debts, amount outstanding, monies receivable, claims and bills which are now due and owing.

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Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
28	HDFC Bank Limited	6,000.00	9.40%	9.25% (6 months MCLR+70% p.a. spread)	The Loan is repayable in 48 Structured Quarterly Installments	It is secured by: a) First and exclusive charge on movable and immovable fixed assets at the Lemon Tree Hotel Gachibowli, Hyderabad having market value of approx ₹ 100 crs. b) First and exclusive charge on escrow account of entire cash flows of the Lemon Tree Hotel Gachibowli, Hyderabad. c) Corporate guarantee of Lemon Tree Hotels Limited having adjusted NW as on 31.03.2018 of ₹ 2152 Mn.
29	Yes Bank Limited	2,387.00	12.50%	12.40%	Repayable in 40 quarterly installments from the date of the loan	It is secured by: a) is secured by way of exclusive charge on - the entire project land at Cochin along with structures built thereon and all movable fixed assets and current assets (both present and future) of the Cochin hotel. b) Exclusive charge on all movable fixed assets and current assets (both future and present) of the Company except Vizag Hotel and charge on owned/freehold properties and structure in respect of leasehold land for operational hotels (excluding Vizag) and extension of charge over Cochin project. c) Pledge of 30% shareholding of the Company held by the holding company and d) Corporate guarantee of Fleur Hotels Private Limited.
30	Yes Bank Limited	6,107.00				
31	Yes Bank Limited	1,182.00				

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to consolidated financial statements for the year ended March 31, 2020

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
32	Tourisim Finance Corporation of India Ltd.	1,800.00	12.50%	11.80%	The loan shalll be repaid in 30 quarterly installments as per the schedule.	It is secured by: a) First charge and equitable mortgage of leasehold land situated at Vizag and first charge by way of hypothecation of movable assets subject to prior charge of the bank on specified movable assets for securing working capital facility; b) Pledge of 15,45,000 equity shares of the Company held by the holding company; and c) Corporate guarantee of Fleur Hotels Private Limited.
33	Axis Bank Limited	16,248.00	8.90%	9.60%	Term Loan I & II Loan is repayable in 40 quarterly instalments with first installment falling due after a period of 3 years from first disbursement. Term Loan III is repayable in 59 quarterly installments commencing 6 months after first disbursement.	It is secured by way of : (a) A first pari passu charge on the Borrower's properties & assets, both present & future, pertaining to the Lemon Tree Hotel project of the Company at Delhi Aerocity Hospitality District (Except Project Land). (b) A first pari passu charge on Company's all revenues and bank accounts of the Company, the Escrow account and each of the other accounts are required to be maintained/ created by the borrower under any project document or contract. (c) Right of substitution provided by DIAL under tripartite agreement between DIAL, Hyacinth Hotels and the Lender. (d) Pledge of 51% equity shares of the Company in favor of security trustee i.e. Axis Trustee. (e) Corporate guarantee of Lemon Tree Hotels Limited and Fleur Hotels Private Limited. A non fund based facility of ₹ 3.00 crores from Axis bank Ltd. is secured by second charge, ceded by the term loan lenders, on the aforementioned entire properties, assets, bank accounts, revenues, right of substitution pertaining to Lemon Tree Hotel project at Delhi Aerocity (except Project land) including pledge of 30% equity shares and guarantee of the Fleur Hotels Private Limited, the maturity date of the TL1 loan is February 2024 & for TL-2 loan of axis bank is September 2024.

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to consolidated financial statements for the year ended March 31, 2020

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
34	Axis Bank Limited	9,500.00	9.80%	9.85%	The Loan is repayable in 60 quarterly instalments after a moratorium period of 5 years.	It is secured by: a) Equitable mortgage over 80% share of Land and building (except 2nd basement, ground floor and first floor) on pari passu basis with other lenders for the project, Lemon Tree Premier Hotel, Andheri Mumbai. b) First charge (on pari passu basis) on ther movable fixed assets and all current assets, both present and future of the project, Lemon Tree Premier Hotel, Andheri Mumbai. c) Corporate guarantee of Lemon Tree Hotels Limited.

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to consolidated financial statements for the year ended March 31, 2020

Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
35	Axis Bank Limited	1,845.00	9.15%		The Loan is repayable in 57 quarterly instalments.	It secured by: a) Exclusive charge over on movable and immovable properties and fixed assets, both present and future, pertaining to Red Fox Hotel situated at Asset No.6 Aerocity Hospitality District, New Delhi-110037(except project land). b) Exclusive charge by way of hypothecation of all the project's movables including movable plant & machinery, machinery spares, tools and accessories. c) Exclusive charge on the project's book debts, operating cash flows, receivables, commissions, bank accounts (wherever held), revenues of whatever nature and wherever arising, present and future subject to prior charge of bankers on specified current assets for securing working capital facilities and subject to prior approval of bank. d) Exclusive charge by way of assignment or creation of charge in favour of the lender of - All the right, title, interest,benefits, claims and demands whatsoever of the borrower in agreements (developement agreement, management agreement, construction contract), duly acknowledged and consented to by the counter party; - All the rights,title, interest,benefits, claims and demands whatsoever of the borrower in clearances; - All the rights,title, interest,benefits, claims and demands whatsoever of the borrower in any letter of credit, guarantee, performance bond provided by any party to the project documents - All insurance contracts/insurance proceeds; e) All Cash Flow routing to be done through Escrow Account maintained with bank. f) Right of substitution and other rights under the Substituition Agreement, on pari passu basis with other lenders.
36	Axis Bank Limited	1,770.00	9.15%		The Loan is repayable in 57 quarterly instalments.	

(i) The Group has not defaulted in the repayment of loans and interest as at Balance Sheet date.

(ii) Bank loans availed by the Group are subject to certain covenants relating to interest coverage ratio, debt service coverage ratio, capital gearing ratio, fixed assets coverage ratio.

(iii) The Group has complied with the covenants as per the terms of the loan agreement.

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to consolidated financial statements for the year ended March 31, 2020

(ii) Other financial liabilities

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Security deposits	-	275.74
	-	275.74

20. Lease liability

	Amount ₹ in lakhs
Balance as at April 01, 2019	45,605.87
Interest accrued during the year	4,329.06
Payment of lease liabilities	3,669.31
Balance as at March 31, 2020	46,265.62
Current	77.54
Non-Current	46,188.08

21. Provisions

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Provision for gratuity	299.98	264.10
Current	59.71	93.26
Non-current	240.28	170.84
Provision for leave benefits	229.94	176.18
Current	229.94	173.64
Non-current	-	2.54
Provision for litigations (Refer note 37)	135.74	113.63
Current	135.74	113.63
Non-current	-	-
Total current	425.38	380.53
Total non-current	240.28	173.38

22. Other Non-current liabilities

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Reserve for lease equalisation	-	3,346.79
	-	3,346.79

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to consolidated financial statements for the year ended March 31, 2020

23. Financial liabilities

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
(i) Borrowings		
Cash credit from banks (Secured)	5,957.53	122.06
	5,957.53	122.06

A The Cash credit facility and working capital loan from Kotak Mahindra Bank is repayable on demand and carries interest rate of 9.20% p.a. (March 31, 2019: 9.00% p.a.) and is secured by way of:

a) Exclusive charge on all existing and future current assets of the borrower's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon.

b) Subservient charge over all existing and future current assets of the Company except current assets of the company's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon on which bank has exclusive charge.

c) Equitable Mortgage by way of exclusive charge on the plot of Land at Sector-29, Gurgaon owned by the borrower. Also, exclusive charge over Moveable Fixed assets of the Hotel Property at Sector-29, Gurgaon.

B The Cash credit facility and working capital loan from HDFC Bank Limited is repayable on demand and carries interest rate of 8.40% p.a. (March 31, 2019: N.A) and is secured by way of:

a) First exclusive charge by way of mortgage on select properties.

b) First exclusive charge by way of hypothecation on all moveable fixed assets and current assets including movable plant and machinery, machinery spares, tools and accessories, furniture fixtures, vehicle and all other movable assets present and future of select properties.

C The Cash credit facility from Yes Bank is repayable on demand and carries interest rate of 9.50% to 10.55%% p.a. and is secured by way of:

a) Exclusive charge on all movable assets and current assets of Lemon Tree Hotel Kolkata and Lemon Tree Premier Pune and

b) First charge on all present & future immovable fixed assets(80% portion of undivided part of land) of the Lemon Tree Premier Andheri kurla Road, Mumbai

c) First charge on all present & future movable fixed assets and current assets of the Lemon Tree Premier Andheri kurla Road, Mumbai

d) Corporate Gaurantee of Lemon Tree Hotels Limited

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to consolidated financial statements for the year ended March 31, 2020

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
(ii) Trade payables		
Trade Payables		
-Micro and small enterprises	239.51	242.30
-Other than Micro and small enterprises	3,962.40	9,334.84
	4,201.91	**9,577.14**

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
(iii) Other financial liabilities		
Current maturities of long-term borrowings*	4,427.67	5,961.47
Interest accrued but not due on borrowings**	859.03	242.71
STP liability	235.00	-
EPCG liability	937.07	-
Book overdraft	2,281.76	1,224.83
Other payables		
-Payable for capital goods	7,225.90	5,007.57
-Sundry deposits	43.31	49.31
-Payable to employees	23.70	21.15
Outstanding dues of other creditors	1,066.91	3,944.62
	17,100.35	**16,451.66**

*Denotes current maturity for period September 1, 2020 to March 31, 2021 as Company has taken moratorium with reference to RBI Circular DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 , Circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 and DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020 for the period March 1, 2020 to August 31, 2020.

** includes interest on secured loan of ₹ 57.94 lakhs as company has taken Moratorium with reference to RBI circular DOR. No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 , Circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 and DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020 for the period March 1, 2020 to August 31, 2020.

24. Other current liabilities

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Advance from customers	759.21	1,142.21
Deferred revenue- loyalty programme	15.78	17.12
Statutory dues	1,743.63	1,503.44
	2,518.62	**2,662.77**

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to consolidated financial statements for the year ended March 31, 2020

25. Revenue from operations

	For the year ended March 31, 2020 ₹ in lakhs	For the year ended March 31, 2019 ₹ in lakhs
Revenue from operations		
Sale of products and services		
- Room rental	49,198.89	39,390.41
- Food and beverage (excluding liquor and wine)	9,518.73	8,012.64
- Liquor and wine	1,289.28	1,306.81
- Banquet rentals	411.94	501.71
- Telephone and telex	17.32	20.23
- Other Services (including service charge income)	5,722.02	5,251.40
Other Operating Revenue		
- Management fee	783.49	464.79
- Commission income	2.07	2.63
Revenue from operations	66,943.74	54,950.62

26. Other Income

	For the year ended March 31, 2020 ₹ in lakhs	For the year ended March 31, 2019 ₹ in lakhs
Profit on relinquishment of rights (refer note 48)	135.00	861.00
Profit on sale of fixed assets	0.94	-
Rent received	103.21	67.69
Excess provision/ credit balances written back	0.48	9.14
Sale of License	163.70	-
Exchange difference (net)	0.12	0.01
Miscellaneous income	174.84	55.33
	578.28	**993.17**

27. Cost of food and beverages consumed

		For the year ended March 31, 2020 ₹ in lakhs	For the year ended March 31, 2019 ₹ in lakhs
(a)	**Consumption of food and beverages excluding liquor and wine**		
	Inventory at the beginning of the year	137.41	154.12
	Add: Purchases	5,332.66	4,534.29
		5,470.08	**4,688.41**
	Less: Inventory at the end of the year	207.77	137.41
	Cost of food and beverage consumed	**5,262.32**	**4,551.00**
(b)	**Consumption of liquor and wine**		
	Inventory at the beginning of the year	119.18	105.43
	Add: Purchases	458.08	445.06
		577.26	550.49
	Less: Inventory at the end of the year	142.79	119.18
	Cost of liquor and wine consumed	434.47	431.31
		5,696.78	4,982.31

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28. Employee benefits expense

	For the year ended March 31, 2020 ₹ in lakhs	For the year ended March 31, 2019 ₹ in lakhs
Salaries, wages and bonus	13,424.67	10,443.09
Contribution to provident fund and other funds	916.69	454.12
Share based payments to employees	-	93.16
Staff welfare expenses	1,190.89	1,062.68
Total	**15,532.26**	**12,053.05**

29. Other expenses

	For the year ended March 31, 2020 ₹ in lakhs	For the year ended March 31, 2019 ₹ in lakhs
Consumption of stores, cutlery, crockery, linen, provisions and others	1,310.78	1,148.59
Lease rent	795.86	2,922.22
License fee	216.91	651.62
Power and fuel	6,133.58	5,269.77
Linen & uniform washing and laundry expenses	502.19	349.70
Guest transportation	957.47	1,062.99
Spa expenses	229.67	189.38
Subscription charges	179.40	102.26
Repair and maintenance		
- Buildings	517.85	498.35
- Plant and machinery	1,148.96	1,119.75
- Others	635.86	612.67
Rates and taxes	1,430.91	847.92
Insurance	167.73	124.87
Communication costs	771.15	863.22
Printing and stationery	286.17	259.85
Traveling and conveyance	177.12	183.38
Vehicle running and maintenance	165.07	196.29
Advertisement and business promotion	290.03	208.34
Commission -other than sole selling agent	2,931.58	2,244.41
Security and cleaning expenses	1,278.47	1,092.46
Membership and subscriptions	36.63	29.21
Legal and professional fees	832.60	692.57
Advances written off	13.92	-
Freight and cartage	16.11	22.38
Exchange difference (net)	0.58	-
Donations	0.46	21.03
Loss on sale of property, plant and equipment (net)	-	1.71
Provision for doubtful debts	444.50	0.64
Payment to auditor (Refer note below)	105.00	105.00
Miscellaneous expenses	304.29	218.18
	21,880.85	**21,038.76**
Payment to auditor for the year ended March 31, 2020 and March 31, 2019		
Audit fee	102.00	102.00
Tax audit fee	**3.00**	**3.00**
	105.00	**105.00**

Details of CSR expenditure:	For the year ended March 31, 2020 ₹ in lakhs	For the year ended March 31, 2019 ₹ in lakhs
(a) Gross amount required to be spent by the company during the year	56.40	26.12
(b) Amount spent during the year ending on March 31, 2020:	In cash	Yet to be paid in cash*
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	-	56.40
(c) Amount spent during the year ending on March 31, 2019:	In cash	Yet to be paid in cash
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	23.98	2.15

*Company has not found any adequate opportunity for spending the amount.

30. Finance costs

	For the year ended March 31, 2020 ₹ in lakhs	For the year ended March 31, 2019 ₹ in lakhs
Interest		
- on term loans from banks	10,774.22	7,179.22
- on loans from financial institutions	487.40	585.21
- on loans from others	706.72	-
- on vehicle loans	40.85	34.97
- on lease liability	3,664.00	-
- on other credit facilities from banks	24.09	201.48
- on income tax	10.35	1.52
- on others	8.41	1.91
Prepayment charges	0.41	-
Bank charges (including commission on credit card collection)	439.12	465.32
	16,155.57	**8,469.63**

31. Finance income

	For the year ended March 31, 2020 ₹ in lakhs	For the year ended March 31, 2019 ₹ in lakhs
Profit on sale of investment	232.04	41.90
-Bank Deposits	112.15	79.69
-Others	131.70	161.13
Interest on income tax refund	8.99	93.21
Effect of change in discount rate	-	8.08
Fair value profit on financial instruments at fair value through profit or loss	23.66	74.51
	508.54	**458.52**

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to consolidated financial statements for the year ended March 31, 2020

32. Depreciation and amortization expense

	For the year ended March 31, 2020 ₹ in lakhs	For the year ended March 31, 2019 ₹ in lakhs
Depreciation on tangible assets	7,061.43	5,284.35
Amortization of intangible assets	255.61	126.96
Amortisation of Right to use asset	1,398.40	-
Depreciation on investment properties	4.39	4.39
Depreciation capitalized	(3.71)	(4.22)
Total	**8,716.12**	**5,411.48**

33. Earnings per share (Basic and Diluted)

Basic EPS amounts are calculated by dividing the (loss)/profit for the year attributable to equity holders of the parent by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The earnings and weighted average number of ordinary shares used in the calculation of Basic and Diluted EPS are as follows:

	March 31, 2020	March 31, 2019
Profit/(Loss) attributable to equity holders (for basic and diluted) (₹ in Lakhs)	(953.70)	5,287.83
Weighted average number of equity Shares (for basic and diluted earnings per share)*	789,806,418	789,680,232
Basic and Diluted earnings per share	(0.12)	0.67

* 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.

34. Significant accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these judgements, estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group. Such changes are reflected in the assumptions when they occur. The estimates and underlying assumptions are reviewed on an ongoing basis and the revisions to accounting estimates are recognized in the period in which the estimate is revised.

(i) Estimation of Uncertainties related to global health pandemic on COVID-19

COVID-19 pandemic has impacted and continues to impact major economic and financial markets around the world. Regular business operations in many countries, have been severely disrupted due to lockdown, travel bans, quarantines and other emergency measures. With respect to operations of the Group, it has impacted its business by way of reduction in occupancy of hotels and average realization rate per room starting from the month of March 2020 and management has undertaken/is undertaking various cost savings initiatives to conserve cash. In May 2020, 70% of the Group's hotels have been operational at 45% occupancy rate mainly due to accommodation taken by foreign nationals staying in India, IT companies and hospitals and for their staff. The Group has short–medium term contracts for these type of arrangements ranging from 2 to 3 months.

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Management believes that the easing of lockdown in India including flight operations and expected increase in business travel would be beneficial for the Group.

In evaluating the impact of COVID-19 on its ability to continue as a going concern and the possible impact on its financial position, the management has assessed the impact of macro-economic conditions on its business and the carrying value of its major assets comprising of Property, Plant and Equipment (PPE), trade receivables and investments in associates as at the balance sheet date. In this regard, the Management has carefully considered the circumstances and risk exposures arising from the COVID-19 situation for developing estimates on the basis of all available information in its assessment of impact thereof on its financial reporting.

While assessing the recoverable amount of PPE and investments in associates, the Group has used significant assumptions such as hotel occupancy rates, average room rate per hotel, terminal growth rate and weighted average cost of capital. The Group appointed independent valuer to assess fair values of significant hotel properties owned independently, which covered approximately 60% of value of PPE of the Group. Specifically for investments in associates, the Management has considered (i) the industry in which the investee entity operates (ii) The geographic location of the investee entity (iii) The size of the investee entity (iv) the quantitative significance of the investee entity (v) liquidity risk premiums (vi) appropriateness of valuation techniques and inputs used including current market assessment of credit risk and liquidity risk and (vii) other factors specific to the investee entity. For assessing the recoverable amount of trade receivables, the Group has calculated the expected credit loss from the trade receivables considering amount to be realized from them in future after factoring the impact on credit risk due to COVID-19.

Based on aforesaid assessment, management believes that the Group will continue as a going concern and will be able to meet all of its obligations as well as recover the carrying amount of its aforesaid assets as on March 31, 2020.

Management believes that it has taken into account all the possible impact of known events arising from COVID- 19 pandemic in the preparation of these financial statements. The associated economic impact of the pandemic is highly dependent on variables that are difficult to predict. The impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration and actual results may differ materially from these estimates. The Group will continue to monitor any material changes to future economic conditions and any significant impact of these changes would be recognized in the financial statements as and when these material changes to economic conditions arise.

Critical judgements, estimates and assumptions

1. Impairment of property, plant and equipment

Each hotel property is an identifiable asset that generates cash inflows and is independent of the cash inflows of the other hotel properties, hence identified as cash generating units. The Group assesses the carrying amount of hotel properties (CGU) to determine whether there is any indication that those assets have suffered an impairment loss. Where the carrying amount of CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss (if any) is recognised in the statement of profit and loss.

While assessing the recoverable amount, the Group used the discounted cash flow approach including various significant estimates and assumptions such as forecast of future revenue, operating margins, growth rate and selection of the discount rates. The key assumptions used for the calculations are as follows:

Particulars	As at March 31, 2020
Discount Rate *(pre tax rate of WACC)*	12.50%
Long Term Growth Rate	5.50%

As at March 31, 2020, the estimated recoverable amount of the CGU exceeded its carrying amount and the change in estimated future economic conditions on account of possible effects relating to COVID-19 is unlikely to cause the carrying amount to exceed the recoverable amount of the CGU.

2. Leases

The Group has taken certain land and land & building on long term lease basis. The lease agreements generally have an escalation clause and are generally non-cancellable. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances

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that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group evaluates if an arrangement qualifies to be a lease as per the requirements of IND AS 116. Identification of a lease requires judgment. The Group uses judgement in assessing the lease term and the applicable discount rate. The discount rate is generally based on the incremental borrowing rate.

3. **Loss Allowance on trade receivable**

An impairment analysis of trade receivables is performed at each reporting period based on the Group's history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates. In calculating expected credit loss, the Group has also considered the likelihood of consequential default considering emerging situations due to COVID-19 and has taken into account estimates of possible effect from the pandemic relating to COVID-19. Basis this assessment, the allowance for doubtful trade receivables as at March 31, 2020 is considered adequate.

4. **Impairment of Goodwill**

Each hotel property is an identifiable asset as it benefits from the synergies of the acquisition, hence identified as cash generating unit (CGU). Goodwill recognized on business combination is tested for impairment on annual basis or whenever there is an indication that the recoverable amount of CGU is less than its carrying amount. The recoverable amount of the CGU is determined based on higher of value-in-use and fair value less cost of disposal. The calculation of value in use of a CGU involves use of significant assumptions including future economic and market conditions.

35. Group information

The consolidated financial statements of the Group include subsidiaries, associates and limited liability partnership listed in the table below:

a) **Subsidiaries under Direct Control**

S. No.	Name of the Company	Principal activities	Country of Incorporation	% of equity interest	
				March 31, 2020	March 31, 2019
1.	Begonia Hotels Private Limited	Hotel Business	India	74.11%	74.11%
2.	Carnation Hotels Private Limited	Hotel Business	India	74.90%	74.90%
3.	Fleur Hotels Private Limited	Hotel Business	India	58.24%	57.98%
4.	Dandelion Hotels Private Limited	Hotel Business	India	100%	100%
5.	Lemon Tree Hotel Company Private Limited	Hotel Business	India	100%	100%
6.	PSK Resorts & Hotels Private Limited	Hotel Business	India	100%	100%
7.	Canary Hotels Private Limited	Hotel Business	India	100%	100%
8.	Grey Fox Project Management Company Private Limited	Project management services	India	100%	100%
9.	Nightingale Hotels Private Limited	Hotel Business	India	57.53%	57.53%
10.	Oriole Dr Fresh Hotels Private Limited	Hotel Business	India	100%	100%
11.	Red Fox Hotel Company Private Limited	Hotel Business	India	100%	100%
12.	Sukhsagar Complexes Private Limited	Hotel Business	India	100%	100%
13.	Manakin Resorts Private Limited (Subsidiary of PSK Resorts & Hotels Private Limited)	Hotel Business	India	10%	10%
14.	Poplar Homestead Holdings Private Limited	Rental Housing	India	100%	100%
15.	Madder Stays Private Limited	Rental Housing	India	100%	100%
16.	Jessamine Stays Private Limited	Rental Housing	India	100%	100%

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b) **Subsidiaries under Indirect Control**

S. No.	Name of the Company	Principal activities	Country of Incorporation	% of equity interest	
				March 31, 2020	March 31, 2019
1.	Manakin Resorts Private Limited (Subsidiary of PSK Resorts & Hotels Private Limited)	Hotel Business	India	90%	90%
2.	Celsia Hotels Private Limited (Subsidiary of Fleur Hotels Private Limited)	Hotel Business	India	58.24%	57.98%
3.	Inovoa Hotels and Resorts Limited (Subsidiary of Fleur Hotels Private Limited)	Hotel Business	India	58.24%	57.98%
4.	IORA Hotels Private Limited (Subsidiary of Fleur Hotels Private Limited)	Hotel Business	India	60.23%	59.66%
5.	Hyacinth Hotels Private Limited (Subsidiary of Fleur Hotels Private Limited)	Hotel Business	India	58.24%	57.98%
6.	Bandhav Resorts Private Limited (Subsidiary of Fleur Hotels Private Limited)	Hotel Business	India	58.24%	57.98%
7.	Ophrys Hotels Private Limited(Subsidiary of Fleur Hotels Private Limited)	Hotel Business	India	58.24%	57.98%
8.	Valerian Management Services Private Limited (Subsidiary of Grey Fox Project Management Company Private Limited)	Project Designing Services	India	100%	100%
9.	Berggruen Hotels Private Limited(Subsidiary of Fleur Hotels Private Limited)	Hotel Business	India	58.24%	-
10.	Meringue Hotels Private Limited*	Hotel Business	India	-	59.48%

* Meringue Hotels Private Limited has been merged with Fleur Hotels Private Limited during the year

c) **Associate**

S. No.	Name of the Company	Principal activities	Country of Incorporation	% of equity interest	
				March 31, 2020	March 31, 2019
1.	Mind Leaders Learning India Private Limited	Learning & Development	India	36.56%	36.56%
2.	Pelican Facilities Management Private Limited (Subsidiary of Mind Leaders Learning India Private Limited)	Facilities Management Services	India	36.56%	36.56%
3.	Glendale Marketing Services Private Limited(Subsidiary of Pelican Facilities Management Private Limited)	Facilities Management Services	India	36.56%	-
4.	Hamstede Living Private Limited	Rental Housing	India	30%	30%

d) **Limited Liability Partnership**

S. No.	Name of the LLP	Principal activities	Country of Incorporation	% of equity interest	
				March 31, 2020	March 31, 2019
1.	Mezereon Hotels LLP (Capital contribution by Fleur Hotels Private Limited & Celsia Hotels Private Limited)	Hotel Business	India	58.24%	57.98%

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(e) Statutory Group Information

	Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
		As % of consolidated net assets	₹ in lakhs	As % of consolidated profit and loss	₹ in lakhs	As % of consolidated other comprehensive income	₹ in lakhs	As % of total comprehensive income	₹ in lakhs
	Parent								
	Lemon Tree Hotels Limited								
	Balance as at March 31, 2020	14.51%	22,415.36	106.87%	(1,395.16)	781.05%	9.72	106.23%	(1,385.45)
	Balance as at March 31, 2019	26.08%	34,085.85	41.89%	2,361.70	202.84%	(17.71)	41.64%	2,343.99
	Subsidiaries								
1	Fleur Hotels Private Limited								
	Balance as at March 31, 2020	4.05%	6,253.11	19.30%	(251.97)	-395.78%	(4.92)	19.70%	(256.89)
	Balance as at March 31, 2019	1.74%	2,271.28	15.93%	897.93	-12.79%	1.12	15.97%	899.05
2	Celsia Hotels Private Limited								
	Balance as at March 31, 2020	0.53%	812.62	-34.63%	452.02	6.98%	0.09	-34.67%	452.11
	Balance as at March 31, 2019	0.36%	470.67	8.73%	492.19	-0.99%	0.09	8.75%	492.28
3	Mezereon Hotels LLP								
	Balance as at March 31, 2020	0.00%	0.80	0.00%	(0.06)	0.00%	-	0.00%	(0.06)
	Balance as at March 31, 2019	0.00%	0.85	0.00%	(0.05)	0.00%	-	0.00%	(0.05)
4	Inovoa Hotels and Resorts Limited								
	Balance as at March 31, 2020	1.31%	2,020.07	-7.14%	93.26	13.92%	0.17	-7.16%	93.43
	Balance as at March 31, 2019	1.89%	2,475.06	3.17%	178.73	-7.58%	0.66	3.19%	179.39
5	PSK Resorts & Hotels Private Limited								
	Balance as at March 31, 2020	0.00%	0.07	0.08%	(1.04)	0.00%	0.00	0.08%	(1.04)
	Balance as at March 31, 2019	0.00%	0.11	-0.01%	(0.80)	0.00%	0.00	-0.01%	(0.80)
6	Manakin Resorts Private Limited								
	Balance as at March 31, 2020	0.47%	722.17	-1.43%	18.64	-146.67%	(1.82)	-1.29%	16.82
	Balance as at March 31, 2019	0.66%	861.40	-0.54%	(30.42)	-1.88%	0.16	-0.54%	(30.26)
7	Canary Hotels Private Limited								
	Balance as at March 31, 2020	1.51%	2,330.77	4.87%	(63.62)	62.53%	0.78	4.82%	(62.84)
	Balance as at March 31, 2019	1.87%	2,446.84	-1.37%	(77.01)	-16.44%	1.44	-1.34%	(75.57)
8	Meringue Hotels Private Limited								
	Balance as at March 31, 2020	0.00%	0.00	0.00%	0.00	0.00%	0.00	0.00%	0.00
	Balance as at March 31, 2019	9.68%	12,648.48	-1.59%	(89.72)	0.00%	0.00	-1.59%	(89.72)
9	Hyacinth Hotels Private Limited								
	Balance as at March 31, 2020	5.48%	8,472.35	-4.86%	63.41	0.29%	0.00	-4.86%	63.41
	Balance as at March 31, 2019	8.20%	10,720.11	8.40%	473.44	-2.98%	0.26	8.42%	473.70

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	Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
		As % of consolidated net assets	₹ in lakhs	As % of consolidated profit and loss	₹ in lakhs	As % of consolidated other comprehensive income	₹ in lakhs	As % of total comprehensive income	₹ in lakhs
10	Sukhsagar Complexes Private Limited								
	Balance as at March 31, 2020	1.05%	1,626.88	2.68%	(34.97)	34.68%	0.43	2.65%	(34.54)
	Balance as at March 31, 2019	1.11%	1,452.07	0.74%	41.65	-8.71%	0.76	0.75%	42.41
11	Oriole Dr. Fresh Hotels Private Limited								
	Balance as at March 31, 2020	0.52%	805.72	3.45%	(45.09)	-0.48%	(0.01)	3.46%	(45.10)
	Balance as at March 31, 2019	0.71%	931.03	0.30%	16.97	-3.07%	0.27	0.31%	17.24
12	Nightingale Hotels Private Limited								
	Balance as at March 31, 2020	0.81%	1,251.58	-42.41%	553.60	7.96%	0.10	-42.45%	553.70
	Balance as at March 31, 2019	1.84%	2,409.23	6.32%	356.12	-6.36%	0.55	6.34%	356.67
13	Dandelion Hotels Private Limited								
	Balance as at March 31, 2020	-7.42%	(11,468.09)	0.13%	(1.74)	0.00%	0.00	0.13%	(1.74)
	Balance as at March 31, 2019	-8.77%	(11,466.35)	-0.02%	(1.16)	0.00%	0.00	-0.02%	(1.16)
14	Carnation Hotels Private Limited								
	Balance as at March 31, 2020	1.76%	2,724.35	-27.36%	357.23	22.04%	0.27	-27.41%	357.50
	Balance as at March 31, 2019	0.83%	1,083.79	8.90%	501.61	-19.62%	1.71	8.94%	503.32
15	Grey Fox Project Management Company Private Limited								
	Balance as at March 31, 2020	0.15%	228.54	-0.06%	0.79	0.54%	0.01	-0.06%	0.80
	Balance as at March 31, 2019	0.14%	177.72	0.11%	6.16	0.00%	0.00	0.11%	6.16
16	Red Fox Hotel Company Private Limited								
	Balance as at March 31, 2020	0.00%	0.37	0.03%	(0.40)	0.00%	0.00	0.03%	(0.40)
	Balance as at March 31, 2019	0.00%	0.76	-0.01%	(0.73)	0.00%	0.00	-0.01%	(0.73)
17	Lemon Tree Hotel Company Private Limited								
	Balance as at March 31, 2020	0.00%	0.34	0.03%	(0.39)	0.00%	0.00	0.03%	(0.39)
	Balance as at March 31, 2019	0.00%	0.73	-0.01%	(0.73)	0.00%	0.00	-0.01%	(0.73)
18	Valerian Management Services Private Limited								
	Balance as at March 31, 2020	0.01%	22.43	0.14%	(1.82)	0.00%	0.00	0.14%	(1.82)
	Balance as at March 31, 2019	-0.04%	(55.38)	0.00%	0.00	0.00%	0.00	0.00%	-
19	IORA Hotels Private Limited								
	Balance as at March 31, 2020	18.69%	28,867.54	1.72%	(22.43)	0.00%	0.00	1.72%	(22.43)

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	Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
		As % of consolidated net assets	₹ in lakhs	As % of consolidated profit and loss	₹ in lakhs	As % of consolidated other comprehensive income	₹ in lakhs	As % of total comprehensive income	₹ in lakhs
	Balance as at March 31, 2019	17.92%	23,426.83	-0.04%	(2.12)	0.00%	0.00	-0.04%	(2.12)
20	Ophrys Hotels Private Limited								
	Balance as at March 31, 2020	0.00%	0.62	0.02%	(0.28)	0.00%	0.00	0.02%	(0.28)
	Balance as at March 31, 2019	0.00%	0.90	-0.01%	(0.41)	0.00%	0.00	-0.01%	(0.41)
21	Begonia Hotels Private Limited								
	Balance as at March 31, 2020	0.27%	418.30	-14.42%	188.26	-23.51%	(0.29)	-14.41%	187.97
	Balance as at March 31, 2019	0.77%	1,002.96	3.64%	205.15	-0.07%	0.01	3.64%	205.16
22	Bandhav Resorts Private Limited								
	Balance as at March 31, 2020	1.54%	2,384.38	1.28%	(16.71)	0.00%	0.00	1.28%	(16.71)
	Balance as at March 31, 2019	1.95%	2,554.79	-0.71%	(40.22)	0.00%	0.00	-0.71%	(40.22)
23	Madder Stays Private Limited								
	Balance as at March 31, 2020	0.00%	0.70	0.01%	(0.16)	0.00%	0.00	0.01%	(0.16)
	Balance as at March 31, 2019	0.00%	0.88	0.00%	(0.15)	0.00%	0.00	0.00%	(0.15)
24	Poplar Homestead holdings Private Limited								
	Balance as at March 31, 2020	0.00%	0.70	0.01%	(0.16)	0.00%	0.00	0.01%	(0.16)
	Balance as at March 31, 2019	0.00%	0.88	0.00%	(0.15)	0.00%	0.00	0.00%	(0.15)
25	Jessamine Stays Private Limited								
	Balance as at March 31, 2020	0.00%	0.70	0.01%	(0.16)	0.00%	0.00	0.01%	(0.16)
	Balance as at March 31, 2019	0.00%	0.88	0.00%	(0.15)	0.00%	0.00	0.00%	(0.15)
26	Berggruen Hotels Private Limited								
	Balance as at March 31, 2020	8.03%	12,406.83	64.71%	(844.77)	0.00%	0.00	64.77%	(844.77)
	Balance as at March 31, 2019	-	-	-	-	-	-	-	-
	Non-controlling interests in all subsidiaries								
	Balance as at March 31, 2020	46.72%	72,176.94	26.95%	(351.75)	-263.55%	(3.28)	27.22%	(355.03)
	Balance as at March 31, 2019	33.06%	43,218.43	6.21%	350.05	-22.36%	1.95	6.25%	352.00
Total	**Balance as at March 31, 2020**	**100.00%**	**154,476.12**	**100.00%**	**(1,305.45)**	**100.00%**	**1.24**	**100.00%**	**(1,304.22)**
	Balance as at March 31, 2019	**100.00%**	**130,720.82**	**100.00%**	**5,637.89**	**100.00%**	**(8.73)**	**100.00%**	**5,629.15**

36. Gratuity and other post-employment benefit plans

The Group has a defined benefit gratuity plan (funded). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the board of trustees, which consists of an equal number of employer and employee

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representatives. The board of trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. The trust fund has taken a scheme of insurance, whereby these contributions are transferred to the insurer. The group makes provision of such gratuity liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method.

₹ in lakhs

Benefit Liability	March 31, 2020	March 31, 2019
Gratuity plan	299.98	264.10
Total	**299.98**	**264.10**

Risk analysis

Group is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefits plans and management estimation of the impact of these risks are as follows:

- Investment risk

  The most of the Indian defined benefit plans are funded with Life Insurance Corporation of India. Group does not have any liberty to manage the fund provided to Life Insurance Corporation of India.

  The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government of India bonds for Group's Indian operations. If the return on plan asset is below this rate, it will create a plan deficit.

- Interest risk

  A decrease in the interest rate on plan assets will increase the plan liability.

- Longevity risk/life expectancy

  The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. Increases in the life expectancy of the plan participants will increase the plan liability.

- Salary growth risk

  The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

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Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2020:

	Opening Balance		Cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income						₹ in lakhs
	April 1, 2019	Inclusion on account of purchase of new subsidiary	Service cost	Net interest expense/ income	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Remeasurement changes arising from changes in demographic assumptions	Remeasurement changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2020
Defined benefit obligation	429.70	149.96	98.80	38.36	137.16	(56.66)	-	(5.39)	9.32	(99.97)	(96.04)	-	564.12
Fair value of plan assets	165.60	81.86	-	17.90	17.90	(48.86)	(2.27)	-	-	-	(2.27)	49.91	264.14
Benefit liability	264.10	68.10	102.10	20.46	122.56	(7.80)	2.27	(5.39)	9.32	(99.97)	(93.77)	(49.91)	299.98

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2019:

	Opening Balance	Cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income						₹ in lakhs
	April 1, 2018	Service cost	Net interest expense/ income	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2019
Defined benefit obligation	357.02	44.17	25.38	69.55	(9.95)	-	-	2.66	10.42	13.08	-	429.70
Fair value of plan assets	157.98	-	11.11	11.11	(8.26)	1.17	-	-	-	1.17	3.60	165.60
Benefit liability	199.04	44.17	14.27	58.44	(1.69)	(1.17)	-	2.66	10.42	11.91	(3.60)	264.10

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The major categories of plan assets of the fair value of the total plan assets are as follows:

	March 31, 2020	March 31, 2019
Unquoted investments:		
Asset invested in insurance scheme with the LIC	100%	100%
Total	**100%**	**100%**

The principal assumptions used in determining gratuity obligations for the Group's plans are shown below:

	March 31, 2020	March 31, 2019
Discount rate:	%	%
Pension plan	5.30% to 7.00%	6.60% to 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, 2020 is as shown below:

India gratuity plan:

₹ in lakhs

	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	70.70	(82.66)	81.15	(72.04)

A quantitative sensitivity analysis for significant assumption as at March 31, 2019 is as shown below:

	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	7.49	(7.99)	8.05	(7.68)

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:

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₹ in lakhs

Duration (Years)	For the year ended March 31, 2020	For the year ended March 31, 2019
1	282.17	243.04
2	79.47	58.83
3	63.28	46.91
4	50.04	35.42
5	43.18	27.78
Above 5	118.97	84.63
Total expected payments	**637.11**	**496.61**

The average duration of the defined benefit plan obligation at the end of the reporting period is 4.05 years (March 31, 2019: 4.20 years).

37. Commitments and contingencies

a. Leases

Operating lease commitments — Group as lessee

The Group has taken office premises and hotel properties and staff hostels/others under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms except for few properties (including hotel property at Indore, Aurangabad, Gurgaon (2 properties), New Delhi Chandigarh, Banjara Hills Hyderabad, Goa and Dehradun). The lease for hotel property at Indore, Aurangabad, Gurgaon (2 properties), New Delhi, Chandigarh, Banjara Hills Hyderabad, Goa and Dehradun are non-cancellable for a period of twenty-nine, twenty-two, thirty, twenty-two, twenty-seven, sixty, thirty, twenty-five and twenty-nine years respectively.

Transition to Ind AS 116

Effective April 1, 2019, the Group adopted Ind AS 116 "Leases" and applied the standard to all Lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard has been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application. Comparatives as at March 31, 2019 and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included in the audited financial statements for the year ended March 31, 2019.

Group as a lessee:

For transition, the Group has assessed whether the contract is, or contains, the lease. The Group has elected not to apply the requirements of IND AS 116 to leases for which the underlying asset is of low value on a lease-by-lease basis and the leases with less than 12 months of lease term on the date of initial application. The Company has used a single discount rate to a portfolio of leases with similar characteristics. The Group has applied its incremental borrowing rate for lease liabilities recognised in the balance sheet at the date of initial application.

The weighted average of incremental borrowing rate applied to lease liabilities, as at April 01, 2019 is 9.39%.

On transition, the Group recognised a lease liability measured at the present value of the remaining lease payments as at April 1, 2019. The right-of-use asset is recognised at its carrying amount as if the standard has been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of ₹ 31,247 lakhs and a corresponding lease liability of ₹ 40,836.96 lakhs have been recognized. The cumulative effect on transition in retained earnings net of taxes is ₹ 7,038.82 lakhs (including a deferred tax of ₹ 1,465.51 lakhs). On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

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The impact of Ind AS 116 as at 1st April 2019 on the balance sheet line items is as follows:

Particulars	As at April 1, 2019 (Before Ind AS 116)	Ind AS 116 Adjustments	As at April 1, 2019 (Post IND AS)
Assets			
Non-current assets			
Right of use assets	-	34,099.11	34,099.11
Capital work in progress	2,077.70	(520.10)	1,557.60
Deferred tax assets (net)	484.59	760.72	1,245.31
Total Assets	**2,562.29**	**34,339.73**	**36,902.02**
Equity and Liabilities			
Other Equity	(784.50)	(4,826.40)	(5,610.90)
Non-Current			
Financial liabilities			
Lease Liabilities	-	42,435.38	42,435.38
Other current liabilities	3,346.79	(3,346.79)	-
Current			
Financial liabilities			
Lease Liabilities	-	77.54	77.54
Total Equity and Liabilities	**2,562.29**	**34,339.73**	**36,902.02**

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, 2020 ₹ 3,282.45 lakhs (March 31, 2019 ₹ 21,176.68 lakhs)

c. Contingent liabilities

(i) Legal claim contingency

₹ in lakhs

	As at March 31, 2020	As at March 31, 2019
Counter Guarantees given in respect of guarantees issued by Company's bankers	1,937.56	783.50
Service tax	311.38	227.49
Luxury tax	42.45	42.45
VAT	12.92	12.92
Income Tax	23.60	23.60
Custom duty on pending export obligation	337.41	-
Matters pending with consumer court	22.80	22.80
Total	**1,833.79**	**1,112.76**

The Group's pending litigations above pertains to proceedings pending with Income Tax, Excise, Sales/VAT tax and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

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(ii) During the earlier years, the Ultimate Holding Company and one of the subsidiary company, Hyacinth Hotels Private Limited(collectively known as "Companies") had received a show cause notice dated April 25, 2014 from Collector of Stamps, Delhi ('Department'), wherein the department was of the view that prima facie the companies has not paid 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'). The Companies contested the matter and the Department pursuant to the response received from all the developers of area where the Companies project is located, and arguments thereon, passed a common order on July 14, 2014 ("Order") and subsequently, the Companies and its directors received show cause notice dated August 14, 2014 from the Department as to why criminal prosecution for non- payment of requisite stamp duty should not be initiated against them. The Company along with certain other developers had filed a writ petition before the Honorable High Court of Delhi (HC) and the HC vide its order dated August 25, 2014 has granted ex- parte interim stay from all proceedings under the Order including the said show cause notice dated August 14, 2014. Further, the Hon'ble High Court of Delhi vide its order dated January 18, 2019, has allowed the Petition and has quashed the Show Cause Notice dated April 25, 2014 and the Impugned Order dated July 14, 2014 and the show cause Notices dated August 14, 2014 and disposed the matter.

(iii) Hyacinth Hotels Private Limited, one of the subsidiary company, has received a demand from South Delhi Municipal Corporation ('the Authority') wherein the Authority has called upon the subsidiary company to pay an amount of ₹ 68.20 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. The Subsidiary Company filed a writ petition in the high court against the said order. Pending adjudication, the High Court had given interim stay directing the subsidiary company to deposit ₹ 25 lakhs. The management based upon its assessment and expert's advice believes that any further liability against the aforesaid demand (including the demand for any subsequent year) is improbable to crystallize.

(iv) Malviya National Institute of Technology, Jaipur ("MNIT") filed an application before the Sub-divisional Officer ("SDO"), Jaipur against, among others, Sukhsagar Complexes Private Limited (one of the subsidiary), alleging that a portion of the land on which Red Fox Hotel, Jaipur has been constructed is owned by MNIT. Pursuant to an order dated December 31, 1999, the SDO, Jaipur, recorded certain land bearing khasra number 102/433 in the name of Gulab Chand and certain others, while removing the name of Malviya Regional Engineering College, the predecessor entity to MNIT. Against the order of the SDO, MNIT filed an appeal (appeal no. 327/2013) before the Divisional Commissioner, Jaipur ("Commissioner"), against Gulab Chand, GirdharilalManinar and Gopal DasJohar, being the previous owners of the property sold to Sukhsagar, and also, among others, Sukhsagar, stating that Sukhsagar and Devashish Builders Private Limited had encroached on the land belonging to MNIT. The appeal was dismissed by the Commissioner pursuant to an order dated January 8, 2013 and the order passed by the SDO, dated December 31, 1999, was confirmed. Subsequently, Sukhsagar filed a review petition before the Commissioner challenging the order dated January 8, 2013 on grounds of certain procedural irregularities. The Commissioner, through an order dated September 4, 2013, recalled its previous order dated January 8, 2013. The Commissioner eventually dismissed the appeal filed by MNIT through an order dated September 11, 2013. MNIT filed a writ petition before the High Court of Rajasthan challenging the order of the Commissioner, dated September 11, 2013. The proceedings have taken up and last listed on February 13, 2019 for further proceedings, and is likely to be listed in due course. The proceedings are in progress & the management based upon its assessment and expert's advice believes that any liability is improbable to crystallize.

(v) During the Financial Year, Meringue Hotels Private Limited (now amalgamated with Fleur Hotels Private Limited) has amicably settled pending matter pertaining to show cause notice received under Employee State Insurance, Act, 1948 ("ESIC Act") for recovery of ₹ 2.16 Million vide notice dated October 2015 and agreed to make outstanding dues of ₹11,97,142/- to ESIC. The Employees Insurance Court, Mumbai, vide order dated February 13, 2020, disposed of the matter as settled between the parties.

(vi) Oriole Dr. Fresh Hotels Private Limited (a subsidiary company) filed an arbitration petition (arbitration petition No. 160/2012), against the Delhi Developmental Authority (the "DDA") seeking quashing of invocation of a bank guarantee amounting to ₹ 102.80 lakhs by DDA, recovery of ₹ 25 lakhs as compensation alleging harassment and mental agony, recovery of ₹ 10 lakhs towards cost of proceedings, and interest at the rate of 18% on blocked amount from December 28, 2010 till the date of return of pay order. This dispute pertains to an agreement for construction of a hotel by the subsidiary in Kondli, Delhi, entered into with DDA, as a successful bidder in an auction process conducted for this purpose. As per such agreement the subsidiary was required to provide a bank guarantee of ₹ 102.80 lakhs as performance security.

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The DDA allegedly sought to encash the bank guarantee on December 21, 2011 on grounds of non-performance of contractual obligations by the subsidiary. Consequently, on March 12, 2012 Oriole sent a notice of commencement of arbitration to DDA and on May 31, 2012, the subsidiary obtained an injunction (OMP No. 1/2012) from the High Court of Delhi restraining DDA and Axis Bank Limited from proceeding with the encashment of the bank guarantee until the completion of the arbitration proceedings. An arbitral tribunal was constituted on September 28, 2012 and Oriole filed its statement of claims on November 8, 2012. Evidence concluded on November 30, 2017. Presently, the proceedings are at the final arguments stage. On March 13, 2020, the learned Arbitrator has directed to file the written synopsis and further, the matter is likely to be scheduled in due course. The proceedings are in progress and the management based upon its assessment and expert's advice believes that any further liability against the aforesaid demand is improbable to crystallize.

(vii) Note on Provident Fund:

Based upon the legal opinion obtained by the management, company is not required to create provisions in books of accounts in view of the judgement of the Hon'ble Supreme court in the case of Vivekananda Vidyamandir vs Regional Provident Fund Commissioner (II), West Bengal and subsequent dismissal of review petition by Hon'ble Supreme court in the case of review petition No. 001972-001973/2019 in civil appeal 3965-3966 in the matter of Surya Roshni Ltd Vs Employees Provident Fund and Another.

Considering the equitable cause, the High Courts may give prospective effect to the judgement which can be done in exercise of inherent powers of High Court under Article 226 of the constitution of India.

In case of the Company, retrospective effect is remote and at present uniformity is maintained across all brands/grades.

(viii) The Company has entered into a lease agreement in April, 2008 with the land owners of the Baroda property to construct a hotel in the said property pursuant to whichsum of ₹ 100 Lakhs has been paid to the property owners as refundable security deposit. As per the Lease agreement, on execution of the said Lease Deed, owners were obliged to deliver to the Company, vacant and peaceful possession of the said property and to demolish existing structure standing thereon in order to enable the Company to construct the proposed hotel on the said property. More than five years have elapsed since execution of the said Lease Deed and despite various assurances and promises, the owners have failed to hand over possession of the said property and hence the Company terminated the lease agreement and asked immediately to refund the refundable security deposit alongwith interest at the rate of 25% per annum. Subsequent to termination of the lease agreement, the Company has also filed the case against owners for recovery of monies paid to them alongwith the interest. The Company expects the judgment in its favour.

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38. Employee Stock Option Plans:

a) **Stock options granted on and after April 1, 2006**

The share-based payment scheme provided to the employees is as follows:

Date of grant	September 1, 2006, April 1,2007, October 1, 2007, April 1, 2008, January 12, 2009, April 1, 2009, April 1, 2010, October 1, 2010, April 1, 2011, April 1, 2012, April 1, 2015, January 1, 2018
Date of Board Approval of plan	July 18, 2006
Date of Shareholder's approval of plan	August 25, 2006
Number of options granted	13,249,207
Method of Settlement	Equity
Vesting period	12-48 months & 15-39 months
Exercise period	5 years from the date of vesting
Vesting Conditions	Employee remaining in the employment of the enterprise during the vesting period.

Details of vesting:

Vesting period from the grant date	Vesting Schedule*
On completion of 12 months	10%
On completion of 24 months	20%
On completion of 36 months	30%
On completion of 48 months	40%

* All ESOP's under ESOP Plan 2006 are granted as per general vesting schedule defined in the scheme except for ESOP's granted on 12th January 2009, 328,008 ESOP's granted on April 1, 2012 and 487,000 ESOP's granted on January 1, 2018 for which specific vesting schedule was decided.

The details of activity have been summarized below:

	April'19 to March'20		April'18 to March'19	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price(₹)
Outstanding at the beginning of the year	-	-	5,833,781	21.50
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	5,833,781	21.50
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-

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39. Related Party Transactions

Names of related parties	
Key Management Personnel	- Mr. Patanjali Govind Keswani (Chairman and Managing Director)
	- Mr. Rattan Keswani (Deputy Managing Director)
	- Mr. 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. Willem Albertus Hazeleger (Director)
	- Mr. Aditya Madhav Keswani (Director)
	- Mr. Pradeep Mathur (Independent Director)
	- Mr. Paramartha Saikia (Independent Director)
	- Ms. Freyan Jamshed Desai (IndependentDirector)
	- Mr. Ashish Kumar Guha (IndependentDirector)
	- Mr. Arindam Kumar Bhattacharya (Independent Director) (w.e.f 11th April, 2019)
	- Mr. Arvind Singhania (Independent Director)
Key Management Personnel/ Individuals having significant influence and their relatives (in subsidiaries)	- Mr. Rattan Keswani (Whole Time Director of Carnation Hotels Private Limited)
	- Mr. Rajesh Kumar (Whole Time Director of Canary Hotels Private Limited)
	- Mr. Sumant Jaidka (Whole Time Director of Inovoa Hotels & Resorts Limited)
	- Mr. Rajeev Janveja (Whole Time Director of Nightingale Hotels Private Limited)
	- Ms. Natasha Yashpal (Whole Time Director of Oriole Dr. Fresh Hotels Private Limited) (upto 31st December, 2018)
	- Ms. Natasha Yashpal (Whole Time Director of Iora Hotels Private Limited (w.e.f. 26th September, 2019)
	- Ms. Anshu Sarin (Whole Time Director & CEO of Berggruen Hotels Private Limited) (w.e.f. 13th February, 2020)
Enterprises owned or significantly influenced by key management personnel or their relatives	- Toucan Real Estates Private Limited
Enterprise in which director is common	- Alisha Retail Private Limited
	- Varun Beverages Limited
Associates	- Mind Leaders Learning India Private Limited
	- Pelican Facilities Management Private Limited
	- Hamstede Living Private Limited (from March 13, 2019)
	- Glendale Marketing Services Private Limited (formerly known as Vulture Management Services Private Limited (w.e.f December 10, 2019)

Additional related parties as per Companies Act 2013 with whom transactions have taken place during the year:

Chief Financial Officer : Mr. Kapil Sharma

Company Secretary : Mr. Nikhil Sethi

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

(₹ in lakhs)

Transactions with Related Party	Year Ended	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel) of Subsidiaries	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate	Enterprise in which director is common
Remuneration paid						
Mr. Patanjali Govind Keswani	**31-Mar-20**	**348.47**	-	-	-	-
	31-Mar-19	338.56	-	-	-	-
Mr. Rattan Keswani	**31-Mar-20**	-	**253.82**	-	-	-
	31-Mar-19	-	218.18	-	-	-
Mr. Sumant Jaidka	**31-Mar-20**		**62.42**			-
	31-Mar-19	-	61.75	-	-	-
Mr. Rajesh Kumar	**31-Mar-20**	-	**46.24**	-	-	-
	31-Mar-19	-	44.11	-	-	-
Ms. Natasha Yashpal	**31-Mar-20**	-	**17.01**	-	-	-
	31-Mar-19	-	27.85	-	-	-
Ms. Anshu Sarin	**31-Mar-20**	-	**51.26**	-	-	-
	31-Mar-19	-	-	-	-	-
Mr. Kapil Sharma	**31-Mar-20**	**113.68**	-	-	-	-
	31-Mar-19	116.47	-	-	-	-
Mr. Nikhil Sethi	**31-Mar-20**	**38.23**	-	-	-	-
	31-Mar-19	44.45	-	-	-	-
Others	**31-Mar-20**	-	-	-	-	-
	31-Mar-19	-	73.72	-	-	-
Advance given to party						
Toucan Real Estate Private Limited	**31-Mar-20**	-	-	**8.33**	-	-
	31-Mar-19	-	-	142.64	-	-
Sitting Fee paid						
Mr. Arvind Singhania	**31-Mar-20**	**0.50**	-	-	-	-
	31-Mar-19	0.60	-	-	-	-
Mr. Ashish Kumar Guha	**31-Mar-20**	**1.75**	**2.10**	-	-	-
	31-Mar-19	1.00	-	-	-	-

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Transactions with Related Party	Year Ended	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel) of Subsidiaries	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate	Enterprise in which director is common
Ms. Freyan Jamshed Desai	**31-Mar-20**	**1.55**	-	-	-	-
	31-Mar-19	0.80	-	-	-	-
Mr. Gopal Sitaram Jiwarajka	**31-Mar-20**	-	-	-	-	-
	31-Mar-19	1.20	-	-	-	-
Mr. Paramartha Saikia	**31-Mar-20**	**2.05**	**2.10**	-	-	-
	31-Mar-19	1.00	-	-	-	-
Mr. Pradeep Mathur	**31-Mar-20**	**1.50**	**1.20**	-	-	-
	31-Mar-19	1.00	-	-	-	-
Subscription in Share capital of the company						
Hamstede Living Private Limited in Equity Shares	**31-Mar-20**	-	-	-	-	-
	31-Mar-19	-	-	-	15.00	-
Hamstede Living Private Limited in Preference shares	**31-Mar-20**	-	-	-	**600.00**	-
	31-Mar-19	-	-	-	270.00	-
Rent Received						
Hamstede Living Private Limited	**31-Mar-20**	-	-	-	**34.49**	-
	31-Mar-19	-	-	-	1.86	-
Mind Leaders Learning India Private Limited	**31-Mar-20**	-	-	-	**26.52**	-
	31-Mar-19	-	-	-	-	-
Sale of Services						
Hamstede Living Private Limited	**31-Mar-20**	-	-	-	**31.54**	-
	31-Mar-19	-	-	-	1.80	-
Purchase of goods						
Alisha Retail Private Limited	**31-Mar-20**	-	-	-	-	-
	31-Mar-19	-	-	-	-	3.35
Varun Beverages Limited	**31-Mar-20**	-	-	-	-	-
	31-Mar-19	-	-	-	-	4.80
Training Fee Paid (Net of TDS)						
Mind Leaders Learning India Private Limited	**31-Mar-20**	-	-	-	**214.28**	-

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Transactions with Related Party	Year Ended	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel) of Subsidiaries	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate	Enterprise in which director is common
	31-Mar-19	-	-	-	220.37	-
Balances outstanding at the year-end - Trade Payable/ Other Current Liabilities						
Mr. Kapil Sharma	**31-Mar-20**	**0.80**	-	-	-	-
	31-Mar-19	0.45	-	-	-	-
Mr. Rattan Keswani	**31-Mar-20**	-	**0.91**	-	-	-
	31-Mar-19	-	1.55	-	-	-
Mr. Rajeev Janveja	**31-Mar-20**	-	**1.03**	-	-	-
	31-Mar-19	-	0.92	-	-	-
Mr. Sumant Jaidka	**31-Mar-20**	-	**4.83**	-	-	-
	31-Mar-19	-	6.05	-	-	-
Ms. Natasha Yashpal	**31-Mar-20**	-	**0.52**	-	-	-
	31-Mar-19	-	0.16	-	-	-
Others	**31-Mar-20**	**0.54**	**0.68**	-	-	-
	31-Mar-19	0.50	1.11	-	-	-
Mind Leaders Learning India Private Limited	**31-Mar-20**	-	-	-	**13.56**	-
	31-Mar-19	-	-	-	19.20	-
Balances outstanding at the year-end – Loans & Advances						
Toucan Real Estate Private Limited	**31-Mar-20**			**342.97**	-	-
	31-Mar-19			142.64	-	-
Hamstede Living Private Limited	**31-Mar-20**	-	-	-	**136.72**	-
	31-Mar-19	-	-	-	-	-
Balance Outstanding at the year-end – Deposit given						
Toucan Real Estates Private Limited	**31-Mar-20**	-	-	-	-	-
	31-Mar-19	-	-	192.00	-	-

Terms and conditions of transactions with related parties

Outstanding balances with related parties at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: 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.

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Commitments with related parties

The Group has not entered into any commitments with related parties during the year.

40. Fair value measurement

This section gives an overview of the significance of financial instruments for the Company and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument.

a. **Financial Assets**

₹ in lakhs

	March 31, 2020		March 31, 2019	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Assets				
Trade Receivables	-	5,027.09	-	8,441.92
Investments	641.97	-	3,067.09	-
Security Deposits	-	4,439.13	-	4,174.72
Other bank balances	-	1,226.76	-	912.79
Cash and Cash Equivalents	-	4,081.73	-	3,139.70
Interest accrued on deposit with banks	-	694.50	-	500.89
Loans	-	118.88	-	171.11
Other amount recoverable		-		-
Total Financial Assets	**641.97**	**15,628.09**	**3,067.09**	**17,341.13**

₹ in lakhs

	March 31, 2020		March 31, 2019	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Liabilities				
Borrowings	-	151,047.04	-	113,595.17
Trade Payables	-	4,201.91	-	9,577.14
Other Financial Liabilities	-	17,100.35	-	16,727.40
Lease Liabilities (Non-current)	-	46,188.08	-	-
Lease Liabilities (Current)	-	77.54	-	-
Total Financial Liabilities	**-**	**218,614.92**	**-**	**139,899.71**

Note: The financial assets above do not include investments in associates which are measured at cost in accordance with Ind AS 101, Ind AS 27 and Ind AS 28.

b. **Fair value measurement hierarchy for assets and liabilities**

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The Group categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

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i) **Level 1**

Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

ii) **Level 2**

Inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.

iii) **Level 3**

Inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Group's assumptions about pricing by market participants.

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

Financial assets and liabilities measured at fair value

₹ in lakhs

	March 31, 2020			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments as FVTPL				
Quoted mutual funds	441.37	-	-	441.37
Unquoted equity instruments	-	-	200.60	200.60

	March 31, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments as FVTPL				
Quoted mutual funds	2,866.78	-	-	2,866.78
Unquoted equity instruments	-	-	200.30	200.30

The management assessed that fair values of cash and cash equivalents, trade receivables, trade payables, bank overdrafts, other current financial assets and other current financial liabilities approximates their carrying amounts largely due to the short-term maturities of these instruments.

The fair values of loans, security deposits, borrowings and other financial assets and liabilities are considered to be the same as their carrying values, as there is an immaterial change in the lending rates.

The following methods and assumptions were used to estimate the fair values:

- The fair values of the unquoted equity shares have been estimated using net assets basis. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- The fair values of the investment in mutual funds have been estimated based on NAV of the assets at each reporting date

41. Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's financial assets include loans, trade and other receivables, and cash & cash equivalents that derive directly from its operations.

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The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management advises on financial risks and the appropriate financial risk governance framework for the Group. The Group's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each risk, which are summarised as below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk. Financial instruments affected by market risk include loans and borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. The Group is carrying its borrowings primarily at variable rate. The Group expects the variable rate to decline, accordingly the Group is currently carrying its loans at variable interest rates.

₹ In lakhs

	March 31, 2020	March 31, 2019
Variable rate borrowings	154,797.69	119,045.17
Fixed rate borrowings	677.03	511.47

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

₹ In lakhs

Particulars	Increase/decrease in basis points	Effect on profit before tax
31-March-20		
INR	50	680.77
INR	-50	(680.77)
31-March-19		
INR	50	568.53
INR	-50	(568.53)

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group has no exposure in foreign currency.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables and deposits to landlords) and from its financing activities, including deposits with banks and financial institutions, and other financial instruments.

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a) **Trade receivables**

Customer credit risk is managed by each business location subject to the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with the assessment both in terms of number of days and amount.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 12. The Group does not hold collateral as security.

₹ in lakhs

Ageing	March 31, 2020	March 31, 2019
Not due	-	-
0-60 days past due	3,519.86	5,049.65
61-120 days past due	835.14	1,466.30
121-180 days past due	208.15	642.76
180-365 days past due	221.15	528.17
365-730 days past due	242.79	755.04
more than 730 days	-	-

Provision for doubtful debts (including provision for expected credit loss)

₹ in lakhs

Ageing	March 31, 2020	March 31, 2019
Not due	-	-
0-60 days past due	-	1.80
61-120 days past due	-	-
121-180 days past due	-	-
180-365 days past due	-	-
More than 365 days	698.21	38.97

Reconciliation of provision for doubtful debts - Trade receivables (including provision for expected credit loss)

₹ in lakhs

Particulars	March 31, 2020	March 31, 2019
Provision at beginning	40.77	40.50
Addition during the year	657.44	0.27
Reversal during the year	-	-
Utilized during the year	-	-
Provision at closing	**698.21**	**40.77**

Reconciliation of provision for doubtful debts - Loans and deposits

₹ in lakhs

	March 31, 2020	March 31, 2019
Provision at beginning	8.75	8.75
Addition during the year	-	-
Reversal during the year	-	-
Utilised during the year	-	-
Provision at closing	**8.75**	**8.75**

NOTES
to consolidated financial statements for the year ended March 31, 2020

(b) **Financial instruments and cash deposits**

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. Investment of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2020, March 31 2019 is the carrying amount as illustrated in Note 13.

Liquidity risk

The Group monitors its risk of a shortage of funds by estimating the future cash flows. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, cash credit facilities and bank loans. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturity within 12 months can be rolled over with existing lenders. As at March 31, 2020, the group had available ₹ 3,890 lakhs (March 31, 2019: ₹ 10,062 lakhs) of undrawn committed borrowing facilities.

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

₹ in lakhs

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended March 31, 2020						
Borrowings (other than convertible preference shares)	5,957.53	-	5,737.59	49,518.67	94,382.15	155,595.94
Trade and other payables	4,201.91	-	-	-	-	4,201.91
Other Financial Liabilities	12,672.68	-	-	-	-	12,672.68
	22,832.12	**-**	**5,737.59**	**49,518.67**	**94,382.15**	**172,470.53**
Year ended March 31, 2019						
Borrowings (other than convertible preference shares)	122.06	1,000.24	5,527.49	40,429.34	72,477.52	119,556.64
Trade and other payables	9,577.14	-	-	-	-	9,577.14
Other Financial Liabilities	10,765.93	-	-	-	-	10,765.93
	20,465.13	**1,000.24**	**5,527.49**	**40,429.34**	**72,477.52**	**139,899.71**

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

₹ in lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Minimum Lease Payments :		
Not later than one year	3,616.14	3,582.38
Later than one year but not later than five years	15,783.68	15,515.93
Later than five years	107,827.75	119,823.57
Total	**127,227.57**	**138,921.88**

42. Capital management

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

NOTES
to consolidated financial statements for the year ended March 31, 2020

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade payables, less cash and cash equivalents.

₹ in lakhs

Particulars	March 31, 2020	March 31, 2019
Borrowings (other than preference share)	155,474.71	119,556.64
Trade payables (Note 23)	4,201.91	9,577.14
Less: cash and cash equivalents (Note 13)	4,081.73	3,139.70
Net debt	**155,594.89**	**125,994.08**
Total capital	154,476.11	130,720.82
Capital and net debt	310,071.00	256,714.90
Gearing ratio	50%	49%

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2020 and March 31, 2019.

43. Segment Reporting

The Group is into Hoteliering business. The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore, there is no reportable segment for the Company as per the requirements of Ind AS 108 – "Operating Segments".

Information about geographical areas

The Company has only domestic operations and hence no information required for the Company as per the requirements of Ind AS 108 – "Operating Segments".

Information about major customers

No customer individually accounted for more than 10% of the revenue.

44. The Group in the earlier years paid conversion charges of ₹ 603.98 lakhs in respect of land taken for lease of 60 years for construction of hotel building. The Group has amortized ₹ 10.07 lakhs (Previous year ₹ 10.07 lakhs) during the year in accordance with its accounting policy of amortizing the conversion charges over the period of lease as mentioned in Note 2.1 (k) above. The balance amount of ₹ 492.41 lakhs (March 31, 2019: ₹ 502.48 lakhs) has been shown in Note 10 and 15 as 'Prepaid conversion charges.'

45. Changes in Ownership interest in Subsidiaries

During the previous year, the Company has sold 25.10% additional stake of Carnation Hotels Private Limited (a subsidiary Company). The excess of consideration received over book value of ownership interest (shares) dissolved in the subsidiary is treated as equity transaction and gain of ₹ 23.97 lakhs are accounted for directly in equity.

46. On November 1, 2019, Fleur Hotels Private Limited, the subsidiary company of Lemon Tree Hotels Limited, acquired 100% share capital representing 5,45,51,616 shares of Berggruen Hotels Private Limited engaged in the business of owing, operating and managing hotels. The business acquisition was conducted by entering into a share purchase agreement for the total net consideration (including other related expenses) of ₹ 49,504.16 Lakhs paid to Berggruen Investment, Mauritius (Seller) in cash (funded partly through issuance of CCPS to existing shareholders and partly from internal accruals).

NOTES
to consolidated financial statements for the year ended March 31, 2020

47. During the earlier years, one of the subsidiary had entered into an Infrastructure development and services agreement with Delhi International Airport Limited (DIAL) to develop two hotels at Aero City, New Delhi for an initial term of 27 years, extendable at the option of the Subsidiary for an additional period of 30 years provided DIAL gets the extension from Airport Authority of India. DIAL is committed to take over the building at 'Book values', as defined in the aforesaid agreement in case the agreement is not extended further.

48. During the year, the Company has received ₹ 135 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.

49. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006.

₹ In lakhs

Particulars	March 31, 2020	March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	239.51	242.30
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

50. The Group does not have any long term contracts including derivative contracts for which there are any material foreseeable losses.

51. There has been no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

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

Patanjali G. Keswani
(Chairman & Managing Director)
DIN-00002974

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 29, 2020

INDEPENDENT AUDITOR'S REPORT

To The Members of Lemon Tree Hotels Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Lemon Tree Hotels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of report of the other auditor on separate financial statements of the Trust referred to in the Other Matters section below, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

Attention is invited to Note 30(i) of the standalone financial statements which sets out the Company's assessment of impact of COVID-19 pandemic situation, the uncertainties associated therewith on its financial statements and going concern assumption. Based on these assessments, the management has concluded that the Company will continue as a going concern and will be able to meet all of its obligations as well as recover the carrying amount of its assets as on March 31, 2020.

Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matter	Auditor's Response
Impairment of Investment in subsidiaries and associates (Refer Note 30(ii) to the Standalone Financial Statements) At each reporting period, the Company assesses the carrying amounts of investment in subsidiaries and associates to determine whether there is any indication that those investments have suffered an impairment loss. If any indication exists, the Company estimates the investment's recoverable amount. Where the carrying amount of CGU exceeds its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. The Company holds investment in subsidiaries and associates located in India amounting to INR 78,894.40 lacs as at March 31, 2020. The Company has undertaken an assessment of indicators of impairment in respect of the investment in subsidiaries and associates as mentioned in Note 8 of the standalone financial statements considering the qualitative factors such as current economic situation of the hospitality industry. To assess the recoverability of the investment in subsidiaries and associates, management is required to make significant estimates and assumptions related to forecast of future revenue, operating margins, growth rate and selection of the discount rates. The Company used the discounted cash flow approach to determine the recoverable value of the investments. Further, the Company has appointed independent valuer to calculate the fair value of certain hotels owned by these subsidiary Companies. We have identified the estimation of the recoverable amount of the investments as a key audit matter because these assumptions are of particular importance due to the level of uncertainties and judgment involved, thus changes in these assumptions could have a significant impact on the recoverable value of the investments.	**Principal audit procedures performed:** Obtained an understanding and assessed the Company's impairment process and tested the design and implementation of internal control established to the estimates and judgments for the carrying values of investment in subsidiaries and associates. Our audit procedures include challenging management on the appropriateness of the impairment models by performing the following: i) Assessed the reasonableness of the assumptions used to determine the fair value of investment in subsidiaries and associates, including discount rate and long term growth rate, using our valuation expertise; ii) Assessed the reliability of cash flow forecasts through a review of actual past performance; iii) Challenged the assumptions used in the cash flow forecasts, which includes occupancy rate, average room rate along with impact of COVID-19 on the same. To consider forecasting risk we also performed sensitivity analysis over these assumptions. We have tested the arithmetical accuracy of the impairment model. We have assessed the net worth of the subsidiaries and associates on the basis of latest available financial statements. We have checked the computation of the Company's share in that respective company's enterprise value (EV) and Compared the book value of investments as at the balance sheet date with the amount calculated. We have assessed the disclosures made by the Company in relation to this matter.
Impairment assessment of hotel properties (Refer Note 30(i) to the Standalone Financial Statements) At each reporting period, the Company assesses the carrying amounts of hotel properties (CGU) to determine whether there is any indication that those assets have suffered an impairment loss. If any indication exists, the Company estimates the asset's recoverable amount. To assess the recoverability of the CGU, management is required to make significant estimates and assumptions related to forecast of future revenue, operating margins, growth rate and selection of the discount rates. The Company used the discounted cash flow approach to determine the recoverable value of the CGU. These assumptions are of particular importance due to the level of uncertainties and judgment involved, thus changes in these assumptions could have a significant impact on the recoverable value of the hotel properties. We have identified the estimation of the recoverable amount of the hotel properties as a key audit matter because these assumptions are of particular importance due to the level of uncertainties and judgment involved, thus changes in these assumptions could have a significant impact on the recoverable value of the CGU.	**Principal audit procedures performed:** Obtained an understanding of the Company's process for projecting the future cash flows and evaluated the significant assumptions used for determining the recoverable amount of CGU. Tested the design, implementation and operating effectiveness of relevant internal controls relating to estimate of future cash flows for the purpose of determining recoverable amount of CGU. Our assessment included: i) Challenged Company's key market related assumptions used in the model including discount rate, long term growth rates against external data, using our valuation expertise; ii) Assessed the reliability of cash flow forecasts through a review of actual past performance; iii) Challenged the assumptions used in the cash flow forecasts which includes occupancy rate, average room rate along with impact of COVID-19 on the same. To consider forecasting risk we also performed sensitivity analysis over these assumptions. We have used valuation specialist to assess the appropriateness of the weighted average cost of capital used in the determining recoverable amount. We have tested the arithmetical accuracy of the model and assessed the disclosures made by the Company in relation to this matter.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion & Analysis, Board's Report, Business Responsibility Report and Report on Corporate Governance, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its trust to express an opinion on the standalone financial statements.

We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the standalone financial statements of which we are the independent auditors. For the other entities or business activities included in the standalone financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial statements of Krizm Hotels Private Limited Employees Welfare Trust (the "Trust") included in the standalone financial statements of the Company whose financial statements reflect total assets of ₹ 567.86 Lakhs as at March 31, 2020 and total revenue of ₹ Nil and net cash outflows of ₹ 84.30 Lakhs for the year ended March 31, 2020, 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 auditor 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 32 C)

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.(Refer note 44)

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.(Refer note 45)

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Vijay Agarwal
(Partner)
(Membership No. 094468)
UDIN: 20094468AAAACN4179

Place: New Delhi
Date: May 29, 2020

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, 2020 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, 2020, 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)
UDIN: 20094468AAAACN4179

Place: New Delhi
Date: May 29, 2020

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 Property, Plant and Equipment.

(b) The Company has a program of verification of Property, Plant and Equipment 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 and 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, Axis Trustee Services Limited (custodian) on behalf of Aditya Birla Finance Limited in respect of immovable properties (freehold land and buildings disclosed as Property, Plant and Equipment 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) In our opinion, the inventories were physically verified by the Management subsequent to year end during the month of May 2020 instead of year end due to COVID 19 related lockdown. For the inventories for which physical count was performed subsequent to year end, the Company has carried out the reconciliation procedures for 100% of the inventories to ascertain existence of such inventory physically verified from the date of the respective counts to the balance sheet date and no material discrepancies were noticed on such verification.

(iii) 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) 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) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.

(vi) 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 and the records of the Company examined by us in respect of statutory dues:

(a) The Company has generally 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. Further Goods and Service tax for the month of March 2020 has not been deposited due to lockout period, and extension of time is being granted for payment of certain dues by the Government authorities for payment of such dues due to lockdown of COVID 19. Also refer to the note 32 (e) 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, 2020 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, 2020 on account of disputes. Details of dues of Service Tax, which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Unpaid (₹ in Lakhs)
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. Further the Company has opted for a moratorium period from March 2020 to August 2020 for repayment of term loans/ working capital financing facilities on reference of RBI circular issued dated March 27, 2020, April 17, 2020 and May 23, 2020 on COVID 19- Regulatory package. 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)
UDIN: 20094468AAAACN4179

Place: New Delhi
Date: May 29, 2020

BALANCE SHEET
as at March 31, 2020

	Note	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	42,190.28	43,243.28
(b) Capital work-in-progress	4	1,449.78	1,170.49
(c) Investment property	5	236.93	241.32
(d) Intangible assets	6	352.00	339.62
(e) Right to use asset	7	11,753.49	-
(f) Financial assets	8		
(i) Investments		79,094.44	72,384.52
(ii) Loans		118.88	171.11
(iii) Other financial assets		1,668.29	1,536.29
(g) Deferred tax assets (net)	9.1	3,069.57	2,478.78
(h) Non-Current tax assets (net)	9.2	1,025.05	777.84
(i) Other non-current assets	10	4,952.25	5,273.42
		145,910.96	127,616.67
Current assets			
(a) Inventories	11	233.59	202.61
(b) Financial assets			
(i) Trade receivables	12	7,979.20	4,966.53
(ii) Cash and cash equivalents	12	1,187.83	1,040.60
(iii) Investments	8	441.37	1,055.85
(iv) Loans	12	3,498.83	4,717.83
(v) Other financial assets	12	0.68	300.68
(c) Other current assets	13	2,371.06	2,038.50
		15,712.56	14,322.60
Total Assets		161,623.52	141,939.27
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	14	79,031.44	78,929.55
(b) Other equity	15	25,345.89	24,205.35
Total Equity		104,377.33	103,134.90
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	28,151.53	28,030.89
(ii) Lease liability	16 (a)	16,574.94	-
(b) Provisions	17	135.43	98.02
(c) Other non-current liabilities	18	-	1,269.09
		44,861.90	29,398.00
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	4,470.36	122.06
(ii) Lease liability	16 (a)	77.54	-
(iii) Trade payables	19	4,583.53	4,786.89
(iv) Other financial liabilities	19	2,228.71	2,919.62
(b) Provisions	17	157.05	204.28
(c) Other current liabilities	20	867.10	1,373.52
		12,384.29	9,406.37
Total Liabilities		57,246.19	38,804.37
Total Equity and Liabilities		161,623.52	141,939.27
Summary of significant accounting policies	2.2		
The accompanying notes are an integral part of the financial statements	1 to 45		

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration No 11736600/W-100018

Vijay Agarwal
Partner

Place : New Delhi
Date : May 29, 2020

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, 2020

STATEMENT OF PROFIT AND LOSS
for the year ended March 31, 2020

	Note	For the year ended March 31, 2020 ₹ in lakhs	For the year ended March 31, 2019 ₹ in lakhs
Revenue from operations	21	26,957.58	27,332.25
Other income	22	366.55	932.00
Total Income (I)		**27,324.13**	**28,264.25**
Expenses			
Cost of food and beverages consumed	23	1,666.71	1,772.58
Employee benefits expense	24	6,148.41	5,764.88
Other expenses	25	8,603.04	10,691.54
Total expenses (II)		**16,418.16**	**18,229.00**
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I-II) (refer note 2.2 (s))		10,905.97	10,035.25
Finance costs	26	4,815.50	3,479.99
Finance income	27	(143.22)	(273.39)
Depreciation and amortization expense	28	2,168.93	1,983.75
Profit before tax		**4,064.76**	**4,844.90**
Tax expense:			
Current tax (Under MAT)		689.98	1,004.79
Deferred tax			
- MAT credit entitlement related to current year		(689.98)	(999.92)
- MAT credit entitlement related to earlier years		-	(1,301.30)
- Deferred tax expense related to current year		844.96	1,657.00
- Deferred tax asset not recognized in earlier years		-	(1,839.97)
		844.96	(1,479.40)
Profit for the year		**3,219.80**	**6,324.30**
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Re-measurement (losses)/gains on defined benefit plans		9.72	(22.58)
(ii) Income tax effect		-	4.86
		9.72	**(17.72)**
Total comprehensive income for the year		**3,229.52**	**6,306.58**
Earnings per equity share			
(1) Basic	29	0.41	0.80
(2) Diluted	29	0.41	0.80
The accompanying notes are an integral part of the financial statements	1 to 45		

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration No 11736600/W-100018

Vijay Agarwal
Partner

Place : New Delhi
Date : May 29, 2020

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, 2020

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

Equity shares of INR 10 each issued, subscribed and fully paid	No. of shares	Amount ₹ in lakhs
At April 1, 2018	786,393,251	78,639.32
Issued during the year - Exercise of ESOP	5,833,781	583.38
Change in shares held by ESOP trust	(2,931,461)	(293.15)
At March 31, 2019	789,295,571	78,929.55
Change in shares held by ESOP trust	1,018,902	101.89
At March 31, 2020	790,314,473	79,031.44

B. Other Equity

For the year ended March 31, 2020 ₹ in lakhs

	Reserves and surplus					Items of OCI	Total equity
	Capital redemption reserve	Securities premium	Share based payments reserve	General reserve	Surplus in the statement of profit & loss	Remeasurement (losses)/gains on defined benefit plans	
Balance at April 1, 2018	45.00	9,602.16	248.26	3,035.24	4,523.78	17.41	17,471.85
Profit for the year	-	-	-	-	6,324.30	-	6,324.30
Other Comprehensive Income for the year	-	-	-	-	-	(17.72)	(17.72)
Share-based payments	-	-	93.16	-	-	-	93.16
Amount transferred from share based payment reserve to securities premium	-	341.42	(341.42)	-	-	-	-
Change in shares held by ESOP trust	-	(337.12)	-	-	-	-	(337.12)
Exercise of share options	-	670.88	-	-	-	-	670.88
Balance at March 31, 2019	45.00	10,277.34	0.00	3,035.24	10,848.08	(0.31)	24,205.35
Profit for the year	-	-	-	-	3,219.80	-	3,219.80
Other Comprehensive Income for the year	-	-	-	-	-	9.72	9.72
Change in shares held by ESOP trust	-	117.17	-	-	-	-	117.17
Retrospective impact of Ind AS 116	-	-	-	-	(2,206.15)	-	(2,206.15)
Balance at March 31, 2020	45.00	10,394.51	0.00	3,035.24	11,861.73	9.41	25,345.89

The accompanying notes are an integral part of the financial statements. 1 to 45

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration No 11736600/W-100018

Vijay Agarwal
Partner

Place : New Delhi
Date : May 29, 2020

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, 2020

CASH FLOW STATEMENT
for the year ended March 31, 2020

		For the year ended March 31, 2020 ₹ in lakhs	For the year ended March 31, 2019 ₹ in lakhs
A.	**Cash flow from operating activities**		
	Profit before tax	4,064.77	4,844.90
	Non-cash adjustments to reconcile profit before tax to net cash flows:		
	Depreciation and amortisation expenses	2,168.93	1,983.75
	Lease equalisation reserve	-	145.77
	Finance income (including fair value change in financial instruments)	(142.90)	(203.78)
	Finance costs	4,650.31	3,278.95
	Provision for gratuity	(9.46)	33.56
	Provision for leave encashment	0.35	20.66
	Provision for loyalty programme	(1.34)	6.15
	Amortization of prepayment expenses	244.39	244.42
	Share based payments to employees	-	93.16
	Profit on relinquishment of rights	(135.00)	(861.00)
	Provision for litigation	9.01	9.10
	Provision for doubtful debts	176.95	-
	Net (gain)/ loss on sale of property plant and equipment	(2.40)	0.82
	Net gain on sale of investments	(35.57)	(30.56)
	Operating profit before working capital changes:	10,988.04	9,565.90
	Movements in working capital:		
	(Increase) in trade receivables	(3,189.62)	(2,902.67)
	Decrease/(Increase) in loans and advances and other current assets	1,082.13	1,927.53
	(Increase)/Decrease in inventories	(30.98)	(3.09)
	Increase/(Decrease) in liabilities and provisions	(1,413.64)	805.22
	Cash Generated from Operations	7,435.93	9,392.89
	Direct taxes paid (net of refunds)	(938.88)	(802.31)
	Net cash flow from operating activities (A)	6,497.05	8,590.58
B.	**Cash flows used in investing activities**		
	Purchase of Property, Plant and Equipment (adjustment of CWIP, capital advances and capital creditors)	(857.97)	(694.67)
	Proceeds from sale of property plant and equipment	8.21	14.80
	Purchase of investment in subsidiary/associate companies	(6,709.91)	(814.16)
	(Purchase)/sale of current investments	614.48	(1,048.98)
	Sale of investment in subsidiary companies	-	26.04
	Profit on relinquishment of rights	135.00	861.00
	Short term loans (given)/repaid (to)/by subsidiaries	132.00	(3,095.61)
	Net gain/ (loss) on sale of current investments	35.57	-
	Interest received	111.02	135.67
	Net Cash flow used in investing activities (B)	(6,531.60)	(4,615.91)

CASH FLOW STATEMENT
for the year ended March 31, 2020

		For the year ended March 31, 2020 ₹ in lakhs	For the year ended March 31, 2019 ₹ in lakhs
C	**Cash flows used in financing activities**		
	Proceeds from issuance of share capital	219.06	623.99
	Payment of lease liabilities	(1,405.36)	-
	Proceeds from long term borrowings	6,309.85	4,603.22
	Repayment of long term borrowings	(6,207.77)	(2,001.11)
	(Repayment)/ proceeds of short term borrowings	4,348.30	(3,447.96)
	Interest paid	(3,082.30)	(3,283.81)
	Net Cash flow used in financing activities (C)	181.78	(3,505.67)
	Net increase in cash and cash equivalents (A + B + C)	147.23	469.00
	Cash and cash equivalents at the beginning of the year	1,040.60	571.60
	Cash and cash equivalents at the end of the year	**1,187.83**	**1,040.60**
	Components of cash and cash equivalents		
	Cash on hand	18.90	23.66
	Balances with scheduled banks in		
	- Current accounts	1,168.93	1,016.94
	Total cash and cash equivalents	**1,187.83**	**1,040.60**

The accompanying notes are an integral part of the financial statements 1 to 45

As per our report of even date
For Deloitte Haskins & Sells LLP
Chartered Accountants
ICAI Firm Registration No 11736600/W-100018

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

Vijay Agarwal
Partner

Patanjali G. Keswani
(Chairman & Managing Director)
DIN-00002974

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 29, 2020

Place : New Delhi
Date : May 29, 2020

NOTES
to financial statements for the year ended March 31, 2020

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, Red Fox Hotel, Aurika, Keys Select, Keys Prima and Keys Lite.

The financial statements are approved for issue by the Board of directors on May 29, 2020.

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 35).

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing account standard required a change to the accounting policy hitherto to in use.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs, expect where otherwise indicated.

2.2 **Significant accounting policies**

(a) **Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(b) **Foreign currencies**

Functional and presentation currency

The Company's financial statements are presented in INR, which is also the Company's functional currency. Presentation currency is the currency in which the company's financial statements are presented. Functional currency is the currency of the primary economic environment in which an entity operates and is normally the currency in which the entity primarily generates and expends cash. All the financial information presented in Indian Rupees (INR) has been rounded to the nearest of lakhs rupees, except where otherwise stated.

NOTES
to financial statements for the year ended March 31, 2020

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 30)
- Quantitative disclosures of fair value measurement hierarchy (note 35)
- Financial instruments (including those carried at amortised cost) (note 35)

(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 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).

NOTES
to financial statements for the year ended March 31, 2020

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:

- 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

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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

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Method over its economic useful life of fixed assets as follows:

Fixed Assets	Useful life considered
Plant & Machinery	15 Years
Building	60 Years/Leased remaining life
Electrical equipments and fittings	10 Years
Office Equipments	5 Years
Furniture and Fixtures	8 to 10 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 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*

As per IND AS 17 applicable till period ended March 31, 2019

As a lessee

Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

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 fulfillment 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.

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.

As per IND AS 116 applicable w.e.f. April 1, 2019

The Company assesses that the contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(1) The contract involves the use of an identified asset,

(2) The Company has substantially all of the economic benefits from use of the identified asset, and

(3) The Company has the right to direct the use of the identified asset.

Company as a lessee

The Company recognizes right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated from the

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commencement date over the shorter of the lease term and useful life of the underlying asset. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments over the lease term. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate. For leases with reasonably similar characteristics, the Company adopts the incremental borrowing rate for the entire portfolio of leases as a whole. The lease payments shall include fixed payments, variable lease payments, exercise price of a purchase option and payments of penalties for terminating the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

The Company recognises the amount of the re-measurement of lease liability as an adjustment to the right-of-use asset. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognizes any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 to leases for which the underlying asset is of low value. The lease payments associated with these low value leases are recognized as an expense on a straight-line basis over the lease term.

Company as a lessor

Leases where the Company does not transfer substantially all the risks and rewards incidental to ownership of the asset are classified as operating leases. Lease rentals under operating leases are recognized as income on a straight-line 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 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

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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:

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- 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 8(ii)). 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 8(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.

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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.

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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 16.

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.

NOTES
to financial statements for the year ended March 31, 2020

(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.

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to financial statements for the year ended March 31, 2020

3. Property, plant and equipment

₹ in lakhs

Particulars	Freehold land	Building on freehold land	Building on leasehold Land	Plant and Machinery	Electrical fittings	Electrical equipments	Office equipments	Furniture and Fixtures	Crockery, cutlery and soft furnishings	Computers	Vehicles	Total
Gross Carrying Amount												
At April 1, 2018	10,513.42	17,409.99	11,957.87	4,747.73	1,817.38	1,001.69	68.98	2,309.60	313.32	153.71	458.66	50,752.35
Additions	-	-	9.51	41.48	15.31	60.83	5.62	11.70	0.30	22.90	81.73	249.38
Disposals	-	-	-	-	-	-	-	-	-	-	17.69	17.69
At March 31, 2019	10,513.42	17,409.99	11,967.38	4,789.21	1,832.69	1,062.52	74.60	2,321.30	313.62	176.61	522.70	50,984.04
Additions	-	-	-	70.71	6.63	30.32	3.87	258.03	-	19.22	94.66	483.44
Disposals	-	-	-	0.27	-	-	-	-	-	-	10.51	10.78
At March 31, 2020	10,513.42	17,409.99	11,967.38	4,859.65	1,839.32	1,092.84	78.47	2,579.33	313.62	195.83	606.85	51,456.70
Depreciation												
At April 1, 2018	-	789.44	895.23	1,237.55	918.11	421.68	43.52	1,194.91	202.70	91.06	56.26	5,850.46
Charge for the year	-	299.24	288.66	413.97	247.12	127.18	15.41	312.72	56.85	31.79	99.42	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	153.62	7,740.76
Charge for the year	-	315.41	198.43	431.85	136.88	93.94	12.26	214.06	24.82	28.82	74.16	1,530.63
Disposals	-	-	-	-	-	-	-	-	-	-	4.97	4.97
At March 31, 2020	-	1,404.09	1,382.32	2,083.37	1,302.11	642.80	71.19	1,721.69	284.37	151.67		9,266.42
Net Book value												
At March 31, 2020	10,513.42	16,005.90	10,585.06	2,776.28	537.21	450.04	7.28	857.64	29.25	44.16	606.85	42,190.28
At March 31, 2019	10,513.42	16,321.31	10,783.49	3,137.69	667.46	513.66	15.67	813.67	54.07	53.76	369.07	43,243.28

Net book value	As at March 31, 2020	As at March 31, 2019
Property, plant and equipment	42,190.28	43,243.28

Notes

a) Certain property, plant and equipment are mortgaged as collateral against borrowings, the details related to which have been described in note 16 on 'borrowings'.

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to financial statements for the year ended March 31, 2020

4. **Capital work-in-progress**

Particulars	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Hotel at Shimla		
Material	1,204.30	956.63
Project staff expenses	102.79	89.64
Salary wages & bonus	45.92	36.52
Professional charges	92.61	84.40
Others	4.16	3.30
	1,449.78	1,170.49

5. **Investment property**

Particulars	Total ₹ in lakhs
Gross Carrying Amount	
At April 1, 2018	258.89
Additions	-
At March 31, 2019	**258.89**
Additions	-
At March 31, 2020	**258.89**
Depreciation and Impairment	
At April 1, 2018	13.18
Charge for the year	4.39
At March 31, 2019	**17.57**
Charge for the year	4.39
At March 31, 2020	**21.96**
Net Block	
At March 31, 2020	**236.93**
At March 31, 2019	**241.32**

Information regarding income and expenditure of Investment property:

Particulars	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Rental income derived from investment property	16.85	15.50
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(0.97)	(1.00)
Profit arising from investment properties before depreciation and indirect expenses	**15.88**	**14.50**
Less – Depreciation	(4.39)	(4.39)
Profit arising from investment properties before indirect expenses	**11.49**	**10.11**

The Company's investment properties consist of a commercial property in Pune, India. The management has determined that the investment property consist of one classes of asset − office space − based on the nature, characteristics and risks of the property.

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to financial statements for the year ended March 31, 2020

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, 2020 and March 31, 2019, the fair values of the property is ₹ 258.89 lakhs and ₹ 258.89 lakhs respectively.

These valuations are based on valuations performed by an external independent valuer at the time of acquisition of property dated March 25, 2014.

The valuer has considered these valuations on the basis that there is no material change in the value of property since acquired.

Description of valuation techniques used and key inputs to valuation on investment properties:

Valuation technique	Significant unobservable Inputs
Sales comparable method	- Location - Size of Building - Quality of Building - Visibility of unit - Furnished/Unfurnished

6. **Intangible assets**

₹ in lakhs

Particulars	Software	Goodwill	Brand (Keys Hotels)	Total
Gross Carrying Amount				
At April 1, 2018	111.93	2.63	-	114.56
Additions	371.96	-	-	371.96
Disposals	-	-	-	-
At March 31, 2019	**483.89**	**2.63**	**-**	**486.52**
Additions	10.69		100.00	110.69
Disposals	-	-		-
At March 31, 2020	**494.58**	**2.63**	**100.00**	**597.21**
Amortisation and impairment				
At April 1, 2018	59.90	-	-	59.90
Amortisation	87.00	-	-	87.00
Disposals	-	-	-	-
At March 31, 2019	**146.90**	**-**	**-**	**146.90**
Amortisation	98.31	-	-	98.31
Disposals	-	-	-	-
At March 31, 2020	**245.21**	**-**	**-**	**245.21**
Net Block				
At March 31, 2020	**249.37**	**2.63**	**100.00**	**352.00**
At March 31, 2019	**336.99**	**2.63**	**-**	**339.62**

Net book value	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Intangible assets	352.00	339.62

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to financial statements for the year ended March 31, 2020

7. Right to use asset*

Particular	Amount ₹ In lakhs
Balance as at April 01, 2019	12,289.09
Additions during the year	-
Disposals during the year	-
Depreciation during the year	535.60
Balance as at March 31, 2020	**11,753.49**

*Refer note 32(a)

Net book value	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Right to use asset	11,753.49	-

8. Financial assets

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
(i) Investments		
Investments at cost		
Unquoted equity shares of subsidiary companies at cost		
43,311,609 (Previous year 34,374,498) equity shares of Fleur Hotels Private Limited of ₹10 each fully paid.***	61,977.67	44,307.20
11,869,100 (Previous year 11,869,100) Equity shares of PSK Resorts & Hotels Private Limited of ₹1 each fully paid	2,691.12	2,691.12
345,945,400 (Previous year 345,945,400) Equity shares of Canary Hotels Private Limited of ₹1 each fully paid.	5,224.28	5,224.28
6,195,000 (Previous year 6,195,000) Equity shares of Sukhsagar Complexes Private Limited of ₹10 each fully paid.^	2,619.63	2,619.63
75,000,000 (Previous year 75,000,000) Equity shares of Nightingale Hotels Private Limited of ₹1 each fully paid.	931.40	931.40
571,428 (Previous year 571,428) Equity shares of Manakin Resorts Private Limited of ₹10 each fully paid.	390.69	390.69
10,854,592 (Previous year: 10,854,592) Equity shares of Begonia Hotels Private Limited of ₹1 each fully paid.	48.86	48.86
3,700,000 (Previous year 3,700,000) Equity shares of Oriole Dr Fresh Hotels Private Limited of ₹10 each fully paid.	2,643.97	2,643.97
700,000 (Previous year 700,000) Equity shares of Carnation Hotels Private Limited of ₹1 each fully paid.	7.00	7.00
45,500,668 (Previous year 45,500,668) Equity shares of Grey Fox Project Management Company Private Limited of ₹1 each fully paid.	455.01	455.01
115,000 (Previous year 115,000) Equity shares of Dandelion Hotels Private Limited of ₹1 each fully paid.	160.54	160.54
350,000 (Previous year 350,000) Equity shares of Lemon Tree Hotel Company Private Limited of ₹1 each fully paid.	3.50	3.50
300,000 (Previous year 300,000) Equity shares of Red Fox Hotel Company Private Limited of ₹1 each fully paid.	3.00	3.00
Nil (Previous year 1,225,209) Equity shares of Meringue Hotels Private Limited of ₹1 each fully paid.* **	-	11,582.44
10,000 (Previous year 10,000) Equity shares of Poplar Homestead Holdings Private Limited of ₹10 each fully paid.	1.00	1.00
10,000 (Previous year 10,000) Equity shares of Madder Stays Private Limited of ₹10 each fully paid.	1.00	1.00
10,000 (Previous year 10,000) Equity shares of Jessamine Stays Private Limited of ₹10 each fully paid.	1.00	1.00
Unquoted equity shares of associate companies at cost		
150,000 (Previous year 150,000) Equity shares of Hamstede Living Private Limited of ₹10 each fully paid.	15.00	15.00
340,000 (Previous year 340,000) Equity shares of Mind Leaders Learning India Private Limited of ₹1 each fully paid.	3.40	3.40
Unquoted compulsory redeemable preference shares of subsidiary companies at fair value through Profit and loss		
350,000 (Previous year 350,000) 5% Redeemable Non Cumulative Preference shares of Carnation Hotels Private Limited of ₹100 each fully paid.*	214.87	192.98
Unquoted compulsory convertible preference shares of associate companies at cost		
8,700,000 (Previous year 2,700,000) 0.001% Compulsorily Convertible Preference shares of Hamstede Living Private Limited of ₹10 each fully paid**	870.00	270.00
Deemed investment (equity portion) on account of interest free loan to subsidiaries (Repaid)		
Dandelion Hotels Private Limited	4.85	4.85
Fleur Hotels Private Limited***	59.90	-
Meringue Hotels Private Limited***	-	59.90
Oriole Dr. Fresh Hotels Private Limited	14.46	14.46
Deemed investment (equity portion) in redeemable preference shares (Repaid)		
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		
Nil (Previous Year: 23,145) units of Reliance liquid fund - Direct Plan Growth Plan - Growth option	-	1,055.85
138,119 units (Previous Year: Nil) units of Aditya Birla Sunlife liquid fund - Direct Plan Growth Plan - Growth option	441.37	-
Unquoted equity shares of companies other than subsidiary and associate companies at fair value through profit and loss		
2,567 (Previous Year: 2,567) equity shares of SEP Energy Private Limited of ₹10 each fully paid.	0.26	0.26
9,126 (Previous Year : 9,126) equity shares of School of Hospitality India Private Limited of ₹10 each fully paid.	200.04	200.04
	79,535.81	**73,440.37**
Aggregate book value of unquoted investments	79,094.44	72,384.52
Aggregate book value of quoted investments	441.37	1,055.85
Current	441.37	1,055.85
Non-Current	79,094.44	72,384.52
Total	**79,535.81**	**73,440.37**

* 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.

^ Investment in equity shares of Sukhsagar Complexes Private Limited (SCPL) has been pledged for term loan taken by the SCPL.

** 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.

*** During the year Meringue Hotels Private Limited has been merged with Fleur Hotels Private Limited with appointed date from 01 April 2019.

NOTES
to financial statements for the year ended March 31, 2020

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
(ii) Loans		
(unsecured considered good unless otherwise stated)		
Loans to employees at amortised cost	118.88	171.11
	118.88	**171.11**

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
(iii) Other financial assets		
Security deposits (unsecured, considered good)	1,163.58	1,060.52
Interest accrued on deposits with banks	254.54	222.67
Fixed deposits under lien*	250.17	253.10
	1,668.29	**1,536.29**

* Fixed deposits under lien includes deposits lien marked with banks against guarantees issued in favour of various Government departments.

9.1 Deferred tax assets (net)

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Property, plant and equipment and intangible assets	3,783.96	4,285.81
Impact of expenditure charged to the statement of profit and loss in the current/ earlier period but allowable for tax purposes on payment basis	0.40	-
Deferred tax liability	**3,784.36**	**4,285.81**
Impact of expenditure charged to the statement of profit and loss in the current/ earlier period but allowable for tax purposes on payment basis	214.46	282.29
Effect of unabsorbed depreciation and business loss	1,492.98	2,967.64
Lease liability	1,426.59	-
Gratuity	42.33	57.50
Leave compensation	26.65	31.86
Loyalty program	4.60	5.98
Provision for contingency	16.19	16.28
Provision for slow moving inventory	8.81	10.63
Expense on account of lease equalization reserve created	-	484.59
Security deposits	546.17	585.33
Loan to employee	9.63	0.83
Borrowings	17.45	14.25
Provision for doubtful debts and advances	55.17	6.19
Deferred tax asset	**3,861.03**	**4,463.37**
A. Deferred tax asset (net)	76.67	177.56
B. MAT credit entitlement	2,992.90	2,301.22
Net deferred tax asset (net)	**3,069.57**	**2,478.78**

NOTES
to financial statements for the year ended March 31, 2020

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for year March 31, 2020 and March 31, 2019:

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Profit/(loss) before tax	4,064.76	4,844.90
Tax rate	29.12%	34.94%
Tax at statutory income tax rate	1,183.66	1,693.00
Effect of incomes taxable at nil/lower/MAT rate	(75.23)	(130.26)
MAT credit related to earlier years recognised in current year	-	(1,340.26)
DTA on unabsorbed depreciation and business loss not recognised last year	-	(1,701.88)
Effect due to rate change	(242.58)	-
Effect of non-deductible expenses	(20.89)	-
Net	**844.96**	**(1,479.40)**

9.2 Non-Current tax assets (net)

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Advance Income Tax (net of provision for taxation)	1,025.05	777.84
	1,025.05	**777.84**

10. Other non-current assets

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Unsecured, considered good		
Capital advances	6.78	7.95
Prepaid expenses (Refer note 39)	674.93	717.31
Unamortized portion of security deposits and loans	4,270.54	4,548.16
Total	**4,952.25**	**5,273.42**

11. Inventories

(valued at lower of cost and net realisable value)

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Food and beverages (excluding liquor and wine)	54.87	50.01
Liquor and wine	37.15	33.95
Stores, cutlery, crockery, linen, provisions and others	141.57	118.65
Total	**233.59**	**202.61**

Refer footnote to Note 16 for inventories pledged.

NOTES
to financial statements for the year ended March 31, 2020

12. Financial assets

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
(i) Trade receivables		
Trade receivables	7,979.20	4,966.53
	7,979.20	**4,966.53**
Break-up for security details:		
Trade receivables		
Unsecured, considered good	7,979.20	4,966.53
Doubtful	187.64	15.95
	8,166.84	**4,982.48**
Impairment Allowance (allowance for bad and doubtful debts)		
Doubtful	187.64	15.95
Total	**7,979.20**	**4,966.53**

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, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
(ii) Cash and cash equivalents		
Balance with banks		
On current accounts	1,168.93	1,016.94
Cash on hand	18.90	23.66
	1,187.83	**1,040.60**

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
(iii) Loans		
Unsecured, considered good		
Loans and advances to subsidiaries	3,498.83	4,717.83
	3,498.83	**4,717.83**

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
(iv) Other financial assets		
Unsecured, considered good		
Security deposits	0.68	300.68
	0.68	**300.68**

NOTES
to financial statements for the year ended March 31, 2020

13. Other current assets

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Advances recoverable	355.68	349.97
Unbilled revenue	1,097.21	732.33
Balance with statutory/ government authorities	381.50	266.16
Prepaid expenses (Refer note 39)	292.29	445.62
Unamortized portion of security deposits and loans	244.38	244.42
Total	**2,371.06**	**2,038.50**

14. Share capital

Authorised Share Capital	Equity shares	
	No. of shares	₹ in lakhs
At April 1, 2018	1,001,440,000	100,144.00
Increase/(decrease) during the year	-	-
At March 31, 2019	**1,001,440,000**	**100,144.00**
Increase/(decrease) during the year	-	-
At March 31, 2020	**1,001,440,000**	**100,144.00**

Authorised Share Capital	5% Redeemable Cumulative Preference Shares	
	No. of shares	₹ in lakhs
At April 1, 2018	145,000	145.00
Increase/(decrease) during the year	-	-
At March 31, 2019	**145,000**	**145.00**
Increase/(decrease) during the year	-	-
At March 31, 2020	**145,000**	**145.00**

Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Issued equity capital

Equity shares of ₹10 each issued, subscribed and fully paid	No. of shares	₹ in lakhs
At April 1, 2018	786,393,251	78,639.32
Issued during the year - Exercise of ESOP	5,833,781	583.38
Change in shares held by ESOP trust	(2,931,461)	(293.15)
At March 31, 2019	**789,295,571**	**78,929.55**
Change in shares held by ESOP trust	1,018,902	101.89
At March 31, 2020*	**790,314,473**	**79,031.44**

* excluding 19,31,991 equity shares (March 31, 2019: 29,50,893 shares) held by ESOP trust which has been consolidated in accordance with the requirement of IND AS 110. The movement is explained below :-

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to financial statements for the year ended March 31, 2020

	Share capital		Shares held by ESOP trust		Share capital (net)	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
At April 1, 2018	**786,412,683**	**78,641.26**	**19,432**	**1.94**	**786,393,251**	**78,639.32**
Issued during the year - Exercise of ESOP	5,833,781	583.38	-	-	5,833,781	583.38
Change in shares held by ESOP trust	-	-	2,931,461	293.15	(2,931,461)	(293.15)
At March 31, 2019	**792,246,464**	**79,224.64**	**2,950,893**	**295.09**	**789,295,571**	**78,929.55**
Change in shares held by ESOP trust	-	-	(1,018,902)	(101.89)	1,018,902	101.89
At March 31, 2020	**792,246,464**	**79,224.64**	**1,931,991**	**193.20**	**790,314,473**	**79,031.44**

Details of shareholders holding more than 5% shares in the Company

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares	% held as at March 31, 2020	No. of shares	% held as at March 31, 2019
Equity shares of ₹ 10 each fully paid up				
Maplewood Investment Limited	-	-	98,408,065	12.42%
Spank Management Services Private Limited	207,710,759	26.22%	207,685,759	26.21%
RJ Corp Limited	32,427,784	4.09%	53,427,784	6.74%
APG Strategic Real Estate Pool N.V.	118,730,914	14.99%	118,730,914	14.99%
SBI Large and Midcap Fund	67,482,790	8.52%	56,817,761	7.17%

Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 33.

Aggregate number of bonus share issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

	March 31, 2020	March 31, 2019
	No. of shares	No. of shares
Equity shares allotted as fully paid, pursuant to amalgamations	56,511,722	88,997,722
Equity shares allotted as fully paid bonus shares by capitalization of securities premium and capital redemption reserve	646,125,652	646,125,652

In addition, the Company has issued total 11,443,592 shares (March 31, 2019 : 11,501,015 shares) 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.

NOTES
to financial statements for the year ended March 31, 2020

15. Other equity

Securities premium	₹ in lakhs
At April 1, 2018	9,602.16
Additions on ESOPs excercised	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**
Change in shares held by ESOP trust	117.17
At March 31, 2020	**10,394.51**

Retained earnings	₹ in lakhs
At April 1, 2018	4,541.19
Profit for the year	6,306.58
At March 31, 2019	**10,847.77**
Profit for the year	3,229.52
Retrospective impact on INDAS 116*	(2,206.15)
At March 31, 2020	**11,871.14**

*refer note 32(a)

General reserve	₹ in lakhs
At April 1, 2018	3,035.24
Increase/(decrease) during the year	-
At March 31, 2019	**3,035.24**
Increase/(decrease) during the year	-
At March 31, 2020	**3,035.24**

Share-based payments	₹ in lakhs
At April 1, 2018	248.26
Add:- Expense for the year (Refer note 33)	93.16
Less:- transferred to securities premium on exercise of stock options	(341.42)
At March 31, 2019	**-**
Add:- Expense for the year (Refer note 33)	-
At March 31, 2020	**-**

Capital redemption reserve	₹ in lakhs
At April 1, 2018	45.00
Increase/(decrease) during the year	-
At March 31, 2019	**45.00**
Increase/(decrease) during the year	-
At March 31, 2020	**45.00**

NOTES
to financial statements for the year ended March 31, 2020

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Other reserves		
Securities premium	10,394.51	10,277.34
Retained earnings	11,871.14	10,847.77
General reserve	3,035.24	3,035.24
Capital redemption reserve	45.00	45.00
Total	**25,345.89**	**24,205.35**

Notes:

Securities premium: Securities premium comprises of premium receievd on issue of shares.

Retained earnings: Retained earnings represents balances of profit and loss at each year end.

General reserve: Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paidup capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn.

Share-based payments: The Company has one share option schemes 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 33 for further details of these plans.

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.

16. Borrowings

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Non-current borrowings		
Term Loans		
Loans from Banks (Secured)		
Kotak Mahindra Bank Limited (Refer footnote 1, 2, & 3 below)	892.66	1,317.51
Axis Bank Limited (Refer footnote 10 below)	2,805.10	-
RBL Bank Limited (Refer footnote 4 & 5 below)	-	3,140.25
HDFC Bank Limited (Refer footnote 7, 8 & 9 below)	19,917.36	19,917.27
Vehicle loans (Refer footnote 11 below)	241.88	222.04
Loans from financial institutions		
Aditya Birla Finance Limited (Refer footnote 6 below)	4,294.53	3,433.82
Total non-current borrowings	**28,151.53**	**28,030.89**

NOTES
to financial statements for the year ended March 31, 2020

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Current maturity of long term loans		
Kotak Mahindra Bank Limited (Refer footnote 1, 2, & 3 below)	435.10	663.29
Axis Bank Limited (Refer footnote 10 below)	401.37	-
RBL Bank Limited (Refer footnote 4 & 5 below)	-	599.95
HDFC Bank Limited (Refer footnote 7, 8 & 9 below)	969.13	1,466.43
Vehicle loans (Refer footnote 11 below)	52.33	77.74
Current maturity of loans from financial institutions		
Aditya Birla Finance Limited (Refer footnote 6 below)	90.00	70.00
Total current maturity of loans	**1,947.93**	**2,877.41**
Less: Amount clubbed under "other current financial liabilities"	(1,947.93)	(2,877.41)
Net current borrowings	-	-

NOTES
to financial statements for the year ended March 31, 2020

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

Footnotes to Note 16 "Borrowings"

Note	Lender	Amount Sanctioned ₹ in lakhs	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
1	Kotak Mahindra Bank Limited	567.00	8.95%	9.45% (interest rate @ 6 months MCLR rate+ 0.60%)	The loan is repayable in 60 monthly installments.	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, Sector-29, Gurgaon and commercial space at sector-60 Gurgaon (part portion of ground floor and entire third floor of Block-A). 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, Sector-29, Gurgaon and commercial space at sector-60 Gurgaon (part portion of ground floor and entire third floor of Block-A). on which bank has exclusive charge. c) Equitable Mortgage by way of exclusive charge on the plot of Land at Sector-29, Gurgaon owned by the borrower and commercial space at sector-60 Gurgaon(part portion of ground floor and entire third floor of Block-A). Also, exclusive charge over Moveable Fixed assets of the Hotel Property at Sector-29, Gurgaon and Commercial Space at Sector-60, Gurgaon.
2	Kotak Mahindra Bank Limited	103.00	8.95%	9.45% (interest rate @ 6 months MCLR rate+ 0.60%)	The loan is repayable in 60 montly installments.	
3	Kotak Mahindra Bank Limited	949.00	8.85%	9.35% (interest rate @ 6 months MCLR rate+ 0.50%)	The loan is repayable in 28 quarterly installments.	

NOTES
to financial statements for the year ended March 31, 2020

Note	Lender	Amount Sanctioned ₹ in lakhs	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
4	RBL Bank Limited	3,000.00	-	10.25%	The Loan was repayable in scattered quarterly installment beginning from March 2014, same has been repaid during the year.	The Company has satisfied following charge : (i) Exclusive charge on all the Project's immovable properties (except land), present and future. (ii) Exclusive charge by way of hypothecation of all the project's movables including movable plant & machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future. (iii) Exclusive charge on the project's book debts, operating cash flows, receivables, commissions, bank accounts (wherever held), revenues of whatever nature and wherever arising, present and future subject to prior charge of bankers on specified current assets for securing working capital facilities and subject to prior approval of bank. (iv) Exclusive charge by way of assignment or creation of charge in favour of the lender of - All the right, title, interest,benefits, claims and demands whatsoever of the borrower in agreements (developement agreement, management agreement, construction contract), duly acknowledged and consented to by the counter party; - All the rights,title, interest,benefits, claims and demands whatsoever of the borrower in clearances; - All the rights,title, interest,benefits, claims and demands whatsoever of the borrower in any letter of credit, guarantee, performance bond provided by any party to the project documents; - All insurance contracts/insurance proceeds; (v) All Cash Flow routing to be done through Collection account maintained with bank. (vi) Right of substitution and other rights under the Substituition Agreement, on pari passu basis with other lenders. (Project implies to Red Fox Hotel at Property No. 6, Hospitality District, Delhi International Airport, New Delhi)
5	RBL Bank Limited	2,420.00	-	9.80%	The loan was repayable in scattered quarterly installment. Same has been repaid during the year	

NOTES
to financial statements for the year ended March 31, 2020

Note	Lender	Amount Sanctioned ₹ in lakhs	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
6	Aditya Birla Finance Limited	4,500.00	9.70%	10.25% (linked with 1 year MCLR)	The loan is repayable in 44 structured quarterly installments after moratorium of 12 months from the date of 1st disbursement.	It is secured by: a) First exclusive charge on the Immovable Fixed Assets (both present and future) of the Red Fox Hotel Hyderabad, to provide a minimum cover of 1.50x at all times during the tenor of the loan. b) First exclusive charge on all the Movable Fixed Assets (both present and future) of the Red Fox Hotel Hyderabad. c) First exclusive charge on Escrow of entire cash flow of Red Fox Hotel Hyderabad. d) DPN
7	HDFC Bank Limited	2,100.00	9.20%	"9.60% (linked with 1 year MCLR)"	The loan is repayable in 39 step-up quarterly installments.	It is secured by : a) First charge on all the fixed assets, both present and future, of the hotel "Lemon Tree" at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh, including hypothecation of all movables and mortgage of leasehold rights on land admeasuring 0.46 acres and buildling thereon. b) A first & exclusive charge on Projects ("Lemon Tree" at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh) unencumbered-book debts,operating cash flows,receivables,comissions, banks accounts (whenever held) if any-present & future all revenues. c) Mortgage of leasehold rights of the projects ("Lemon Tree" at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh) land admeasuring 0.46 acre (2241.38 sq yrd) and building thereon.

NOTES
to financial statements for the year ended March 31, 2020

Note	Lender	Amount Sanctioned ₹ in lakhs	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
8	HDFC Bank Limited	10,000.00	9.00%	9.51% (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 Exclusive charge by way of equitable mortgage on Select properties. b) First exclusive charge by way of hypothecation in favor of the lender on all current assets and movable fixed assets including movable plant and machinery, machinery spares, tools and accessories, furniture and fixtures, vehicles and all other movable assets, present and future of Select Properties. Properties:- - Hotel Lemon Tree, Udyog Vihar - Hotel Lemon Tree, Pune - Hotel Lemon Tree, Ahemdabad - Hotel Lemon Tree, Chennai - Lemon Tree Premier, Bangalore
9	HDFC Bank Limited	11,100.00	8.60%	9.20% (linked with 1 year MCLR)	The loan shalll be repaid in 27 consecutive quarterly installments as per the schedule.	

NOTES
to financial statements for the year ended March 31, 2020

Note	Lender	Amount Sanctioned ₹ in lakhs	Carrying rate of Interest as at March 31, 2020	Carrying rate of Interest as at March 31, 2019	Repayment/ Modification of terms	Security/ Principal terms and conditions
10	Axis Bank Limited	3,615.00	9.15%	-	The Loan is repayable in 57 quarterly instalments.	It secured by: a) Exclusive charge over on movable and immovable properties and fixed assets, both present and future, pertaining to Red Fox Hotel situated at Asset No.6 Aerocity Hospitality District, New Delhi-110037(except project land). b) Exclusive charge by way of hypothecation of all the project's movables including movable plant & machinery, machinery spares, tools and accessories. c) Exclusive charge on the project's book debts, operating cash flows, receivables, commissions, bank accounts (wherever held), revenues of whatever nature and wherever arising, present and future subject to prior charge of bankers on specified current assets for securing working capital facilities and subject to prior approval of bank. d) Exclusive charge by way of assignment or creation of charge in favour of the lender of - All the right, title, interest,benefits, claims and demands whatsoever of the borrower in agreements (developement agreement, management agreement, construction contract), duly acknowledged and consented to by the counter party; - All the rights,title, interest,benefits, claims and demands whatsoever of the borrower in clearances; - All the rights,title, interest,benefits, claims and demands whatsoever of the borrower in any letter of credit, guarantee, performance bond provided by any party to the project documents - All insurance contracts/insurance proceeds; e) All Cash Flow routing to be done through Escrow Account maintained with bank. f) Right of substitution and other rights under the Substituition Agreement, on pari passu basis with other lenders.
11	Vehicle loan from HDFC Bank Limited, Axis Bank Limited & BMW Financial services	-	Rate of Interest of these loans ranges from 8.00% to 14.00%	Rate of Interest of these loans ranges from 8.00% to 14.00%	These loans are repaid on agreed monthly installments.	Vehicle loan is secured by hypothecation of underlying motor vehicle acquired out of such loans

(i) The Company has not defaulted in the repayment of loans and interest as at Balance Sheet date.

(ii) Bank loans availed by the Company are subject to certain covenants relating to interest coverage ratio, debt service coverage ratio, capital gearing ratio, fixed assets coverage ratio.

(iii) The Company has complied with the covenants as per the terms of the loan agreement.

NOTES
to financial statements for the year ended March 31, 2020

16 (a). Lease liabilities

Particulars	₹ in lakhs
Balance as at April 01, 2019	**16,508.41**
Additions during the year	-
Deletion during the year	-
Interest accrued during the year	1,549.43
Payment of lease liabilities	1,405.36
Balance as at March 31, 2020	**16,652.48**

Current *	**77.54**
Non-Current	16,574.94

* Lease Liability payable in FY 2020-21 is ₹ 1,437.54 lakhs and shown as follows Current Lease Liability ₹ 77.54 lakhs & interest payable of ₹ 1,360.00 lakhs

17. Provisions

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Provision for gratuity	**145.37**	**164.55**
Current	9.94	66.53
Non-current	135.43	98.02
Provision for compensated absences	**91.51**	**91.16**
Current	91.51	91.16
Non-current	-	-
Provision for litigations (Refer note 32)	**55.60**	**46.59**
Current	55.60	46.59
Non-current	-	-
Total current	**157.05**	**204.28**
Total non-current	**135.43**	**98.02**

18. Other non-current liabilities

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Reserve for lease equalisation	-	1,269.09
Total	-	1,269.09

19. Financial Liabilities

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
(i) Short term borrowings		
Cash credit from banks (Secured)	4,470.36	122.06
	4,470.36	**122.06**

NOTES
to financial statements for the year ended March 31, 2020

A The Cash credit facility and working capital loan from Kotak Mahindra Bank is repayable on demand and carries interest rate of 9.20% p.a. (March 31, 2019: 9.00% p.a.) and is secured by way of:

a) Exclusive charge on all existing and future current assets of the borrower's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon.

b) Subservient charge over all existing and future current assets of the Company except current assets of the Company's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon on which bank has exclusive charge.

c) Equitable Mortgage by way of exclusive charge on the plot of Land at Sector-29, Gurgaon owned by the borrower. Also, exclusive charge over Moveable Fixed assets of the Hotel Property at Sector-29, Gurgaon.

B The Cash credit facility and working capital loan from HDFC Bank Limited is repayable on demand and carries interest rate of 8.40% p.a. (March 31, 2019: 9.95%) and is secured by way of:

a) First Exclusive charge by way of equitable mortgage on Select properties.

b) First exclusive 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.

Select Properties:-

- Hotel Lemon Tree, Udyog Vihar
- Hotel Lemon Tree, Pune
- Hotel Lemon Tree, Ahemdabad
- Hotel Lemon Tree, Chennai
- Lemon Tree Premier, Bangalore

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
(ii) Trade payables		
Trade Payables		
-Micro and small enterprises	117.57	96.75
-Other than Micro, small and medium enterprises	4,465.96	4,690.14
	4,583.53	**4,786.89**

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
(iii) Other financial liabilities		
Current maturities of long-term borrowings*	1,947.93	2,877.41
Interest accrued but not due on borrowings**	57.94	-
Book overdraft	166.36	-
Other payables		
-Payable for capital goods	56.48	42.21
Total	**2,228.71**	**2,919.62**

NOTES
to financial statements for the year ended March 31, 2020

*Denotes current maturity for period September 1, 2020 to March 31, 2021 as Company has taken moratorium with reference to RBI Circular DOR.No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 , Circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 and DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020 for the period March 1, 2020 to August 31, 2020

** includes interest on secured loan of ₹ 57.94 lakhs as company has taken Moratorium with reference to RBI circular DOR. No.BP.BC.47/21.04.048/2019-20 dated March 27, 2020 , Circular DOR.No.BP.BC.63/21.04.048/2019-20 dated April 17, 2020 and DOR.No.BP.BC.71/21.04.048/2019-20 dated May 23, 2020 for the period March 1, 2020 to August 31, 2020

20. Other current liabilities

	As at March 31, 2020 ₹ in lakhs	As at March 31, 2019 ₹ in lakhs
Advance from customers	191.79	516.34
Deferred revenue- loyalty programme	15.78	17.12
Statutory dues	659.53	840.06
Total	**867.10**	**1,373.52**

21. Revenue from operations

	For the Year ended March 31, 2020 ₹ in lakhs	For the Year ended March 31, 2019 ₹ in lakhs
Revenue from operations		
Sale of products and services		
- Room rental	16,915.53	17,140.80
- Food and beverage (excluding liquor and wine)	2,471.20	2,651.33
- Liquor and wine	315.81	341.61
- Banquet rentals	115.83	258.20
- Telephone and telex	9.22	10.74
- Other Services (including service charge income)	1,470.46	1,653.34
Other Operating Revenue		
- Management fee	5,659.53	5,276.23
Revenue from operations	**26,957.58**	**27,332.25**

22. Other Income

	For the Year ended March 31, 2020 ₹ in lakhs	For the Year ended March 31, 2019 ₹ in lakhs
Profit on relinquishment of rights (refer note 42)	135.00	861.00
Income on account of Services Export Incentive	121.42	-
Profit on sale of Property, plant and equipment	2.40	-
Rent received	72.16	18.02
Profit on sale of shares/investment	35.57	30.56
Miscellaneous income	-	22.42
Total	**366.55**	**932.00**

NOTES
to financial statements for the year ended March 31, 2020

23. Cost of food and beverages consumed

	For the Year ended March 31, 2020 ₹ in lakhs	For the Year ended March 31, 2019 ₹ in lakhs
(a) Consumption of food and beverages excluding liquor and wine		
Inventory at the beginning of the year	50.01	57.64
Add: Purchases	1,561.36	1,641.63
	1,611.37	1,699.27
Less: Inventory at the end of the year	54.87	50.01
Cost of food and beverage consumed	**1,556.50**	**1,649.26**
(b) Consumption of liquor and wine		
Inventory at the beginning of the year	33.95	31.54
Add: Purchases	113.41	125.73
	147.36	157.27
Less: Inventory at the end of the year	37.15	33.95
Cost of liquor and wine consumed	**110.21**	**123.32**
Total	**1,666.71**	**1,772.58**

24. Employee benefits expense

	For the Year ended March 31, 2020 ₹ in lakhs	For the Year ended March 31, 2019 ₹ in lakhs
Salaries, wages and bonus	5,275.14	4,921.41
Contribution to provident fund and other funds	345.65	219.45
Share based payments to employees	-	93.16
Gratuity expense	40.23	30.14
Leave compensation expenses	13.45	30.34
Staff welfare expenses	473.94	470.38
Total	**6,148.41**	**5,764.88**

25. Other expenses

	For the Year ended March 31, 2020 ₹ in lakhs	For the Year ended March 31, 2019 ₹ in lakhs
Consumption of stores, cutlery, crockery, linen, provisions and others	641.71	642.28
Power and fuel	2,059.32	2,189.36
Guest transportation	306.67	362.46
Spa expenses	42.58	46.16
Subscription charges	63.86	43.42
Repair and maintenance		
- Buildings	205.45	270.64

NOTES
to financial statements for the year ended March 31, 2020

	For the Year ended March 31, 2020 ₹ in lakhs	For the Year ended March 31, 2019 ₹ in lakhs
- Plant and machinery	527.95	552.09
- Others	140.49	169.89
Rent (refer note 32(a)	453.15	1,959.60
License fees	200.00	187.30
Rates and taxes	420.26	387.99
Insurance	53.27	62.99
Communication costs	426.80	569.58
Printing and stationery	112.73	118.88
Traveling and conveyance	82.79	129.20
Vehicle running and maintenance	83.33	78.69
Advertisement and business promotion	104.81	111.18
Architect and design fee	198.89	665.83
Commission -other than sole selling agent	1,122.61	1,004.05
Security and cleaning expenses	546.16	525.34
Membership and subscriptions	20.13	20.62
Legal and professional fees	476.25	463.65
Freight and cartage	12.26	15.62
Donations *	-	3.90
Loss on sale of property, plant and equipment	-	0.82
Provision for doubtful debts	176.95	-
Payment to auditor (Refer note below)	72.00	72.00
Miscellaneous expenses	52.62	38.00
Total	**8,603.04**	**10,691.54**
Payment to auditor		
for statutory audit fees	41.00	41.00
for limited review	30.00	30.00
for tax audit	1.00	1.00
	72.00	**72.00**

*** Details of CSR expenditure:**	For the Year ended March 31, 2020 ₹ in lakhs	For the Year ended March 31, 2019 ₹ in lakhs
(a) Gross amount required to be spent by the company during the year	43.56	3.87
(b) Amount spent during the year ending on March 31, 2020:	In cash	Yet to be paid in cash*
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	-	43.56
(c) Amount spent during the year ending on March 31, 2019:	In cash	Yet to be paid in cash
i) Construction/acquisition of any asset	-	-
ii) On purposes other than (i) above	3.90	-

*Company has not found any adequate opportunity for spending the amount

NOTES
to financial statements for the year ended March 31, 2020

26. Finance costs

	For the Year ended March 31, 2020 ₹ in lakhs	For the Year ended March 31, 2019 ₹ in lakhs
Interest		
- on term loans from banks	2,656.67	2,887.41
- on loans from others	395.14	164.29
- on vehicle loans	24.96	25.77
- on other credit facilities from banks	24.09	201.48
- on lease liability	1,549.44	-
- on income tax	9.89	0.56
Prepayment charges	0.41	-
Bank charges (including commission on credit card collection)	154.90	200.48
Total	**4,815.50**	**3,479.99**

27. Finance income

	For the Year ended March 31, 2020 ₹ in lakhs	For the Year ended March 31, 2019 ₹ in lakhs
Interest Income from financial assets at amortised cost :		
- Bank Deposits	35.32	29.00
- Interest others	107.58	174.78
Fair value gain on investment at fair value through profit or loss	-	3.99
Interest on income tax refund	0.32	65.62
Total	**143.22**	**273.39**

28. Depreciation and amortization expense

	For the Year ended March 31, 2020 ₹ in lakhs	For the Year ended March 31, 2019 ₹ in lakhs
Depreciation on tangible assets	1,530.63	1,892.36
Amortization on intangible assets	98.31	87.00
Depreciation on investment properties	4.39	4.39
Depreciation on right to use asset	535.60	-
Total	**2,168.93**	**1,983.75**

29. Earnings per share (Basic and Diluted)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the 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:

NOTES
to financial statements for the year ended March 31, 2020

	For the Year ended March 31, 2020	For the Year ended March 31, 2019
Profit attributable to equity holders (for basic and diluted) (₹ in lakhs)	3,219.80	6,324.30
Weighted Average Number of Equity Shares (for basic and diluted)*	789,806,418	793,665,014
Basic and Diluted EPS	0.41	0.80

* The weighted average number of shares takes into account the weighted average effect of changes in share transactions during the year. The shares of the company has been listed on BSE Limited and National Stock Exchange of India Limited with effect from April 9, 2018.

30. Significant accounting judgements, estimates and assumptions

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

(i) Estimation of Uncertainties related to global health pandemic on COVID-19

The COVID-19 pandemic is affecting major economic and financial markets, and virtually all industries and governments are facing challenges associated with the economic conditions resulting from efforts to address it. As the spread of the pandemic increased, entities are experiencing conditions often associated with a general economic downturn. In many countries, there has been severe disruption in regular business operations due to lockdown, travel bans, quarantines and other emergency measures. Currently there is a particularly high degree of uncertainty about the ultimate trajectory of the pandemic and the path and time needed for a return to a "steady state." The continuation of these circumstances could have a prolonged negative impact on the financial condition and results of operations.

For the year ended March 31, 2020 the Company has considered possible effects due to COVID 19 in its assessment of the going concern assumption and liquidity position for the next one year, recoverability of assets comprising Property, Plant and Equipment (PPE), trade receivables and investment in subsidiaries and associates (investments) as at the balance sheet date.

The Management have assessed the effect of these macro-economic conditions into their estimates of future cash flows to make good-faith estimates for determining the values of the Company's assets including investments and liabilities. The Management has carefully considered these unique circumstances and risk exposures when analyzing how recent events may affect their financial reporting to develop estimates considering all available relevant information.

Specifically for investments, the Management has considered the following in its evaluation:

- The industry in which the investee entity operates
- The geographic location of the investee entity
- The size of the investee entity
- The quantitative significance of the investee entity
- Other factors specific to the investee entity
- Liquidity risk premiums
- Appropriateness of valuation techniques and inputs used including current market assessment of credit risk and liquidity risk.

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While assessing the recoverable amount of PPE and investments, the Company has used significant assumptions such as hotel occupancy rates, average room rate per hotel, terminal growth rate and weighted average cost of capital. For assessing the recoverable amount of trade receivables, the Company has calculated the expected credit loss from the debtors considering amount to be realized from them in future after factoring the impact on credit risk due to COVID 19.

Management has also taken various cost savings initiatives during the months of April and May 2020, which will have a positive impact going forward. Management believes that the easing of lockdown in India including domestic flight operations and expected increase in business travel would be beneficial for the Company. Further, the Company also has undrawn lines of credit amounting to ₹ 490 lakhs as of date.

Management believes that it has taken into account the possible impact of known events arising from COVID 19 pandemic in the preparation of theses financial statements. The associated economic impact of the pandemic is highly dependent on variables that are difficult to predict including the degree to which governments may further restrict business and other activities. The impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration and actual results may differ materially from these estimates. The Company will continue to monitor any material changes to future economic conditions and any significant impact of these changes would be recognized in the financial statements as and when these material changes to economic conditions arise. The management believes that it will not have negative impact on future cash flows and the financial position of the Company.

Based on a collective assessment of the above factors management believes that the Company will continue as a going concern for the next one year, has enough liquidity to meet its obligations and based on fair value assessment will be able to recover the carrying amount of its assets as on March 31, 2020.

Estimation of Uncertainties related to global health pandemic on COVID-19

Critical judgements, estimates and assumptions

1. **Impairment of property, plant and equipment**

Each hotel property is an identifiable asset that generates cash inflows and is independent of the cash inflows of the other hotel properties, hence identified as cash generating units. The Company assesses the carrying amount of hotel properties (CGU) to determine whether there is any indication that those assets have suffered an impairment loss. Where the carrying amount of CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. An impairment loss (if any) is recognised in the statement of profit and loss.

While assessing the recoverable amount, the Company used the discounted cash flow approach including various significant estimates and assumptions such as forecast of future revenue, operating margins, growth rate and selection of the discount rates. The key assumptions used for the calculations are as follows:

Particulars	As at March 31, 2020
Discount Rate (pre tax rate of WACC)	12.50%
Long Term Growth Rate	5.50%

As at March 31, 2020, the estimated recoverable amount of the CGU exceeded its carrying amount and the change in estimated future economic conditions on account of possible effects relating to COVID-19 is unlikely to cause the carrying amount to exceed the recoverable amount of the CGU.

2. **Impairment of Investment in subsidiaries and associates**

The Company assesses the carrying amounts of investment in subsidiaries and associates to determine whether there is any indication that those investments have suffered an impairment loss. Where the carrying amount of investments exceed its recoverable amount, the investment is considered impaired and is written down to its recoverable amount. An impairment loss (if any) is recognised in the statement of profit and loss.

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While assessing the recoverable amount, the Company used the discounted cash flow approach including various significant assumptions such as such as forecast of future revenue, operating margins, growth rate and selection of the discount rates. The key assumptions used for the calculations are as follows:

Particulars	As at March 31, 2020
Discount Rate *(pre tax rate of WACC)*	12.50%
Long Term Growth Rate	5.50%

As at March 31, 2020, the estimated recoverable amount of the investments exceeded its carrying amount and the change in estimated future economic conditions on account of possible effects relating to COVID-19 is unlikely to cause the carrying amount to exceed the recoverable amount of the investments.

3. **Leases**

The Company has taken certain land and land & building on long term lease basis. The lease agreements generally have an escalation clause and are generally non-cancellable. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company evaluates if an arrangement qualifies to be a lease as per the requirements of IND AS 116. Identification of a lease requires judgment. The Company uses judgement in assessing the lease term and the applicable discount rate. The discount rate is generally based on the incremental borrowing rate.

4. **Loss Allowance on trade receivables**

An impairment analysis of trade receivables is performed at each reporting period based on the Company's history of collections, customer's creditworthiness, existing market conditions as well as forward looking estimates. In calculating expected credit loss, the Company has also considered the likelihood of consequential default considering emerging situations due to COVID-19 and has taken into account estimates of possible effect from the pandemic relating to COVID-19. Basis this assessment, the allowance for doubtful trade receivables as at March 31, 2020 is considered adequate.

31. 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.

₹ In lakhs

Benefit Liability	March 31, 2020	March 31, 2019
Gratuity plan	145.36	164.55
Total	**145.36**	**164.55**

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.

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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.

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Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2020:

	Opening Balance	Cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income						₹ in lakhs
	April 1, 2019	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, 2020
Defined benefit obligation	313.50	29.33	20.73	50.06	(15.11)	-	-	7.43	(16.45)	(9.02)	-	339.43
Fair value of plan assets	148.95	-	9.83	9.83	(15.11)	0.70	-	-	-	0.70	49.70	194.07
Benefit liability	**164.55**	**29.33**	**10.90**	**40.23**	-	**(0.70)**	-	**7.43**	**(16.45)**	**(9.72)**	**(49.70)**	**145.36**

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2019:

	Opening Balance	Cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income						₹ in lakhs
	April 1, 2018	Service cost	Net interest expense/ income	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial 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**

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The major categories of plan assets of the fair value of the total plan assets are as follows:

	March 31, 2020	March 31, 2019
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, 2020	March 31, 2019
Discount rate:		
Pension plan	5.00%	6.60%
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, 2020 is as shown below:

India gratuity plan:

₹ in lakhs

Assumptions	March 31, 2020	March 31, 2020	March 31, 2020	March 31, 2020
	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	4.74	5.06	5.01	4.77

A quantitative sensitivity analysis for significant assumption as at March 31, 2019 is as shown below:

₹ in lakhs

Assumptions	March 31, 2019	March 31, 2019	March 31, 2019	March 31, 2019
	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

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years. ₹ in lakhs

Duration (Years)	For the year ended March 31, 2020	For the year ended March 31, 2019
1	227.86	213.56
2	35.35	32.59
3	24.60	26.79
4	19.55	18.71
5	16.74	14.75
Above 5	44.76	42.16
Total expected payments	**368.87**	**348.56**

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The average duration of the defined benefit plan obligation at the end of the reporting period is 2 years (March 31, 2019: 2 years).

32. 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.

Transition to Ind AS 116

Effective April 1, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all Lease contracts existing on April 1, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard has been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application. Comparatives as at March 31, 2019 and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included in the audited financial statements for the year ended March 31, 2019.

Company as a lessee:

For transition, the Company has assessed whether the contract is, or contains, the lease. The Company has elected not to apply the requirements of IND AS 116 to leases for which the underlying asset is of low value on a lease-by-lease basis and the leases with less than 12 months of lease term on the date of initial application. The Company has used a single discount rate to a portfolio of leases with similar characteristics. The Company has applied its incremental borrowing rate for lease liabilities recognised in the balance sheet at the date of initial application.

The weighted average of incremental borrowing rate applied to lease liabilities, as at April 01, 2019 is 9.39%.

On transition, the Company recognised a lease liability measured at the present value of the remaining lease payments as at April 1, 2019. The right-of-use asset is recognised at its carrying amount as if the standard has been applied since the commencement of the lease, but discounted using the lessee's incremental borrowing rate as at April 1, 2019. Accordingly, a right-of-use asset of ₹ 12,289.09 lakhs and a corresponding lease liability of ₹ 16,508.41 lakhs has been recognized. The cumulative effect on transition in retained earnings net of taxes is ₹ 2,206.16 lakhs (including a deferred tax of ₹ 744.07 lakhs). On application of Ind AS 116, the nature of expenses has changed from lease rent in previous periods to depreciation cost for the right-of-use asset, and finance cost for interest accrued on lease liability.

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The impact of Ind AS 116 as at 1st April 2019 on the balance sheet line items is as follows:

₹ in lakhs

Particulars	As at April 1, 2019 (Before Ind AS 116)	Ind AS 116 Adjustments	As at April 1, 2019(Post IND AS)
Assets			
Non-current assets			
Right of use assets	-	12,289.09	12,289.09
Deferred tax assets (net)	484.59	744.07	1,228.66
Total Assets	484.59	13,033.16	13,517.75
Equity and Liabilities			
Other Equity	(784.50)	(2,206.16)	(2,990.66)
Non-Current			
Financial liabilities			
Lease Liabilities	-	16,508.41	16,508.41
Other current liabilities	1269.09	(1269.09)	-
Current			
Financial liabilities			
Lease Liabilities	-	-	-
Total Equity and Liabilities	**484.59**	**13,033.16**	**13,517.75**

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, 2020 ₹ 295.84 lakhs (March 31, 2019 ₹ 360.79 lakhs).

c. Contingent liabilities

Legal claim contingency

₹ in lakhs

	As at March 31, 2020	As at March 31, 2019
Service tax	113.55	113.55
Luxury tax	36.00	36.00
Total	**149.55**	**149.55**

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 earlier year, the Company has taken building on lease from one of the subsidiary companies for which South Delhi Municipal Corporation ('the Authority') has raised demand of ₹ 68.20 lakhs (for the financial Years 2010-11 to financial years 2013-2014) towards annual value in respect of the hotel property situated in Hospitality District, Aerocity. Considering that the area occupied by the Company is 41% of the hotel property, it has made provision of ₹ 55.60 lakhs in this regard.

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e. Note on Provident Fund:

Based upon the legal opinion obtained by the management, company is not required to create provisions in books of accounts in view of the judgement of the Hon'ble Supreme court in the case of Vivekananda Vidyamandir vs Regional Provident Fund Commissioner (II), West Bengal and subsequent dismissal of review petition by Hon'ble Supreme court in the case of review petition No. 001972-001973/2019 in civil appeal 3965-3966 in the matter of Surya Roshni Ltd Vs Employees Provident Fund and Another.

Considering the equitable cause, the High Courts may give prospective effect to the judgement which can be done in exercise of inherent powers of High Court under Article 226 of the constitution of India.

In case of the Company, retrospective effect is remote and at present uniformity is maintained across all brands/grades.

f. Financial guarantees

The Company has issued financial guarantees to banks on behalf of and in respect of term loan facilities availed by its group companies for construction of new hotel project. In accordance with the policy of the Company (refer note 2.2(p)) the Company has designated such guarantees as 'Insurance Contracts' and classified them as contingent liabilities. Since these financial guarantees are an integral element of debts held by entities, hence, these have not been accounted for separately.

Accordingly, there are no assets and liabilities recognized in the balance sheet under these contracts. Refer below for details of the financial guarantees issued:

₹ in lakhs

Financial guarantees	Loan Outstanding As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
Canary Hotels Private Limited	2,112.00	2,350.00	2,350.00
Hyacinth Hotels Private Limited	4,955.00	8,605.00	8,605.00
Sukhsagar Complexes Private Limited	3,210.50	4,300.00	4,300.00
Oriole Dr. Fresh Hotels Private Limited	2,407.50	2,500.00	2,500.00
Nightingale Hotels Private Limited	4,983.00	5,302.00	5,302.00
Fleur Hotels Private Limited	73,195.04	80,000.00	49,500.00
Meringue Hotels Private Limited (merged with Fleur Hotels Private Limited)	-	-	22,000.00
Total	**90,863.04**	**103,057.00**	**94,557.00**

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33. Employee Stock Option Plans:

a) Stock options granted on and after April 1, 2006.

The Company has provided various share-based payment schemes to its employees. During the year ended March 31, 2020 ESOP Scheme 2006 is 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:

	April'19 to March'20		April'18 to March'19	
	Number of Options	Weighted Average Exercise Price (₹)	Number of Options	Weighted Average Exercise Price(₹)
Outstanding at the beginning of the year	-	-	5,833,781	21.50
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	5,833,781	21.50
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-

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34. 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
	- Berggruen Hotels Private Limited(w.e.f November 1, 2019)
	- 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
	- Grey Fox Project Management Company Private Limited
	- Canary Hotels Private Limited
	- Valerian Management Services Private Limited
	- Ophrys Hotels Private Limited
	- Iora Hotels Private Limited
	- Inovoa Hotels and Resorts Limited
	- Bandhav Resorts Private Limited
	- Hamstede Living Private Limited (from December 6, 2018 to March 12, 2019)
	- Poplar Homestead Holdings Private Limited
	- Madder Stays Private Limited
	- Jessamine Stays Private Limited
	- Meringue Hotels Private Limited (merged with Fleur Hotels Private Limited appointed date April 1, 2019)
Key Management Personnel	- Mr. Patanjali Govind Keswani (Chairman and Managing Director)
	- Mr. Rattan Keswani (Deputy Managing Director)
	- 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. Willem Albertus Hazeleger (Director)
	- Mr. Aditya Madhav Keswani (Director)
	- Mr. Pradeep Mathur (Independent Director)
	- Mr. Paramartha Saikia (Independent Director)
	- Ms. Freyan Jamshed Desai (Independent Director)

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	- Mr. Ashish Kumar Guha(Independent Director)
	- Mr. Arvind Singhania (Independent Director)
	- Mr. Arindam Kumar Bhattacharya (Independent Director) (w.e.f 11th April, 2019)
Enterprise in which director is common	- Alisha Retail Private Limited
	- Varun Beverages Limited
Associate	- Mind Leaders Learning India Private Limited
	- Pelican Facilities Management Private Limited
	- Hamstede Living Private Limited (w.e.f March 13, 2019)
	- Glendale Marketing Services Private Limited (formerly known as Vulture Management Services Private Limited) (w.e.f December 10, 2019)

Additional related parties as per Companies Act 2013 with whom transactions have taken place during the year:

Chief Financial Officer : Mr. Kapil Sharma

Company Secretary : Mr. Nikhil Sethi

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

₹ in lakhs

Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel	Associate	Enterprise in which Director is common
Reimbursement of expenses paid on behalf of party					
Fleur Hotels Private Limited	**31-Mar-20**	**10.72**	-	-	-
	31-Mar-19	5.48	-	-	-
Hyacinth Hotels Private Limited	**31-Mar-20**	**1.74**	-	-	-
	31-Mar-19	1.82	-	-	-
Manakin Resorts Private Limited	**31-Mar-20**	**4.34**	-	-	-
	31-Mar-19	-	-	-	-
Begonia Hotels Private Limited	**31-Mar-20**	**2.52**	-	-	-
	31-Mar-19	0.53	-	-	-
Carnation Hotels Private Limited	**31-Mar-20**	-	-	-	-
	31-Mar-19	7.89	-	-	-
Nightingale Hotels Private Limited	**31-Mar-20**	**0.97**	-	-	-
	31-Mar-19	-	-	-	-
Celsia Hotels Private Limited	**31-Mar-20**	**1.00**	-	-	-
	31-Mar-19	0.90	-	-	-
Meringue Hotels Private Limited(merged with Fleur Hotels Private Limited)	**31-Mar-20**	-	-	-	-
	31-Mar-19	17.37	-	-	-
Others	**31-Mar-20**	**2.46**	-	-	-
	31-Mar-19	2.14	-	-	-

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₹ in lakhs

Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel	Associate	Enterprise in which Director is common
Amount Received by the Party on behalf of the company					
Fleur Hotels Private Limited	**31-Mar-20**	-	-	-	-
	31-Mar-19	3.94	-	-	-
Celsia Hotels Private Limited	**31-Mar-20**	-	-	-	-
	31-Mar-19	1.60	-	-	-
Nightingale Hotels Private Limited	**31-Mar-20**	**1.69**	-	-	-
	31-Mar-19	1.08	-	-	-
Inovoa Hotels and Resorts Limited	**31-Mar-20**	-	-	-	-
	31-Mar-19	0.95	-	-	-
Canary Hotels Private Limited	**31-Mar-20**	-	-	-	-
	31-Mar-19	0.28	-	-	-
Oriole Dr Fresh Hotels Private Limited	**31-Mar-20**	**0.35**	-	-	-
	31-Mar-19	-	-	-	-
Amount Received by the Company on behalf of the Party					
Begonia Hotels Private Limited	**31-Mar-20**	**1.38**	-	-	-
	31-Mar-19	3.50	-	-	-
Hyacinth Hotels Private Limited	**31-Mar-20**	**5.64**	-	-	-
	31-Mar-19	3.38	-	-	-
Sukhsagar Complexes Private Limited	**31-Mar-20**	**0.40**	-	-	-
	31-Mar-19	0.88	-	-	-
Fleur Hotels Private Limited	**31-Mar-20**	**94.08**	-	-	-
	31-Mar-19	-	-	-	-
Others	**31-Mar-20**	**4.53**	-	-	-
	31-Mar-19	0.13	-	-	-
Loans (given)					
Fleur Hotels Private Limited	**31-Mar-20**	**707.00**	-	-	-
	31-Mar-19	-	-	-	-
Meringue Hotels Private Limited (merged with Fleur Hotels Private Limited)	**31-Mar-20**	-	-	-	-
	31-Mar-19	4,310.00	-	-	-
Canary Hotels Private Limited	**31-Mar-20**	**25.00**	-	-	-
	31-Mar-19	105.00	-	-	-
Carnation Hotels Private Limited	**31-Mar-20**	-	-	-	-
	31-Mar-19	78.00	-	-	-
Sukhsagar Complexes Private Limited	**31-Mar-20**	**205.00**	-	-	-
	31-Mar-19	300.00	-	-	-
Others	**31-Mar-20**	**48.00**	-	-	-
	31-Mar-19	107.61	-	-	-

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₹ in lakhs

Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel	Associate	Enterprise in which Director is common
Repayment of Loan Given					
Fleur Hotels Private Limited	**31-Mar-20**	**1,879.00**	**-**	**-**	**-**
	31-Mar-19	1,150.00	-	-	-
Meringue Hotels Private Limited (merged with Fleur Hotels Private Limited)	**31-Mar-20**	**-**	**-**	**-**	**-**
	31-Mar-19	1,150.00	-	-	-
Oriole Dr. Fresh Hotels Private Limited	**31-Mar-20**	**-**	**-**	**-**	**-**
	31-Mar-19	60.00	-	-	-
Others	**31-Mar-20**	**325.00**	**-**	**-**	**-**
	31-Mar-19	595.00	-	-	-
Services obtained (Net of TDS)					
Grey Fox Project Management Company Private Limited	**31-Mar-20**	**339.26**	**-**	**-**	**-**
	31-Mar-19	465.36	-	-	-
Valerian Management Services Private Limited	**31-Mar-20**	**71.06**	**-**	**-**	**-**
	31-Mar-19	65.34	-	-	-
Lease Rent Paid (net of tax)					
Hyacinth Hotels Private Limited	**31-Mar-20**	**210.05**	**-**	**-**	**-**
	31-Mar-19	199.10	-	-	-
Rent Received (Gross)					
Hamstede Living Private Limited	**31-Mar-20**	**-**	**-**	**34.49**	**-**
	31-Mar-19	-	-	1.86	-
Carnation Hotels Private Limited	**31-Mar-20**	**19.56**	**-**	**-**	**-**
	31-Mar-19	-	-	-	-
Mind Leaders Learning India Private Limited	**31-Mar-20**	**-**	**-**	**26.52**	**-**
	31-Mar-19	-	-	-	-
Sale of Services					
Hamstede Living Private Limited	**31-Mar-20**	**-**	**-**	**21.89**	**-**
	31-Mar-19	-	-	1.80	-
Purchase of Goods					
Alisha Retail Private Limited	**31-Mar-20**	**-**	**-**	**-**	**-**
	31-Mar-19	-	-	-	3.35
Varun Beverages Limited	**31-Mar-20**	**-**	**-**	**-**	**-**
	31-Mar-19	-	-	-	4.80
Fleur Hotels Private Limited	**31-Mar-20**	**2.54**	**-**	**-**	**-**
	31-Mar-19	-	-	-	-
Reimbursement of expenses incurred on company's behalf					
Hyacinth Hotels Private Limited	**31-Mar-20**	**207.39**	**-**	**-**	**-**
	31-Mar-19	297.45	-	-	-
Sukhsagar Complexes Private Limited	**31-Mar-20**	**0.13**	**-**	**-**	**-**
	31-Mar-19	-	-	-	-

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₹ in lakhs

Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel	Associate	Enterprise in which Director is common
Remuneration paid					
Mr. Patanjali G Keswani	**31-Mar-20**	**-**	**348.47**	**-**	**-**
	31-Mar-19	-	338.56	-	-
Mr. Kapil Sharma	**31-Mar-20**	**-**	**113.68**	**-**	**-**
	31-Mar-19	-	116.47	-	-
Mr. Nikhil Sethi	**31-Mar-20**	**-**	**38.23**	**-**	**-**
	31-Mar-19	-	44.45	-	-
Sitting Fee paid					
Mr. Arvind Singhania	**31-Mar-20**	**-**	**0.50**	**-**	**-**
	31-Mar-19	-	0.60	-	-
Mr. Ashish Kumar Guha	**31-Mar-20**	**-**	**1.75**	**-**	**-**
	31-Mar-19	-	1.00	-	-
Ms. Freyan Jamshed Desai	**31-Mar-20**	**-**	**1.55**	**-**	**-**
	31-Mar-19	-	0.80	-	-
Mr. Gopal Sitaram Jiwarajka	**31-Mar-20**	**-**	**-**	**-**	**-**
	31-Mar-19	-	1.20	-	-
Mr. Paramartha Saikia	**31-Mar-20**	**-**	**2.05**	**-**	**-**
	31-Mar-19	-	1.00	-	-
Mr. Pradeep Mathur	**31-Mar-20**	**-**	**1.50**	**-**	**-**
	31-Mar-19	-	1.00	-	-
Interest Received					
Grey Fox Project Management Company Private Limited	**31-Mar-20**	**3.69**	**-**	**-**	**-**
	31-Mar-19	0.97	-	-	-
Carnation Hotels Private Limited	**31-Mar-20**	**4.00**	**-**	**-**	**-**
	31-Mar-19	47.05	-	-	-
Hamstede Living Private Limited	**31-Mar-20**	**-**	**-**	**-**	**-**
	31-Mar-19	0.07	-	-	-
Guarantees given for Loan Taken By					
Fleur Hotels Private Limited	**31-Mar-20**	**80,000.00**	**-**	**-**	**-**
	31-Mar-19	49,500.00	-	-	-
Meringue Hotels Private Limited (merged with Fleur Hotels Private Limited)	**31-Mar-20**	**-**	**-**	**-**	**-**
	31-Mar-19	22,000.00	-	-	-
Canary Hotels Private Limited	**31-Mar-20**	**2,350.00**	**-**	**-**	**-**
	31-Mar-19	2,350.00	-	-	-
Hyacinth Hotels Private Limited	**31-Mar-20**	**8,605.00**	**-**	**-**	**-**
	31-Mar-19	8,605.00	-	-	-
Sukhsagar Complexes Private Limited	**31-Mar-20**	**4,300.00**	**-**	**-**	**-**
	31-Mar-19	4,300.00	-	-	-
Oriole Dr. Fresh Hotels Private Limited	**31-Mar-20**	**2,500.00**	**-**	**-**	**-**
	31-Mar-19	2,500.00	-	-	-

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₹ in lakhs

Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel	Associate	Enterprise in which Director is common
Nightingale Hotels Private Limited	**31-Mar-20**	**5,302.00**	-	-	-
	31-Mar-19	5,302.00	-	-	-
Subscription to Share Capital					
Fleur Hotels Private Limited in Equity Shares	**31-Mar-20**	**6,088.03**	-	-	-
	31-Mar-19	-	-	-	-
Meringue Hotels Private Limited in Equity Shares(merged with Fleur Hotels Private Limited)	**31-Mar-20**	-	-	-	-
	31-Mar-19	506.55	-	-	-
Hamstede Living Private Limited in Equity Shares	**31-Mar-20**	-	-	-	-
	31-Mar-19	-	-	15.00	-
Hamstede Living Private Limited in Preference shares	**31-Mar-20**	-	-	**600.00**	-
	31-Mar-19	-	-	270.00	-
Others	**31-Mar-20**	-	-	-	-
	31-Mar-19	3.00	-	-	-
Sale of Investment					
Carnation Hotels Private Limited	**31-Mar-20**	-	-	-	-
	31-Mar-19	2.35	-	-	-
Management Fees Received (including GST)					
Celsia Hotels Private Limited	**31-Mar-20**	**279.59**	-	-	-
	31-Mar-19	291.62	-	-	-
Fleur Hotels Private Limited	**31-Mar-20**	**3,423.21**	-	-	-
	31-Mar-19	3,111.01	-	-	-
Hyacinth Hotels Private Limited	**31-Mar-20**	**626.14**	-	-	-
	31-Mar-19	635.97	-	-	-
Nightingale Hotels Private Limited	**31-Mar-20**	**313.78**	-	-	-
	31-Mar-19	273.82	-	-	-
Canary Hotels Private Limited	**31-Mar-20**	**65.65**	-	-	-
	31-Mar-19	90.26	-	-	-
Berggruen Hotels Private Limited	**31-Mar-20**	**298.06**	-	-	-
	31-Mar-19	-	-	-	-
Hamstede Living Private Limited	**31-Mar-20**	-	-	**141.60**	-
	31-Mar-19	-	-	-	-
Others	**31-Mar-20**	**408.85**	-	-	-
	31-Mar-19	476.26	-	-	-
Trademark Fee (including GST)					
Carnation Hotels Private Limited	**31-Mar-20**	**29.90**	-	-	-
	31-Mar-19	-	-	-	-
Assignment of Trade Marks (including GST)					

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₹ in lakhs

Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel	Associate	Enterprise in which Director is common
Berggruen Hotels Private Limited	**31-Mar-20**	**112.00**	-	-	-
	31-Mar-19	-	-	-	-
Training Fees Paid(Net of TDS)					
Mind Leaders Learning India Private Limited	**31-Mar-20**	-	-	**94.80**	-
	31-Mar-19	-	-	108.27	-
Balances outstanding at the year end					
Fleur Hotels Private Limited	**31-Mar-20**	**7,295.92**	-	-	-
	31-Mar-19	2,480.86	-	-	-
Meringue Hotels Private Limited (merged with Fleur Hotels Private Limited)	**31-Mar-20**	-	-	-	-
	31-Mar-19	3,971.78	-	-	-
Canary Hotels Private Limited	**31-Mar-20**	**206.50**	-	-	-
	31-Mar-19	203.98	-	-	-
Hamstede Living Private Limited	**31-Mar-20**	-	-	**135.43**	-
	31-Mar-19	-	-	-	-
Carnation Hotels Private Limited	**31-Mar-20**	**37.94**	-	-	-
	31-Mar-19	265.57	-	-	-
Hyacinth Hotels Private Limited	**31-Mar-20**	**4,247.58**	-	-	-
	31-Mar-19	3,734.84	-	-	-
Berggruen Hotels Private Limited	**31-Mar-20**	**160.80**	-	-	-
	31-Mar-19	-	-	-	-
Others	**31-Mar-20**	**1,145.66**	**1.34**	**8.78**	-
	31-Mar-19	672.35	0.95	6.44	-

Terms and conditions of transactions with related parties

Outstanding balances with related parties at the year-end are unsecure and settlement occurs in cash. For the year ended March 31, 2020, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2019: 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.

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35. Fair value measurement

This section gives an overview of the significance of financial instruments for the Company and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument.

a. Financial Assets (other than equity investment/ deemed investment in subsidiaries and associates carried at cost)

₹ in lakhs

	March 31, 2020		March 31, 2019	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Assets				
Trade Receivables	-	7,979.20	-	4,966.53
Security Deposits (non-current)	-	1,163.58	-	1,060.52
Security Deposits (current)		0.68		300.68
Fixed Deposits under Lien	-	250.17	-	253.10
Cash and Cash Equivalents	-	1,187.83	-	1,040.60
Interest accrued on deposit with banks	-	254.54	-	222.67
Loans (non-current)	-	118.88	-	171.11
Loans (current)		3,498.83		4,717.83
Investments	856.54	-	1,449.13	-
Total Financial Assets (other than equity investment/ deemed investment in subsidiaries carried at cost)	**856.54**	**14,453.71**	**1,449.13**	**12,733.04**

Note: The financial assets above do not include investments in subsidiaries and associates which are measured at cost in accordance with Ind AS 101 and Ind AS 27.

b. Financial Liabilities

₹ in lakhs

	March 31, 2020		March 31, 2019	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Liabilities				
Borrowings(Non Current)	-	28,151.53	-	28,030.89
Borrowings(Current)	-	4,470.36	-	122.06
Trade Payables	-	4,583.63	-	4,786.89
Lease Liability(Non Current)	-	16,574.94	-	-
Lease Liability(Current)	-	77.54	-	-
Other Current Financial Liabilities	-	2,228.71	-	2,919.62
Total Financial Liabilities		**56,086.61**	**-**	**35,859.46**

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.

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to financial statements for the year ended March 31, 2020

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

i) **Level 1**

Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

ii) **Level 2**

Inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.

iii) **Level 3**

Inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

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

Financial assets and liabilities measured at fair value

₹ in lakhs

	March 31, 2020			
	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	-	-	214.87	214.87
Investment in Quoted Mutual Funds	441.37	-	-	441.37
Total	**441.37**	**-**	**415.17**	**856.54**

₹ 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**

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,

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credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

- The fair values of compulsorily redeemable preference shares of subsidiaries have been estimated using the fair valuation by independent valuer. The valuation requires management to make certain assumptions about the interest rate, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2020 and 31 March, 2019 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 2020:** 11.22% - 12.12%
			31 March 2019: 11.22% - 12.12%
		Expected dividends	**31 March 2020:** 0% - 5%
			31 March 2019: 0% - 5%

36. 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.

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₹ In lakhs

	March 31, 2020	March 31, 2019
Variable rate borrowings	34,275.61	30,730.57
Fixed rate borrowings	294.21	299.79

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/decrease in basis points	Effect on profit before tax ₹ In lakhs
31-March-20		
₹	50	100.06
₹	-50	(100.06)
31-March-19		
₹	50	171.29
₹	-50	(171.29)

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 12. The Company does not hold collateral as security.

₹ in lakhs

Ageing	March 31, 2020	March 31, 2019
Not due	-	-
0-60 days past due	4,394.97	3,508.75
61-120 days past due	1,025.91	509.18
121-180 days past due	246.37	375.98
180-365 days past due	940.00	234.32
365-730 days past due	1,371.95	338.30
more than 730 days	-	-
	7,979.20	**4,966.53**

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Provision for doubtful debts (including provision for expected credit loss)

₹ in lakhs

Ageing	March 31, 2020	March 31, 2019
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	187.64	15.95

Reconciliation of provision for doubtful debts – Trade receivables (including provision for expected credit loss)

₹ in lakhs

Particulars	March 31, 2020	March 31, 2019
Provision at beginning	15.95	15.95
Addition during the year	171.69	-
Reversal during the year	-	-
Utilised during the year	-	-
Provision at closing	187.64	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, 2020 and March 31,2019 is the carrying amount as given in Note 12.

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, 2020, the company had available ₹ 490 lakhs (March 31, 2019: ₹ 2,430 lakhs) of undrawn committed borrowing facilities.

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

₹ in lakhs

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended March 31, 2020						
Borrowings	4,470.36	-	1,947.93	16,125.74	12,025.79	34,569.82
Trade and other payables	4,583.73	-	-	-	-	4,583.73
Other Financial Liabilities	280.78	-	-	-	-	280.78
	9,334.87	**-**	**1,947.93**	**16,125.74**	**12,025.79**	**39,434.33**
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**

The table provides details regarding the contractual maturities of lease liabilities on undiscounted basis

Particulars	As at March 31, 2020	As at March 31, 2019
Minimum Lease Payments:		
Not later than one year	1,435.73	1,396.51
Later than one year but not later than five years	6,273.24	5,991.76
Later than five years	46,278.66	47,328.37
Total	53,987.62	54,716.64

37. 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.

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₹ in lakhs

	March 31, 2020	March 31, 2019
Borrowings	34,569.82	31,030.36
Trade payables	4,583.53	4,786.89
Less: cash and cash equivalents	1,187.83	1,040.60
Net debt	37,965.52	34,776.65
Total capital	104,377.33	103,134.90
Capital and net debt	142,342.85	137,915.55
Gearing ratio	27%	25%

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, 2020 and March 31, 2019.

38. 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

39. Prepaid expenses includes prepaid conversion charges of ₹ 603.98 lakhs in respect of land taken for lease of 60 years for construction of hotel building. The Company has amortized ₹ 10.07 lakhs (March 31, 2019 : ₹ 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 ₹ 492.41 lakhs (March 31, 2019: ₹ 502.48 lakhs) has been included in note 10 and note 13 under 'Prepaid expenses'.

40. 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 41.76% (March 31, 2019 : 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.

41. 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 Aerocity, 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.

42. During the year, the Company has received ₹ 135 lakhs (Previous year: March 31, 2019 ₹ 861 lakhs) towards relinquishment of right according to settlement agreement entered into with the Developer with respect to purchase of certain parts of built-up structure along with proportionate interest in the land to establish and operate a four-star hotel at Jaipur with penalty as per Honorable High Court of Delhi (HC) order.

NOTES
to financial statements for the year ended March 31, 2020

43. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006

₹ In lakhs

	March 31, 2020	March 31, 2019
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	117.57	96.75
The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

44. The Company does not have any long term contracts including derivative contracts for which there are any material foreseeable losses.

45. There has been no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Patanjali G. Keswani
(Chairman &
Managing Director)
DIN-00002974

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 29, 2020

LEMON TREE HOTELS LIMITED

REGISTERED & CORPORATE OFFICE
Asset No.6, Aerocity Hospitality District, New Delhi 110037, India