

INDEPENDENT AUDITOR'S REPORT

To the Members of Lemon Tree Hotels Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Lemon Tree Hotels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, 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.

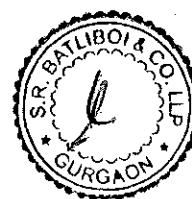
Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act., read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

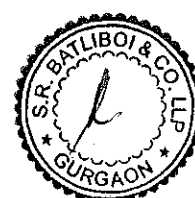


Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report 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 purpose 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;
 - (c) The Balance Sheet, 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 books of accounts;
 - (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015;
 - (e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 2" to this report;
 - (g) 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, 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 Ind AS financial statements – Refer Note 32 to the standalone Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.



S.R. BATLIBOI & Co. LLP

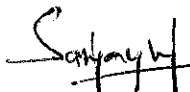

Chartered Accountants

- iv. The Company has provided requisite disclosures in Note 39 to these standalone Ind AS financial statements as to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Sanjay Vij**

Partner

Membership Number: 95169

Place: Gurgaon

Date: 15 JUN 2017

Annexure 1 referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: Lemon Tree Hotels Limited (the Company)

- (i)(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (i)(b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (i)(c) According to the information and explanations given by the management, the title deeds of immovable properties included fixed assets are held in the name of the company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii)(a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made, guarantees and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii)(a) Undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (vii)(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.



- (vii)(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Disputed amount (Rs. in lakhs)	Amount paid under protest	Period to which the amount relates	Forum where dispute is pending
Service Tax Rule, 1994	Service Tax	70.05	Nil	October 2007-March 2009	Central Excise and Service Tax Appellate tribunal
Maharashtra Luxury Tax Act, 1987	Luxury Tax	36.00	Nil	FY 2010-11	Mumbai Tribunal
Service Tax Rule, 1994	Service Tax	37.06	Nil	FY 2012-13	Central Excise and Service Tax Appellate tribunal
Service Tax Rule, 1994	Service Tax	93.67	Nil	FY 2013-14	Stay application filed at Central Excise and Service Tax Appellate tribunal

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders or government.
- (ix) According to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. Further, according to the information and explanation given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid/ provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.



S.R. BATLIBOI & Co. LLP

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- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

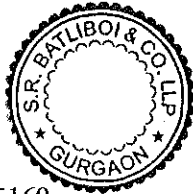
per Sanjay Vij

Partner

Membership Number: 95169

Place: Gurgaon

Date: 15 JUN 2017



Annexure 2 referred to in paragraph 2 under the heading “Report on other legal and regulatory requirements” of our report of even date

Re: Lemon Tree Hotels Limited (the Company)

Report on the Internal Financial Controls 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, 2017 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 the 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

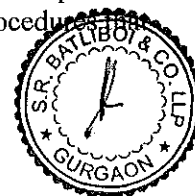
Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 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, in



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Chartered Accountants

(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.

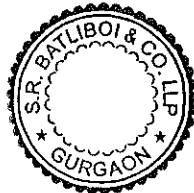
Opinion

In our opinion, 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, 2017, 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.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Sanjay Vij

Partner

Membership Number: 95169

Place: Gurgaon

Date: **15 JUN 2017**

Lemon Tree Hotels Limited
Balance Sheet as at March 31, 2017

	Note	As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
ASSETS				
Non-current assets				
(a) Property, plant and equipment	3	43,230.18	45,058.43	42,929.99
(b) Capital work-in-progress	4	587.23	527.05	1,177.90
(c) Investment property	5	250.10	254.49	258.89
(d) Intangible assets	6	51.80	36.91	62.85
(e) Intangible assets under development	6	140.40	-	-
(f) Financial assets	7			
(i) Investments		69,733.05	69,989.25	68,151.31
(ii) Loans		1,557.44	2,144.72	2,267.07
(iii) Other non-current financial assets		1,252.69	1,124.28	1,032.49
(g) Deferred tax assets (net)	8	-	-	-
(h) Other non-current assets	9	10,119.40	8,177.65	11,383.34
		<u>126,922.29</u>	<u>127,312.78</u>	<u>127,263.84</u>
Current assets				
(a) Inventories	10	202.96	229.14	199.74
(b) Financial assets	11			
(i) Trade receivables		1,456.71	1,706.79	1,069.78
(ii) Cash and cash equivalents		566.38	509.66	421.42
(iii) Loans		613.54	1.11	56.06
(iv) Other current financial assets		11.83	13.39	14.29
(c) Other current assets	12	847.34	1,235.02	641.11
		<u>3,698.76</u>	<u>3,695.11</u>	<u>2,402.40</u>
Total Assets		<u>130,621.05</u>	<u>131,007.89</u>	<u>129,666.24</u>
EQUITY AND LIABILITIES				
Equity				
(a) Share capital	13	78,121.30	77,804.11	77,642.58
(b) Other equity	14	14,601.82	13,604.46	15,118.64
Total Equity		<u>92,723.12</u>	<u>91,408.57</u>	<u>92,761.22</u>
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	15	25,762.06	27,725.98	27,443.90
(b) Long term provisions	16	81.44	78.43	62.65
(c) Other non-current liabilities	17	977.56	831.79	683.50
		<u>26,821.06</u>	<u>28,636.20</u>	<u>28,190.05</u>
Current liabilities				
(a) Financial liabilities	18			
(i) Borrowings		4,215.97	4,419.18	4,163.66
(ii) Trade payables		3,686.79	3,144.66	2,958.75
(iii) Other financial liabilities		2,224.65	2,607.65	1,065.56
(b) Provisions	16	106.23	90.85	69.69
(c) Current tax liabilities (net)	19	-	-	1.07
(d) Other current liabilities	20	843.23	700.78	456.24
		<u>11,076.87</u>	<u>10,963.12</u>	<u>8,714.97</u>
Total Liabilities		<u>37,897.93</u>	<u>39,599.32</u>	<u>36,905.02</u>
Total Equity and Liabilities		<u>130,621.05</u>	<u>131,007.89</u>	<u>129,666.24</u>

Summary of significant accounting policies

2.2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

per Sanjay Vij
Partner
Membership No. 95169

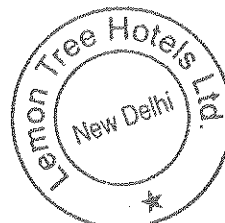


For and on behalf of the Board of Directors of
Lemon Tree Hotels Limited

Patanjali G. Keswani
(Chairman & Managing Director)
DIN-00002974

Nikhil Datta
(Group Company Secretary & GM Legal)

Kapil Sharma
(Chief Financial Officer)



Place : Gurgaon
Date : June 15, 2017

Place : New Delhi
Date : June 15, 2017

Lemon Tree Hotels Limited
Statement of Profit and Loss for the year ended March 31, 2017

	Note	Year ended March 31, 2017 Rs in lakhs	Year ended March 31, 2016 Rs in lakhs
Revenue from operations	21	21,842.80	19,328.32
Other income	22	700.48	133.79
Total Income (I)		22,543.28	19,462.11
Expenses			
Cost of food and beverages consumed	23	1,367.03	1,299.93
Employee benefits expense	24	5,030.33	4,722.14
Other expenses	25	9,480.10	8,979.65
Total expenses (II)		15,877.46	15,001.72
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I-II) (refer note 2.2 (s))		6,665.82	4,460.39
Finance costs	26	4,125.61	4,257.84
Finance income	27	(369.71)	(232.12)
Depreciation and amortization expense	28	2,119.95	2,183.68
Profit/(loss) before tax		789.97	(1,749.01)
Tax expense:			
Current tax (MAT)		122.27	-
Adjustment of tax relating to earlier periods		6.95	10.91
		129.22	10.91
Profit/ (Loss) for the year		660.75	(1,759.92)
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		14.88	5.56
(ii) Income tax effect		(3.03)	-
		11.85	5.56
Total comprehensive income/(loss) for the year		672.60	(1,754.36)
Earnings per equity share			
(1) Basic	29	0.08	(0.23)
(2) Diluted	29	0.08	(0.23)

Summary of significant accounting policies 2.2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

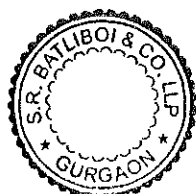
For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

per Sanjay Vij
Partner

Membership No. 95169



For and on behalf of the Board of Directors of

Lemon Tree Hotels Limited

Patanjali G. Keswani

(Chairman & Managing Director)

DIN-00002974

Nikhil Sethi

(Group Company Secretary & GM Legal)

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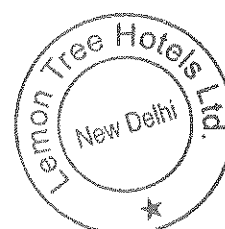
(Chief Financial Officer)

Place : Gurgaon

Date : June 15, 2017

Place : New Delhi

Date : June 15, 2017



Lemon Tree Hotels Limited
Statement of Changes in Equity

A. Equity Share Capital

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

At 1 April 2015
Issued during the year - Exercise of ESOP
Issued during the year - other than ESOP
At 31 March 2016
Issued during the year - Exercise of ESOP
Issued during the year - other than ESOP
At 31 March 2017

No. of shares	Amount Rs. in lakhs
776,425,740	77,642.58
419,539	41.95
1,195,852	119.58
778,041,131	77,804.11
2,871,902	287.19
300,000	30.00
781,213,033	78,121.30

B. Other Equity
For the year ended March 31, 2017

	Reserves and Surplus	Other reserves	Surplus in the statement of profit & loss	Items of OCI (losses) on defined benefit plans	Total equity
	Capital redemption reserve	Securities premium	Share based payments reserve		
Balance at 1 April 2015	45.00	8,604.96	26.59	-	15,118.64
Profit for the year	-	-	-	-	(1,759.92)
Other Comprehensive Income for the year	-	-	-	-	5.56
Issue of share capital	-	77.73	-	5.56	77.73
Share-based payments	-	-	148.74	-	148.74
Amount transferred	-	3.51	(3.51)	-	-
Exercise of share options	-	13.71	-	-	13.71
Balance at 31 March 2016	45.00	8,699.91	171.82	-	13,604.46
Profit for the year	-	-	-	5.56	660.75
Other Comprehensive Income for the year	-	-	-	-	11.85
Issue of share capital	-	34.50	-	11.85	34.50
Share-based payments	-	-	-	-	114.13
Amount transferred	-	43.83	(43.83)	-	-
Exercise of share options	-	176.13	-	-	176.13
Balance at 31 March 2017	45.00	8,954.37	242.12	17.41	14,601.82

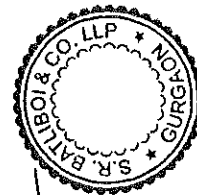
Summary of significant accounting policies

The accompanying notes are an integral part of the financial statements.

2.2

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E300005



per Sanjay Vij
Partner
Membership No. 95169

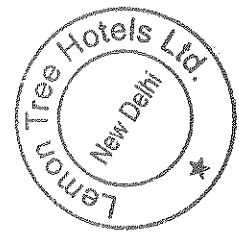
For and on behalf of the Board of Directors of
Lemon Tree Hotels Limited

[Signature]

Patanjali G. Keswani
(Chairman & Managing Director)
DIN-0002974

[Signature]
Nikhil Sharma
(Group Company Secretary & GM Legal)

Kanil Sharma
(Chief Financial Officer)



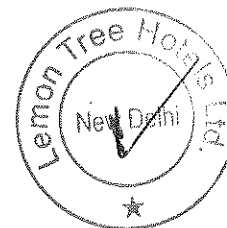
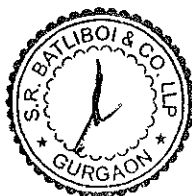
Place : New Delhi
Date : June 15, 2017

Place : Gurgaon
Date : June 15, 2017

Lemon Tree Hotels Limited
Cash flow statement for the year ended March 31, 2017

	For the year ended March 31, 2017 Rs in lakhs	For the year ended March 31, 2016 Rs in lakhs
A. Cash flow from operating activities		
Profit/ (Loss) before tax	789.97	(1,749.01)
Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation and amortisation expenses	2,119.95	2,183.68
Lease equalisation reserve	145.77	159.52
Finance income (including fair value change in financial instruments)	(369.71)	(232.12)
Finance costs	3,936.44	4,107.38
Advance written off	1.22	160.51
Provision for gratuity	18.85	22.73
Provision for leave encashment	5.41	0.31
Amortization of prepayment expenses	68.76	21.95
Share based payments to employees	114.13	148.74
Excess provision/ credit balances written back	(6.36)	(13.76)
Profit on relinquishment of rights	(600.00)	-
Provision for litigation	9.01	19.46
Provision for doubtful debts	11.56	6.71
Net (gain)/ loss on sale of property plant and equipment	20.16	20.55
Operating profit before working capital changes:	6,265.16	4,856.65
Movements in working capital:		
Change in trade receivables	238.51	(643.72)
Change in loans and advances and other current assets	445.74	(197.96)
Change in inventories	26.19	(29.40)
Change in liabilities and provisions	428.93	616.73
Cash Generated from Operations	7,404.53	4,602.30
Direct taxes paid (net of refunds)	(219.06)	(392.78)
Net cash flow from operating activities (A)	7,185.47	4,209.52
B. Cash flows from/ (used in) investing activities		
Purchase of Property, Plant & Equipment including CWIP and capital advances	(2,817.92)	(465.44)
Proceeds from sale of property plant & equipment	46.28	34.83
Purchase of investment in subsidiary companies	(173.29)	(1,541.02)
Profit on relinquishment of rights	600.00	-
Loans (given)/ repaid to/ by subsidiaries	257.71	(194.25)
Interest received	369.71	232.12
Net Cash flow from/ (used in) investing activities (B)	(1,717.51)	(1,933.76)
C. Cash flows from/ (used in) financing activities		
Proceeds from issuance of share capital	527.83	252.97
Proceeds from long term borrowings	2,240.41	2,321.03
Repayment of long term borrowings	(4,039.83)	(909.66)
(Repayment)/ availment of short term borrowings	(203.21)	255.51
Interest paid	(3,936.44)	(4,107.37)
Net Cash flow from/ (used in) financing activities (C)	(5,411.24)	(2,187.52)

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Lemon Tree Hotels Limited

Cash flow statement for the year ended March 31, 2017

	For the year ended March 31, 2017 Rs in lakhs	For the year ended March 31, 2016 Rs in lakhs
Net increase/(decrease) in cash and cash equivalents (A + B + C),	56.72	88.24
Cash and cash equivalents at the beginning of the year	509.66	421.42
Cash and cash equivalents at the end of the year	566.38	509.66
Components of cash and cash equivalents		
Cash on hand	19.35	24.16
Balances with scheduled banks in - Current accounts	547.03	485.50
Total cash and cash equivalents	566.38	509.66

Summary of significant accounting policies

2.2

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

per Sanjay Vij

Partner

Membership No. 95169



Place : Gurgaon

Date : June 15, 2017

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

Patanjali G. Keswani

(Chairman & Managing Director)

DIN-00002974

Nikhil Sethi

(Group Company Secretary & GM Legal)

Place : New Delhi

Date : June 15, 2017

Kapil Sharma

(Chief Financial Officer)



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

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, renovating and promoting hotels, motels, resorts, restaurants, etc. under the brand name of Lemon Tree Hotel, Lemon Tree Premier and Red Fox Hotel.

The financial statements are approved for issue by the Board of directors on June 15, 2017.

2 Basis of preparation of financial statements and Significant accounting policies

2.1 Basis of preparation and Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS. Refer to note 38 for information on how the Company adopted Ind AS.

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 below)

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest lakhs, except where otherwise indicated.

2.2 Significant accounting policies

(a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

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

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, such as, derivatives at fair value at each balance sheet date.

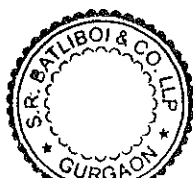
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes 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



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

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.

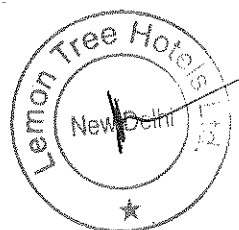
At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be remeasured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the 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

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) 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) 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.

Interest income

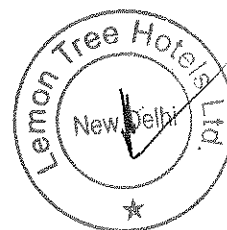
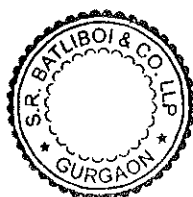
For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, 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.



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

(e) Taxes

Tax expense represents current income tax and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

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.

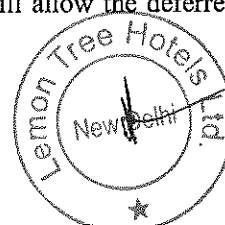
Deferred tax liabilities are recognised for all taxable temporary differences, except:

- 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



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

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 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 (See Note 38)

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.

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.



Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2017**

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 (SLM)
Plant & Machinery	15 Year
Building*	60 Years
Electrical equipments and fittings	10 Years
Office Equipments	5 Years
Furniture and Fixtures	10 Years
Crockery, cutlery and soft furnishings	3 Years
Vehicles	8 Years
Computers	3 Years

* Building on leasehold land is depreciated over the primary lease period or useful life whichever is lower.

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.

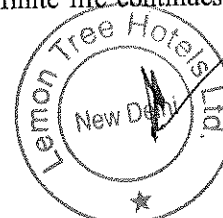
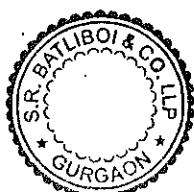
(g) Intangible assets

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 asset (See Note 38)

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 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



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

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 (See Note 38).

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.



(i) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease. All other leases are classified as operating lease.

Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless either:

- (a) Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis, or
- (b) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Company as a lessor

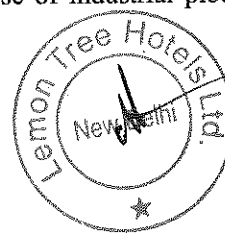
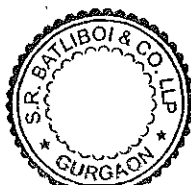
Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease.

Operating lease receipt are recognised as income in the statement of profit and loss on a straight-line basis over the lease term unless either:

- (a) Another systematic basis is more representative of the time pattern of the user's benefit even if the receipt from the lessee are not on that basis, or
- (b) The receipts from the lessee are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If receipts from the lessee vary because of factors other than general inflation, then this condition is not met.

Stamp duties payable to local authorities on registration of lease agreements, are recognised as prepaid expense and charged off to Statement of Profit and Loss on an equitable basis over the lease term.

Conversion charges payable to local authorities on conversion of use of industrial plot for



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

hotel purposes, are recognised as prepaid expense and charged off to statement of profit and loss on an equitable basis over the lease term.

(k) Inventories

Stock of food and beverages, stores and operating supplies are valued at lower of cost and net realisable Value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a first in first out basis. Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make sale.

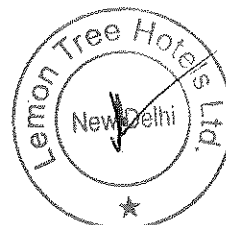
(l) Impairment of non-financial assets

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 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 Company 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.

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.

(n) Deferred Revenue

The Company operates a loyalty point's programme, which allows customers to accumulate points when they obtain services in the Company's Hotels. The points can be redeemed for free products/ nights, subject to a minimum number of points being obtained. Consideration received is allocated between the Room Revenue and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is determined by applying a statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

(o) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Retirement benefit in the form of gratuity is a defined benefit scheme. Gratuity liability of employees is accounted for on the basis of actuarial valuation on projected unit credit method at the close of the year. Company's contribution made to Life Insurance Corporation is 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 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 consolidated statement of profit and loss:



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

- 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.

The company treats leaves expected to be carried forward for measurement purposes. Such compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Remeasurement gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

(p) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in following categories:

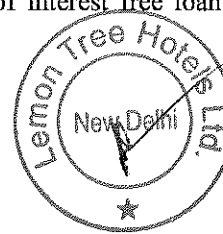
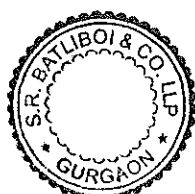
- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)
- Equity instruments in subsidiaries 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



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

subsidiaries' (Refer Note 7(i)). After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. If there is any change in estimate for payment of loan (provided that there was no error in original estimate), difference in carrying amount and repayment has been adjusted as return on capital by the parent, based on condition/ situation prevailing on that date. The losses arising from impairment are recognised in the profit or loss.

Debt instrument at FVTOCI

A debt instrument is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL. In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

The Company has designated compulsory redeemable preference shares investments in its subsidiaries at FVTPL. The difference between the transaction amount and amortized cost is considered as 'deemed investment in compulsory redeemable preference shares' (Refer Note 7(i)).

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

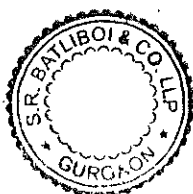
Equity instruments

All equity investments (other than equity investments in subsidiaries) in scope of Ind AS 109 are measured at fair value. Equity instruments in subsidiaries are carried at cost in separate financial statements less impairments if any. Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's consolidated balance sheet) when:

- The rights to receive cash flows from the asset have expired, or



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

- 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.

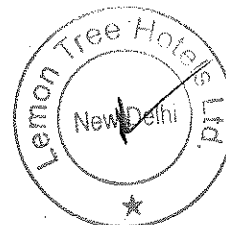
At each reporting date, for recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide 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.



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Notes to financial statements for the year ended March 31, 2017

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

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. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

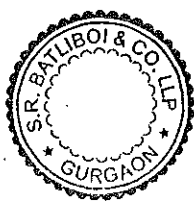
Gains or losses on liabilities held for trading are recognised in the profit or loss.

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 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.

Loans and borrowings

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



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 15.

Financial guarantee

Financial guarantees issued by the Company on behalf of group companies are designated as 'Insurance Contracts'. The Company assess at the end of each reporting period whether its recognised insurance liabilities (if any) are adequate, using current estimates of future cash flows under its insurance contracts. If that assessment shows that the carrying amount of its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(q) Cash and cash equivalents

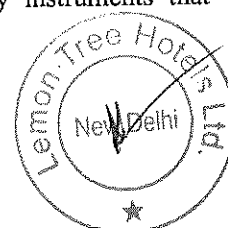
Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

(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 performance and/or 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



Lemon Tree Hotels Limited

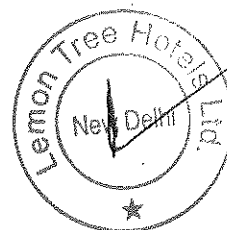
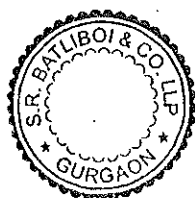
Notes to financial statements for the year ended March 31, 2017

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.



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

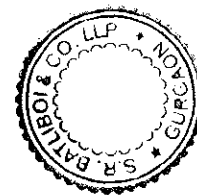
3. Property, plant and equipment

Particulars	Freehold land	Building on freehold land	Building on leasehold Land	Plant and Machinery	Electrical fittings	Electrical equipments	Office equipments	Furniture and fixtures	Crockery, cutlery and soft furnishings	Computers	Vehicles	Total
Cost or valuation												
Deemed Cost as at April 1, 2015	8,717.26	13,876.89	11,879.10	3,889.56	1,540.92	760.04	58.24	1,729.06	117.89	48.35	312.68	42,929.99
Additions	-	2,206.03	78.77	743.77	268.96	154.23	16.67	497.34	118.64	52.56	41.32	4,178.29
Disposals	-	-	-	1.81	2.78	6.61	2.32	-	-	1.10	104.45	119.07
Other adjustments	-	145.33	-	-	-	-	-	-	-	-	-	145.33
- Borrowing Costs	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2016	8,717.26	16,228.25	11,957.87	4,631.52	1,807.10	907.66	72.59	2,226.40	236.53	99.81	249.55	47,134.54
Additions	-	-	-	27.98	3.49	32.56	7.16	135.47	-	16.98	97.39	321.03
Disposals	-	-	-	2.17	5.10	1.46	25.40	97.03	1.04	3.54	84.40	220.14
As at March 31, 2017	8,717.26	16,228.25	11,957.87	4,657.33	1,805.49	938.76	54.35	2,364.84	235.49	113.25	262.54	47,235.43
Depreciation												
As at April 1, 2015	-	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	243.39	329.51	386.08	318.09	126.53	36.74	479.16	89.20	33.89	97.21	2,139.80
Disposals	-	-	-	0.67	2.78	0.50	2.46	-	-	0.57	56.71	63.69
As at March 31, 2016	-	243.39	329.51	385.41	315.31	126.03	34.28	479.16	89.20	33.32	40.50	2,076.11
Charge for the year	-	275.74	288.72	425.10	319.45	138.80	18.29	441.92	73.76	30.66	70.40	2,082.84
Disposals	-	-	-	0.75	5.04	0.69	23.99	62.94	1.04	3.15	56.10	155.70
As at March 31, 2017	-	519.13	618.23	809.76	629.72	264.14	28.58	858.14	161.92	60.83	54.80	4,005.25
Net Book value												
As at March 31, 2017	8,717.26	15,709.12	11,339.64	3,847.57	1,175.77	674.62	25.77	1,406.70	73.57	52.42	207.74	43,230.18
As at March 31, 2016	8,717.26	15,984.86	11,628.36	4,246.11	1,491.79	781.63	38.31	1,747.24	147.33	66.49	209.05	45,058.43
As at April 1, 2015	8,717.26	13,876.89	11,879.10	3,889.56	1,540.92	760.04	58.24	1,729.06	117.89	48.35	312.68	42,929.99
Net book value	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015									
Plant, property and equipment	43,230.18	45,058.43	42,929.99									

Plant, property and equipment

Notes

a) Certain property, plant and equipment are pledged as collateral against borrowings, the details related to which have been described in note 15 on 'borrowings'.

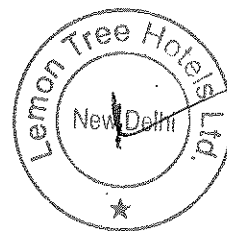
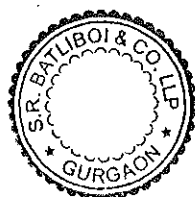


Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

4. Capital work-in-progress

	As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
Hotel at Shimla			
Material	414.00	362.46	319.96
Project staff expenses	60.11	51.60	45.63
Salary wages & bonus	29.73	29.72	29.72
Professional charges	80.72	80.60	74.00
Others	2.67	2.67	2.67
	<u>587.23</u>	<u>527.05</u>	<u>471.98</u>
 Hotel at Gurgaon, City Centre			
Material	-	3,365.00	512.62
Professional charges	-	325.57	117.47
Borrowing cost	-	145.33	33.16
Salary, wages & bonus	-	98.09	29.90
Project staff expenses other than salary	-	33.40	13.87
Misc.Gov.expenses/fees	-	41.84	8.90
	-	<u>4,009.23</u>	<u>715.92</u>
Less: scrap sale	-	10.00	10.00
	-	<u>3,999.23</u>	<u>705.92</u>
Less:- Capitalised during the year	-	<u>3,999.23</u>	-
	-	-	<u>705.92</u>
	<u>587.23</u>	<u>527.05</u>	<u>1,177.90</u>



5. Investment property

Particulars	Rs in lakhs	Total Rs in lakhs
Cost or valuation		
Deemed Cost as at April 1, 2015	258.89	258.89
Additions	-	-
As at March 31, 2016	258.89	258.89
Additions	-	-
As at March 31, 2017	258.89	258.89
Depreciation and Impairment		
As at April 1, 2015	-	-
Charge for the year	4.40	4.40
As at March 31, 2016	4.40	4.40
Charge for the year	4.39	4.39
As at March 31, 2017	8.79	8.79
Net Block		
As at March 31, 2017	250.10	250.10
As at March 31, 2016	254.49	254.49
As at April 1, 2015	258.89	258.89

Information regarding income and expenditure of Investment property:

	March 31, 2017 Rs in lakhs	March 31, 2016 Rs in lakhs
Rental income derived from investment property	14.42	12.91
Direct operating expenses (including repairs and maintenance) generating rental income	-	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(0.99)	(1.13)
Profit arising from investment properties before depreciation and indirect expenses	13.43	11.78
Less – Depreciation	(4.39)	(4.40)
Profit arising from investment properties before indirect expenses	9.04	7.38

The Company'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 Company has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties.

As at 31 March 2017 and 31 March 2016, the fair values of the property is Rs. 258.89 lacs and Rs. 258.89 lacs 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.

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



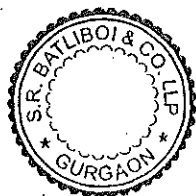
6. Intangible assets

Particulars	Rs in lakhs	
	Software	Total
Cost or valuation		
Deemed Cost as at April 1, 2015	62.85	62.85
Additions	13.54	13.54
Disposals	-	-
As at March 31, 2016	76.39	76.39
Additions	47.61	47.61
Disposals	41.29	41.29
As at March 31, 2017	82.71	82.71
Amortisation and impairment		
As at April 1, 2015	-	-
Amortisation	39.48	39.48
Disposals	-	-
As at March 31, 2016	39.48	39.48
Amortisation	32.72	32.72
Disposals	41.29	41.29
As at March 31, 2017	30.91	30.91
Net Block		
As at March 31, 2017	51.80	51.80
As at March 31, 2016	36.91	36.91
As at April 1, 2015	62.85	62.85

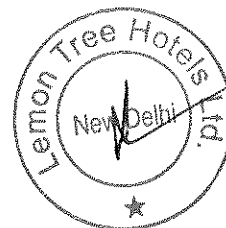
Net book value

Intangible assets
Intangible assets under development

As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
51.80	36.91	62.85
140.40	-	-



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7. Financial assets

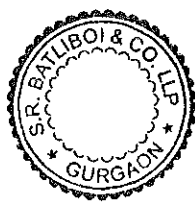
	As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
(i) Investments			
Investments at cost			
Unquoted equity shares of subsidiary companies			
34,374,498 (March 31, 2016: 34,374,498, April 1, 2015: 33,745,748) equity shares of Fleur Hotels Private Limited of Rs.10 each fully paid.	44,307.20	44,307.20	43,257.19
8,667,000 (March 31, 2016: 8,667,000, April 1, 2015: 8,667,000) equity shares of PSK Resorts & Hotels Private Limited of Re.1 each fully paid.	2,659.10	2,659.10	2,659.10
5,945,400 (March 31, 2016: 5,945,400, April 1, 2015: 5,945,400) equity shares of Canary Hotels Private Limited of Re.1 each fully paid.	1,824.28	1,824.28	1,824.28
495,000 (March 31, 2016: 495,000, April 1, 2015: 495,000) equity shares of Sukhsagar Complexes Pvt Ltd of Rs.10 each fully paid.	1,524.66	1,524.66	1,524.66
75,000,000 (March 31, 2016: 75,000,000, April 1, 2015: 75,000,000) equity shares of Nightingale Hotels Pvt Ltd of Re.1 each fully paid.	931.40	931.40	931.40
571,428 (March 31, 2016: 571,428, April 1, 2015: 571,428) equity shares of Manakin Resorts Pvt. Ltd. of Rs.10 each fully paid.	390.69	390.69	390.69
10,854,592 (March 31, 2016: 10,854,592, April 1, 2015: 193,832) equity shares of Begonia Hotels Private Limited of Re.1 each fully paid.	48.86	48.86	48.86
200,000 (March 31, 2016: 200,000, April 1, 2015: 200,000) equity shares of Oriole Dr Fresh Hotels Pvt Ltd of Rs.10 each fully paid.	20.02	20.02	20.02
934,580 (March 31, 2016: 700,000, April 1, 2015: 700,000) equity shares of Carnation Hotels Private Limited of Re.1 each fully paid.	9.35	7.00	7.00
375,000 (March 31, 2016: 375,000, April 1, 2015: 375,000) equity shares of Grey Fox Project Management Company Private Limited of Re.1 each fully paid.	3.75	3.75	3.75
100,000 (March 31, 2016: 100,000, April 1, 2015: 100,000) equity shares of Pelican Facilities Management Pvt Ltd of Re.1 each fully paid.	1.00	1.00	1.00
100,000 (March 31, 2016: 100,000, April 1, 2015: 100,000) equity shares of Dandelion Hotels Private Limited of Re.1 each fully paid.	1.00	1.00	1.00
350,000 (March 31, 2016: 200,000, April 1, 2015: 100,000) equity shares of Lemon Tree Hotel Company Private Limited of Re.1 each fully paid.	3.50	2.00	1.00
100,000 (March 31, 2016: 100,000, April 1, 2015: 100,000) equity shares of Red Fox Hotel Company Private Limited of Re.1 each fully paid.	1.00	1.00	1.00
Unquoted compulsory redeemable preference shares of subsidiary companies at fair value through Profit and loss			
1,790,000 (March 31, 2016: 1,790,000, April 1, 2015: 1,790,000) 5% Redeemable Cumulative Preference Shares of Oriole Dr. Fresh Hotels Private Limited of Rs.100 each fully paid.*	516.43	463.01	415.11
2,700,000 (March 31, 2016: 2,700,000, April 1, 2015: 2,700,000) 10% Redeemable Cumulative Preference shares of Canary Hotels Private Limited of Re.100 each fully paid.**	2,700.00	2,700.00	2,700.00
320,000 (March 31, 2016: 240,000, April 1, 2015: 50,000) 5% Redeemable Non Cumulative Preference shares of Canary Hotels Private Limited of Re.100 each fully paid.***	127.43	84.63	17.72
350,000 (March 31, 2016: 350,000, April 1, 2015: 350,000) 5% Redeemable Non Cumulative Preference shares of Carnation Hotels Private Limited of Re.100 each fully paid.***	155.75	139.92	125.70
Preference shares of Grey Fox Project Management Company Private Limited of Re.100 each fully paid.****	318.12	285.97	228.23
770,000 (March 31, 2016: 680,000, April 1, 2015: 430,000) 5% Redeemable Non Cumulative Preference shares of Sukhsagar Hotels Private Limited of Re.100 each fully paid.***	324.35	257.78	154.75
Deemed investment on account of interest free loan to subsidiaries			
Dandelion Hotels Private Limited	1,015.00	315.90	146.02
Meringue Hotels Private Limited	9,552.34	9,552.34	9,532.52
Oriole Dr Fresh Hotels Pvt Ltd	839.65	2,108.93	2,108.93
Deemed investment in redeemable preference shares recognised at fair value through profit and loss			
Sukhsagar Complexes Private Limited	492.83	439.73	275.25
Oriole Dr Fresh Hotels Pvt Ltd	1,376.68	1,376.68	1,376.67
Canary Hotels Private Limited	204.52	157.38	32.28
Carnation Hotels Private Limited	224.30	224.30	224.30
Grey Fox Project Management Company Private Limited	159.58	159.58	141.77
Investments at fair value through profit and loss			
Others			
2,567 (March 31, 2016: 2,567, April 1, 2015: 2,567) equity shares of SEP Energy Private Limited of Rs.10 each fully paid.	0.26	0.26	0.26
Other investments at amortised cost			
Six Years National Saving Certificates	-	0.88	0.85
	69,733.05	69,989.25	68,151.31
Aggregate book value of unquoted investments	69,733.05	69,989.25	68,151.31
Total	69,733.05	69,989.25	68,151.31

*The preference shares are to be redeemed on or after August 1, 2020 but not later than 15 years from the date of allotment.

**The preference shares are to be redeemed on October 4, 2027.

***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.

****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 five years.



(ii) Loans

(unsecured considered good unless otherwise stated)

Loans to subsidiary companies at amortised cost

Loans to employees at amortised cost

As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
471.84	1,383.09	1,342.53
1,085.60	761.63	924.54
1,557.44	2,144.72	2,267.07

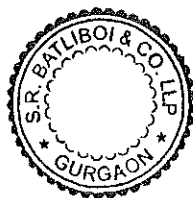
(iii) Other non-current financial assets

Security Deposits (unsecured, considered good)

Interest accrued on deposits with banks and others

Other bank balances

As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
871.80	771.78	701.25
127.79	99.40	75.07
253.10	253.10	256.17
1,252.69	1,124.28	1,032.49



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

8. Deferred tax assets (net)

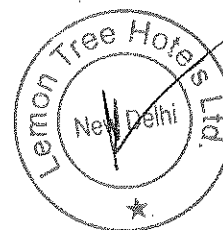
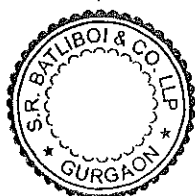
	As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
Property, plant and equipment	3,624.70	3,406.73	3,080.49
Deferred tax liability	3,624.70	3,406.73	3,080.49
Impact of expenditure charged to the statement of profit and loss in the current/ earlier period but allowable for tax purposes on payment basis	82.98	293.72	283.37
Effect of unabsorbed depreciation and business loss	2,640.39	2,341.02	2,137.17
Gratuity	32.44	31.09	25.26
Leave compensation	21.67	19.83	19.73
Loyalty program	1.81	2.29	6.18
Provision for contingency	9.68	-	-
Provision for slow moving inventory	10.55	-	-
Expense on account of lease equalization reserve created	332.27	282.73	228.50
Security deposits	479.22	425.10	368.13
Loan to employee	5.84	7.23	11.22
Borrowings	2.54	0.65	0.14
Provision for doubtful debts and advances	5.31	3.07	0.79
Deferred tax asset	3,624.70	3,406.73	3,080.49
Deferred tax asset (net)	-	-	-

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2016 and 31 March 2017:

	March 31, 2017	March 31, 2016
Profit/(loss) before tax	789.97	(1,749.01)
Tax rate	33.99%	33.99%
Tax at statutory income tax rate	268.51	(594.49)
Effect of incomes taxable at nil/lower rate	(121.02)	-
Effect of non-deductible expenses	-	18.30
Tax Effect of expenses/ income not allowed/ required to tax under Income tax charge/ (credit) in respect of earlier year	6.95	10.91
Unrecognized tax assets (net)	(25.22)	576.19
Net	129.22	10.91
As per profit and loss account	129.22	10.91

9. Other non-current assets

	As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
Unsecured, considered good	2,781.80	819.82	3,996.26
Capital advances			
Unsecured, considered good	1,449.22	1,362.42	981.63
Advance Income Tax (net of provision for taxation)	228.29	211.16	236.93
Prepaid stamp duty	512.55	522.61	532.68
Prepaid conversion charges	3.82	-	-
Prepaid expenses	5,143.72	5,261.64	5,635.84
Prepayments of security deposit			
Total	10,119.40	8,177.65	11,383.34

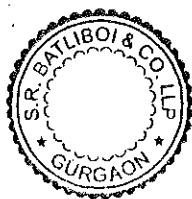


Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

10. Inventories
(valued at lower of cost and net realisable value)

	As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
Food and beverages (excluding liquor and wine)	49.41	48.03	33.46
Liquor and wine	29.14	38.14	27.50
Stores, cutlery, crockery, linen, provisions and others	124.41	142.97	138.78
Total	202.96	229.14	199.74

During the year ended March 31, 2017 : Rs. 32.34 lakhs (March 31, 2016: Rs. 18.51 lakhs, April 1, 2015: Rs. 10.40 lakhs) was recognised as an expense for inventories carried at net realisable value



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Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

11. Financial assets

	As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
(i) Trade receivables			
Trade receivables	1,456.71	1,706.79	1,069.78
	<u>1,456.71</u>	<u>1,706.79</u>	<u>1,069.78</u>
Break-up for security details:			
Trade receivables			
Secured, considered good	-	-	-
Unsecured, considered good	1,458.55	1,706.79	1,069.78
Doubtful	13.78	9.04	2.32
	<u>1,472.33</u>	<u>1,715.83</u>	<u>1,072.10</u>
Impairment Allowance (allowance for bad and doubtful debts)			
Unsecured, considered good	1.84	-	-
Doubtful	13.78	9.04	2.32
	<u>15.62</u>	<u>9.04</u>	<u>2.32</u>
Total	<u>1,456.71</u>	<u>1,706.79</u>	<u>1,069.78</u>

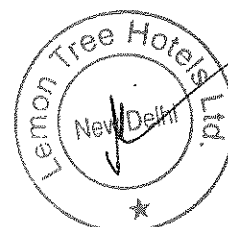
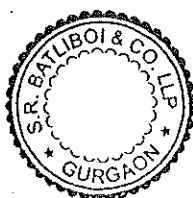
No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
The interest free credit period given to customers is upto 90 days.

	As At March 31, 2017 Rs in lakhs	As At March 31, 2016 Rs in lakhs	As At April 1, 2015 Rs in lakhs
(ii) Cash and cash equivalents			
Balance with banks			
On current & cash credit accounts	547.03	485.50	381.91
Cash on hand	19.35	24.16	39.51
	<u>566.38</u>	<u>509.66</u>	<u>421.42</u>

At March 31, 2017, the Company had available Rs. Nil (March 31, 2016: Rs. Nil, April 1, 2015: Nil) of undrawn committed borrowing facilities.

	As At March 31, 2017 Rs in lakhs	As At March 31, 2016 Rs in lakhs	As At April 1, 2015 Rs in lakhs
(iii) Loans			
Unsecured, considered good			
Loans & advance to subsidiaries	613.54	1.11	31.06
Loans to employees	-	-	25.00
	<u>613.54</u>	<u>1.11</u>	<u>56.06</u>

	As At March 31, 2017 Rs in lakhs	As At March 31, 2016 Rs in lakhs	As At April 1, 2015 Rs in lakhs
(iv) Other current financial assets			
Unsecured, considered good			
Security deposits	11.42	10.51	10.51
	<u>11.42</u>	<u>10.51</u>	<u>10.51</u>
Others			
Commission receivable	0.41	2.88	3.78
	<u>11.83</u>	<u>13.39</u>	<u>14.29</u>

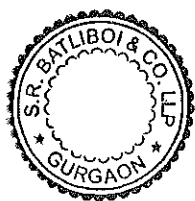


Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

12. Other current assets

	As At March 31, 2017 Rs in lakhs	As At March 31, 2016 Rs in lakhs	As At April 1, 2015 Rs in lakhs
Unsecured, considered good			
Advance to suppliers	114.80	111.86	101.62
Others			
Accrued revenue	217.16	530.80	163.31
Balance with statutory/ government authorities	303.18	406.12	165.59
Prepaid stamp duty	25.51	25.51	24.97
Prepaid conversion charges	10.07	10.07	10.07
Prepaid expenses	176.62	150.66	175.55
Total	847.34	1,235.02	641.11

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13. Share capital

Authorised Share Capital

Authorized Share Capital	Equity shares	
	No. of shares	Rs in lakhs
At 1 April 2015	998,550,000	99,855.00
Increase/(decrease) during the year	-	-
At 31 March 2016	998,550,000	99,855.00
Increase/(decrease) during the year	-	-
At 31 March 2017	998,550,000	99,855.00

5% Redeemable Cumulative Preference Shares		
No. of shares	Rs in lakhs	
At 1 April 2015	145,000	145.00
Increase/(decrease) during the year	-	-
At 31 March 2016	145,000	145.00
Increase/(decrease) during the year	-	-
At 31 March 2017	145,000	145.00

Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Issued equity capital

Equity shares of Rs 10 each Issued, subscribed and fully paid

	No. of shares	Rs in lakhs
At 1 April 2015*	776,425,740	77,642.58
Issued during the year - Exercise of ESOP	419,539	41.95
Issued during the year - other than ESOP	1,195,852	119.58
At 31 March 2016*	778,041,131	77,804.11
Issued during the year - Exercise of ESOP	2,871,902	287.19
Issued during the year - other than ESOP	300,000	30.00
At 31 March 2017*	781,213,033	78,121.30

* excluding 61,032 equity shares (March 31, 2016: 61,032 shares, April 1, 2015: 61,032 shares) held by ESOP trust which has been consolidated in accordance with the requirement of IND AS 102. The movement is explained below :-

	Share capital		Shares held by ESOP trust		Share capital (net)	
	No. of shares	Rs in lakhs	No. of shares	Rs in lakhs	No. of shares	Rs in lakhs
At 1 April 2015	776,425,740	77,642.58	61,032	6.10	776,425,740	77,642.58
Issued during the year - Exercise of ESOP	419,539	41.95	-	-	419,539	41.95
Issued during the year - other than ESOP	1,195,852	119.58	-	-	1,195,852	119.58
At 31 March 2016	778,041,131	77,804.11	61,032	6.10	778,041,131	77,804.11
Issued during the year - Exercise of ESOP	2,871,902	287.19	-	-	2,871,902	287.19
Issued during the year - other than ESOP	300,000	30.00	-	-	300,000	30.00
At 31 March 2017	781,213,033	78,121.30	61,032	6.10	781,213,033	78,121.30

Details of shareholders holding more than 5% shares in the company

Name of the shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	% held	No. of shares	% held	No. of shares	% held
Equity shares of Rs. 10 each fully paid up						
Maplewood Investment Limited	192,908,118	24.69%	192,908,118	24.79%	192,908,118	24.84%
Spank Management Services Private Limited	180,148,333	23.06%	180,122,627	23.15%	163,266,970	21.03%
RJ Corp Limited	78,748,368	10.08%	78,748,368	10.12%	78,748,368	10.14%
APG Strategic Real Estate Pool N.V.	118,730,914	15.20%	118,730,914	15.26%	102,880,914	13.25%

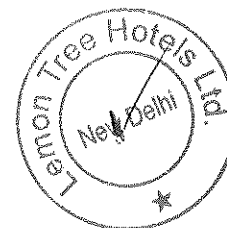
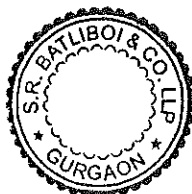
Shares reserved for issue under options

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, 2017	March 31, 2016	April 1, 2015
No. of shares	No. of shares	No. of shares	No. of shares
Equity shares allotted as fully paid, pursuant to amalgamations	32,486,000	32,486,000	32,486,000
Equity shares allotted as fully paid bonus shares by capitalization of securities premium	646,125,652	646,125,652	646,125,652

In addition, the company has issued total 4,884,737 shares (March 31, 2016 : 3,048,468 April 1, 2015 : 2,656,166) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

14. Other equity

Securities premium	Rs in lakhs		
At 1 April 2015	8,604.96		
Premium on issue of shares	77.73		
Additions on ESOPs exercised (excluding transferred from stock options outstanding)	13.71		
Transferred from stock options outstanding	3.51		
At 31 March 2016	8,699.91		
Premium on issue of shares	34.50		
Additions on ESOPs exercised (excluding transferred from stock options outstanding)	176.13		
Transferred from stock options outstanding	43.83		
At 31 March 2017	8,954.37		
Retained earnings	Rs in lakhs		
At 1 April 2015	3,406.85		
Profit/(loss) for the year	(1,754.36)		
At 31 March 2016	1,652.49		
Profit/(loss) for the year	672.60		
At 31 March 2017	2,325.09		
General reserve	Rs in lakhs		
At 1 April 2015	3,035.24		
Increase/(decrease) during the year	-		
At 31 March 2016	3,035.24		
Increase/(decrease) during the year	-		
At 31 March 2017	3,035.24		
Share-based payments	Rs in lakhs		
At 1 April 2015	26.59		
Add:- Expense for the year (Refer note 33)	148.74		
Less:- transferred to securities premium on exercise of stock options	(3.51)		
At 31 March 2016	171.82		
Add:- Expense for the year (Refer note 33)	114.13		
Less:- transferred to securities premium on exercise of stock options	(43.83)		
At 31 March 2017	242.12		
Capital redemption reserve	Rs in lakhs		
At 1 April 2015	45.00		
Increase/(decrease) during the year	-		
At 31 March 2016	45.00		
Increase/(decrease) during the year	-		
At 31 March 2017	45.00		
Other reserves	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	Rs in lakhs	Rs in lakhs	Rs in lakhs
Securities premium	8,954.37	8,699.91	8,604.96
Retained earnings	2,325.09	1,652.49	3,406.85
General reserve	3,035.24	3,035.24	3,035.24
Share-based payments	242.12	171.82	26.59
Capital redemption reserve	45.00	45.00	45.00
Total	14,601.82	13,604.46	15,118.64



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

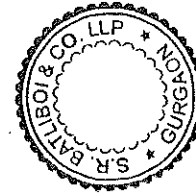
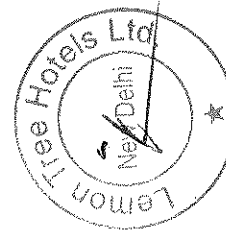
15. Borrowings

	As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
Non-current borrowings			
Term Loans			
Indian rupee loans from Banks (Secured)			
Kotak Mahindra Bank Limited (Refer note 1, 2 & 3 below)	1,514.00	2,216.05	746.66
Andhra Bank (Refer note 4 below)	2,171.25	2,409.34	2,647.44
The Ratnakar Bank Limited (Refer note 5 & 6 below)	4,629.47	5,154.08	5,569.84
Yes bank Limited (Refer note 7 below)	11,529.97	11,940.05	12,164.81
HDFC Bank Limited (Refer note 10 below)	2,027.38	-	-
Vehicle loans (Refer note 8 below)	98.02	83.04	127.45
Rupee term loans from financial institutions			
Tourism Finance Corporation of India Limited (Refer note 11 below)	-	2,056.91	2,246.03
Aditya Birla Finance Limited (Refer note 9 below)	3,791.97	3,866.51	3,941.67
Total non-current borrowings	25,762.06	27,725.98	27,443.90
Current borrowings			
Term Loans			
Current maturity of long term loans			
Kotak Mahindra Bank Limited (Refer note 1, 2 & 3 below)	723.04	723.04	200.00
Andhra Bank (Refer note 4 below)	240.00	240.00	150.00
The Ratnakar Bank Limited (Refer note 5 & 6 below)	532.76	423.56	150.00
Yes bank Limited (Refer note 7 below)	437.50	250.00	62.50
HDFC Bank Limited (Refer note 10 below)	42.00	-	-
Vehicle loans (Refer note 8 below)	51.18	52.79	98.79
Rupee term loans from financial institutions			
Tourism Finance Corporation of India Limited (Refer note 11 below)	-	192.60	171.40
Aditya Birla Finance Limited (Refer note 9 below)	100.00	80.00	-
Total current borrowings	2,126.48	1,961.99	832.69
Less: Amount clubbed under "other current liabilities"	(2,126.48)	(1,961.99)	(832.69)
Net current borrowings	-	-	-

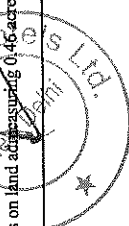


Footnotes to Note 15 "Borrowings"

Rs in lakhs				
Note	Lender	Amount Sanctioned	Carrying rate of Interest as at March 31, 2017	Carrying rate of Interest as at March 31, 2016
1	Kotak Mahindra Bank Limited	1,000.00	12.30%	12.50%
Repayment/ Modification of terms The loan is repayable in 60 monthly installments of Rs 1,666,667 each along with interest subsequently after disbursement beginning from April 2013.				
2	Kotak Mahindra Bank Limited	2,000.00	11.75%	11.95%
The loan is repayable in 60 monthly installments post the end of the moratorium period.				
3	Kotak Mahindra Bank Limited	700.00	11.75%	11.95%
4	Andhra Bank	3,000.00	interest rate @ base rate + 1.25% + 0.50% (Currently 11.45%)	interest rate @ base rate + 1.25% + 0.50% (Currently 11.50%)
The loan is repayable in scattered quarterly installment beginning from March 2014. Interest is payable monthly as and when due.				
Security/ Principal terms and conditions 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. d) Personal Guarantee of Mr. Patanjali G. Ksavani.				
It is secured by : (i) First pari-passu charge on all the Project's immovable properties (except land), present and future. (ii) First pari-passu charge by way of hypothecation of all the project's movables, including moveable plant & machinery, machinery spares, tools & accessories, furniture, fixtures, vehicles and all other moveable assets, present and future. (iii) First pari-passu 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 & subject to prior approval of the bank. (iv) First charge by way of assignment or creation of charge in favor of the lender of (a) All the right, title, interest, benefits, claims and demands whatsoever of the borrower in agreements (development agreement, management agreement, construction contract), duly acknowledged and consented to by the counter party; (b) All the rights, title, interest, benefits, claims and demands whatsoever of the borrower in clearances; (c) 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 and ; (d) All insurance contracts/insurance proceeds; (v) Pari-passu charge along with the other lenders on the letter of credit/ escrow account, trust and retention account, debt service reserve account and other reserves and any other bank accounts of the company wherever maintained; (vi) Right of substitution and other rights under the substitution agreement, on pari-passu basis with other lenders.				



5	The Ramakar Bank Limited	3,000.00	Interest rate @ 1 year MCLR rate + 0.40% (Currently 10.25%).	Interest rate @ base rate + 0.85% (Currently 11.50%).	The loan is repayable in scattered quarterly installment beginning from March 2014. Interest is payable monthly as and when due.	It is secured by : (i) First charge on all the Project's immovable properties (except land), present and future subject to prior confirmation from panel advocates/Legal Department of the Bank (ii) A first 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) A first 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. (iv) First charge by way of assignment or creation of charge in favour of the lender of - All the right, title, interest, benefits, claims and demands whatsoever of the borrower in agreements (development agreement, management agreement, construction contract), duly acknowledged and consented to by the counter party; - All the 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) Charges on the letter of credit/ escrow account, trust and retention account, debt service reserve account and other reserves and any other bank accounts of the company wherever maintained; (vi) Right of substitution and other rights under the Substitution Agreement.
6	The Ramakar Bank Limited	3,000.00	Interest rate @ 1 year MCLR rate + 0.40% (Currently 10.25%).	Interest rate @ base rate + 1.55% (Currently 12.20%)	The loan is repayable in scattered quarterly installment beginning from June 2016. Interest is payable monthly as and when due	It is secured by : a) First part passu charge on the current assets, entire movable fixed assets and immovable assets of the Hotel Lemon Tree, Udyog Vihar, Hotel Lemon Tree, Pune; Hotel Lemon Tree, Ahmedabad; Hotel Lemon Tree, Chennai; Hotel Lemon Tree, Bangalore and Red Fox Hotel, Hyderabad
7	Yes Bank Limited	12,500.00	Interest rate @ 6 months MCLR + 0.90% (Currently 9.50%)	Interest rate @ base rate + 1.80% (Currently 12.05%)	The loan is repayable in scattered quarterly installment beginning from December 2015. Interest is payable monthly as and when due	It is secured by : a) First part passu charge on the current assets, entire movable fixed assets and immovable assets of the Hotel Lemon Tree, Udyog Vihar, Hotel Lemon Tree, Pune, Hotel Lemon Tree, Ahmedabad, Hotel Lemon Tree, Chennai, Hotel Lemon Tree, Bangalore and Red Fox Hotel, Hyderabad
8	Vehicle loan (different banks)		Rate of interest of these loans ranges from 9.00 % to 14.00 %	Rate of interest of these loans ranges from 9.00 % to 14.00 %	These loans are repaid on agreed monthly installments.	
9	Aditya Birla Finance Limited	4,000.00	Interest rate @ benchmark rate + 2.30% (Currently 11.55%)	Interest rate @ benchmark rate + 2.30% (Currently 11.80%)	The loan is repayable in scattered quarterly installment beginning from December 2016. Interest is payable monthly as and when due.	It is secured by : a) First part passu charge on all immovable fixed assets, movable fixed assets and current assets (both present and future) including land and building of the Hotel Lemon Tree, Udyog Vihar, Hotel Lemon Tree, Pune, Hotel Lemon Tree, Ahmedabad, Hotel Lemon Tree, Chennai, Hotel Lemon Tree, Bangalore, Red Fox Hotel, Hyderabad
10	HDFC Bank Limited	2,100.00	Interest rate @ for first year (MCLR for 3 years + 0.65 basis points) & 11.15% for remaining tenure of loan (MCLR for 3 years + 1.80 basis points) (Currently 9.70%)	Nil	The loan is repayable in 40 step-up quarterly installments.	It is secured by : a) First charge on all the fixed assets, both present and future, of the hotel "Lemon Tree" at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh, including hypothecation of all movables and mortgage of leasehold rights on land admeasuring 0.46 acres and building thereon. b) A first & exclusive charge on Projects (Lemon Tree" at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh) unencumbered-book debts, operating cash flows, receivables, commissions, 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) on repayment of loan
11	Tourism Finance Corporation of India Limited	2,100.00	Nil	Interest rate @ TBR+0.75% p.a. (Currently 13.00%)	The loan was taken over by HDFC Bank with effect from 30.05.2016.	Below mentioned charge was satisfied on repayment of loan a) First charge on all the fixed assets, both present and future, of the hotel "Lemon Tree" at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh, including hypothecation of all movables and mortgage of leasehold rights on land admeasuring 0.46 acres and building thereon



(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. The Company has complied with the covenants as per the terms of the loan agreement.

Lemon Tree Hotels Limited

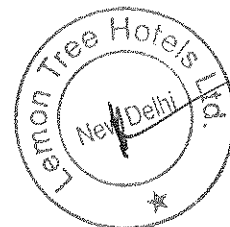
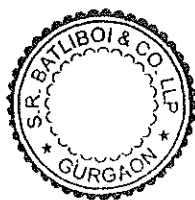
Notes to financial statements for the year ended March 31, 2017

16. Provisions

	As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
Provision for gratuity	95.44	91.48	74.31
Current	14.00	13.05	11.66
Non-current	81.44	78.43	62.65
	As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
Provision for leave benefits	63.75	58.34	58.03
Current	63.75	58.34	58.03
Non-current	-	-	-
	As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
Provision for litigations	28.48	19.46	-
Current	28.48	19.46	-
Non-current	-	-	-
Total current	106.23	90.85	69.69
Total non-current	81.44	78.43	62.65

17. Other non-current liabilities

	As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
Reserve for lease equalisation	977.56	831.79	672.27
Security deposits	-	-	11.23
Total	977.56	831.79	683.50



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

18. Financial liabilities

	As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
(i) Short term borrowings			
Cash credit from banks (Secured)	3,215.97	4,419.18	4,163.66
Working capital loan	1,000.00	-	-
	<u>4,215.97</u>	<u>4,419.18</u>	<u>4,163.66</u>

- A The Cash credit facility and working capital loan from Kotak Mahindra Bank is repayable on demand and carries interest rate of 12.00% p.a. (March 31, 2016: 12.90% p.a.) and is secured by way of:
- Exclusive charge on all existing and future current assets of the borrower's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon.
 - Subservient charge over all existing and future current assets of the Company except current assets of the company's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon on which bank has exclusive charge.
 - Equitable Mortgage by way of exclusive charge on the plot of Land at Sector-29, Gurgaon owned by the borrower. Also, exclusive charge over Moveable Fixed assets of the Hotel Property at Sector-29, Gurgaon.
 - Personal Guarantee of Mr. Patanjali G. Keswani.
- B The Cash credit facility from Yes Bank is repayable on demand and carries interest rate of 10.70% p.a. (March 31, 2016: 12.05% p.a.) and is secured by way of:
- First pari passu charge on all immovable fixed assets, movable fixed assets and current assets (both present and future) including land and building of Hotel Lemon Tree, Udyog Vihar, Hotel Lemon Tree, Pune, Hotel Lemon Tree, Ahmedabad, Hotel Lemon Tree, Chennai, Hotel Lemon Tree, Bangalore and Red Fox Hotel, Hyderabad

	As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
(ii) Trade payables			
Trade Payables	-	3.87	-
-Micro and small enterprises	3,686.79	3,140.79	2,958.75
-Other than Micro and small enterprises	<u>3,686.79</u>	<u>3,144.66</u>	<u>2,958.75</u>

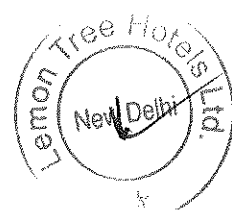
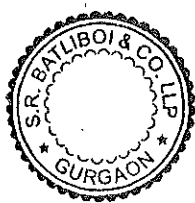
	As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
(iii) Other financial liabilities			
Current maturities of long-term borrowings	2,126.48	1,961.98	832.69
Interest accrued but not due on borrowings	2.22	16.41	16.42
Bank overdraft	-	248.31	-
Other payables			
-Payable for capital goods	95.39	380.89	151.83
Outstanding dues of other creditors	0.56	0.06	64.62
Total	<u>2,224.65</u>	<u>2,607.65</u>	<u>1,065.56</u>

19. Current Tax Liabilities (net)

	As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
Provision for wealth tax (Net of advance tax)	-	-	1.07
Total	<u>-</u>	<u>-</u>	<u>1.07</u>

20. Other current liabilities

	As at March 31, 2017 Rs in lakhs	As at March 31, 2016 Rs in lakhs	As at April 1, 2015 Rs in lakhs
Advance from customers	549.64	360.14	111.29
Deferred revenue- loyalty programme	5.32	6.72	18.19
Statutory dues	288.27	333.92	326.76
Total	<u>843.23</u>	<u>700.78</u>	<u>456.24</u>



21. Revenue from operations

	For the year ended March 31, 2017 Rs in lakhs	For the year ended March 31, 2016 Rs in lakhs
Sale of products and services		
- Room rental	13,121.19	11,808.44
- Food and beverage (excluding liquor and wine)	3,097.87	2,946.56
- Liquor and wine	323.40	294.81
- Banquet rentals	43.02	72.59
- Telephone and telex	25.47	34.79
- Other Services (including service charge income)	1,594.58	1,430.40
Other Operating Revenue		
- Management fee	3,637.27	2,740.73
Revenue from operations	21,842.80	19,328.32

22. Other Income

	For the year ended March 31, 2017 Rs in lakhs	For the year ended March 31, 2016 Rs in lakhs
Income from serve for India scheme	69.69	93.57
Profit on relinquishment of rights (refer note 45)	600.00	-
Rent received	14.42	12.91
Excess provision/ credit balances written back	6.36	13.76
Miscellaneous income	10.01	13.55
Total	700.48	133.79

23. Cost of food and beverages consumed

	For the year ended March 31, 2017 Rs in lakhs	For the year ended March 31, 2016 Rs in lakhs
(a) Consumption of food & beverages excluding liquor & wine		
Inventory at the beginning of the year	48.03	33.46
Add: Purchases	1,242.43	1,203.92
	1,290.46	1,237.38
Less: Inventory at the end of the year	49.41	48.03
Cost of food and beverage consumed	1,241.05	1,189.35
(b) Consumption of liquor & wine		
Inventory at the beginning of the year	38.14	27.50
Add: Purchases	116.98	121.21
	155.12	148.71
Less: Inventory at the end of the year	29.14	38.13
Cost of liquor and wine consumed	125.98	110.58
Total	1,367.03	1,299.93

24. Employee benefit expense

	For the year ended March 31, 2017 Rs in lakhs	For the year ended March 31, 2016 Rs in lakhs
Salaries, wages and bonus	4,101.45	3,861.32
Contribution to provident fund and other funds	173.58	161.04
Share based payments to employees	114.13	148.74
Gratuity expense	28.81	28.75
Leave compensation expenses	14.99	3.95
Staff welfare expenses	597.37	518.34
Total	5,030.33	4,722.14

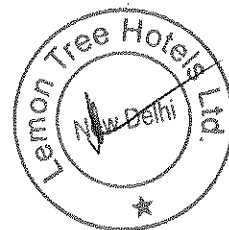


Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

25. Other expenses	For the year ended March 31, 2017 Rs in lakhs	For the year ended March 31, 2016 Rs in lakhs
Consumption of stores, cutlery, crockery, linen, provisions and others	618.17	631.42
Power and fuel	1,799.77	1,704.75
Guest transportation	392.49	423.85
Spa expenses	41.66	30.19
Subscription charges	35.86	38.64
Repair and maintenance		
- Buildings	285.46	123.97
- Plant and machinery	348.73	297.62
- Others	298.41	277.50
Rent	1,795.74	1,702.24
Rates and taxes	398.93	423.36
Insurance	51.31	46.61
Communication costs	515.94	532.78
Printing and stationery	115.30	105.62
Traveling and conveyance	94.72	125.21
Vehicle running and maintenance	81.97	95.88
Advertisement and business promotion	172.98	118.39
Architect and design fee (Also refer Note 47)	1,140.74	997.28
Commission -other than sole selling agent	232.36	197.33
Security and cleaning expenses	401.47	310.42
Membership and subscriptions	33.48	27.01
Legal and professional fees	465.84	456.16
Advances written off	1.22	160.51
Freight and cartage	14.96	19.17
Donations	0.33	1.87
Loss on sale of property plant & equipment	20.16	20.55
Provision for doubtful debts	11.56	6.71
Payment to auditor	42.04	47.20
Miscellaneous expenses	68.50	57.41
Total	9,480.10	8,979.65
Payment to auditor	34.00	39.50
Audit fees	6.00	6.00
Other services	2.04	1.70
Reimbursement of expenses	42.04	47.20



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Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

26. Finance costs

	For the year ended March 31, 2017 Rs in lakhs	For the year ended March 31, 2016 Rs in lakhs
Interest		
- on term loans from banks	2,974.70	2,825.73
- on loans from others	472.47	796.42
- on vehicle loans	14.26	19.36
- on other credit facilities from banks	475.01	465.86
- on income tax	0.04	0.15
Prepayment charges	42.23	1.59
Bank charges (including commission on credit card collection)	146.90	148.73
Total	4,125.61	4,257.84

27. Finance income

	For the year ended March 31, 2017 Rs in lakhs	For the year ended March 31, 2016 Rs in lakhs
Interest income from financial assets at amortised cost :		
-Bank Deposits	31.32	28.20
Loans		
- Interest others	338.39	203.92
Total	369.71	232.12

28. Depreciation and amortization expense

	For the year ended March 31, 2017 Rs in lakhs	For the year ended March 31, 2016 Rs in lakhs
Depreciation of tangible assets	2,082.84	2,139.80
Amortization of intangible assets	32.72	39.48
Depreciation on investment properties	4.39	4.40
Total	2,119.95	2,183.68

29. Earnings per share (Basic and Diluted)

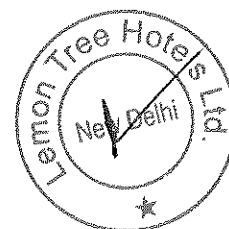
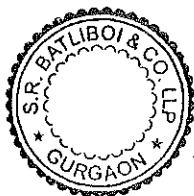
Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company (after adjusting for interest on the convertible preference shares) 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 following reflects the income and share data used in the basic and diluted EPS computations:

	March 31, 2017	March 31, 2016
Profit/(loss) attributable to equity holders (for basic and diluted) (Rs in lakhs)	660.75	(1,759.92)
Weighted Average Number of Equity Shares (for basic and diluted)*	779,627,716	777,246,165
Basic & Diluted EPS	0.08	(0.23)

* The weighted average number of shares takes into account the weighted average effect of changes in share transactions during the year. There have been no other transactions involving Equity shares or potential Equity shares between the reporting date and the date of authorisation of these financial statements.



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, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Operating lease commitments – Company as lessee

The Company has taken certain land and land and building on long term lease basis. The lease agreements generally have an escalation clause. These leases are generally non-cancellable. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life/ remaining economic life of the property and the fair value of the asset, that it does not have all the significant risks and rewards of ownership of these properties and accounts for the contracts as operating leases.

Further, the Company based on an evaluation of the terms and conditions of the respective agreements decided that wherever the escalations (generally 15% every 3 years or 20% every 4 years) are aligned to the average expected general inflation of the lease term period, operating lease payments are not required to be provided on a straight-line basis over the lease term as an expense in the statement of profit and loss and in other cases (including structured payment terms), operating lease payments are expensed on a straight-line basis over the lease term in the statement of profit and loss.

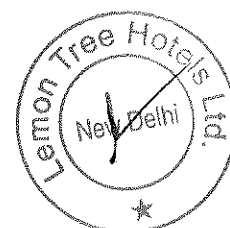
Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using other valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 35 for further disclosures.

Further, the management has estimated the expected future cash receipts through the expected life of the financial asset of interest free loans given to subsidiaries which is repayable on demand (generally 30 years-40 years) based on the financial position of the respective Subsidiaries and repayment period of the borrowings taken by these Subsidiaries.

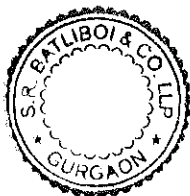


Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

Taxes

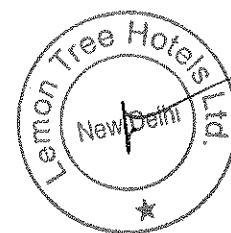
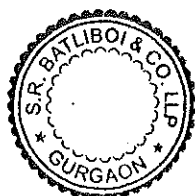
The management based on its assessment of the industry forecasts and current year profits is hopeful of generating future taxable profits to utilize deductible temporary differences, carry forward of unabsorbed depreciation. However, considering the nature of the Company's operations and history of past tax losses, deferred tax assets (including MAT credit) are recognized to the extent that it is probable that taxable profit will be generated in future against which the deductible temporary differences, carry forward of unabsorbed depreciation and tax losses can be utilised. Accordingly, it is considered prudent to recognize the deferred tax assets only to the extent of deferred tax liabilities and the Company has not recognised deferred tax assets on remaining unused tax losses/credits of Rs 3,043.92 lakhs, Rs 3,023.40 lakhs. and Rs 2,447.21 lakhs as of March 31, 2017, March 31, 2016 and April 1, 2015 respectively.



Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2017****31. Gratuity***Rs. In lakhs*

	March 31, 2017	March 31, 2016	April 1, 2015
Gratuity plan	95.44	91.48	74.31
Total	95.44	91.48	74.31

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 asset/ liability in the books of accounts on the basis of actuarial valuation as per the Projected unit credit method.



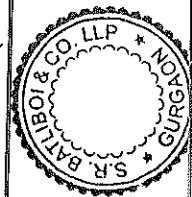
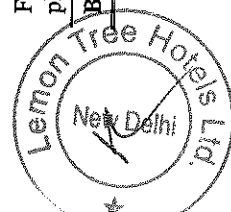
Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2017:

Gratuity cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income						Rs. in lakhs	
April 1, 2016	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 demographic assumptions	Remeasurement changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2017
Defined benefit obligation	205.00	21.98	14.97	36.95	(8.17)	-	3.81	(18.46)	(14.65)	-	219.14
Fair value of plan assets	113.52	-	8.28	8.28	(6.84)	0.24	-	-	0.24	8.48	123.70
Benefit liability	91.48	21.98	6.69	28.67	(1.33)	(0.24)	3.81	(18.46)	(14.89)	(8.48)	95.44

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2016:

Gratuity cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income					Rs. in lakhs		
April 1, 2015	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, 2016
Defined benefit obligation	192.45	20.79	15.01	35.80	(17.92)	-	2.41	(7.74)	(5.33)	-	205.00
Fair value of plan assets	118.14	-	9.21	9.21	(17.92)	0.24	-	-	0.24	3.85	113.52
Benefit liability	74.31	20.79	5.80	26.59	-	(0.24)	2.41	(7.74)	(5.57)	(3.85)	91.48



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

The major categories of plan assets of the fair value of the total plan assets are as follows:

	March 31, 2017	March 31, 2016	April 1, 2015
Unquoted investments:			
Asset invested in insurance scheme with the LIC	100%	100%	100%
Total	100%	100%	100%

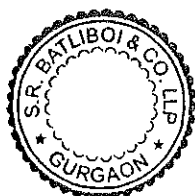
The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	March 31, 2017	March 31, 2016	April 1, 2015
Discount rate:	%	%	%
Pension plan	6.50%	7.30%	7.80%
Future salary increases:			
Pension plan	5.00%	5.00%	5.00%
Life expectation for pensioners at the age of 65:	Years	Years	Years
Pension plan			
Male	60	60	60
Female	60	60	60

A quantitative sensitivity analysis for significant assumption as at March 31, 2017 is as shown below:

India gratuity plan:

	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	47.43	50.01	50.25	48.54



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

	March 31, 2016	March 31, 2016	March 31, 2016	March 31, 2016
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	47.58	50.13	50.76	49.05

The sensitivity analyses above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following payments are expected contributions to the defined benefit plan in future years:

Duration (Years)	For the year ended March 31, 2017	<i>Rs. in lakhs</i> For the year ended March 31, 2016
1	58.31	57.47
2	111.87	43.98
3	18.83	81.79
4	15.90	14.72
5	13.26	12.29
Above 5	39.33	38.92
Total expected payments	257.50	249.19

The average duration of the defined benefit plan obligation at the end of the reporting period is 5 years (March 31, 2016: 5 years).

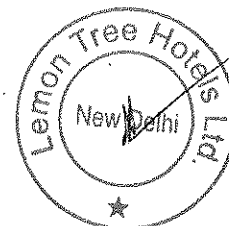
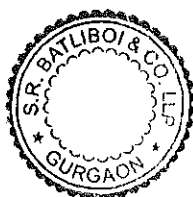
32. Commitments and contingencies

a. Leases

Operating lease commitments — Company as lessee

The Company has entered into operating leases on hotel buildings, with lease terms between twenty three and twenty five years.

The Company has recognised the following expenses as rent in the statement of profit & loss towards minimum lease payment.



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Lease Rent on Hotel Properties	1,493.48	1,412.09	1,255.33
Rent on Office Premises	36.81	25.17	20.77
Rent of staff hostel/Others	119.68	105.45	72.88
Total	1,649.97	1,542.71	1,348.98

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

Rs. in lakhs

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Minimum Lease Payments :			
Not later than one year	1,070.29	1,053.05	1,002.86
Later than one year but not later than five years	4,565.00	4,374.33	4,280.50
Later than five years	35,709.15	36,966.02	38,092.17
Total	41,344.44	42,393.40	43,375.53

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, 2017 Rs. 2,564.29 lakhs (March 31, 2016 Rs. 2,864.92 lakhs, April 1, 2015: Rs. 4,149.04 lakhs.)

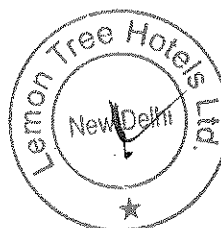
c. Contingent liabilities

Legal claim contingency

Rs. in lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Matter of service tax credit	200.78	200.78	287.20
Luxury tax	36.00	36.00	36.00
Total	236.78	236.78	323.20

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.



Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2017**

- (d) During the previous years, the Company 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 Company 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 Company contested the matter and the Department pursuant to the response received from all the developers of area where the Company's project is located, and arguments thereon, passed a common order on July 14, 2014 ("Order") and subsequently, the Company 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. The next date of hearing before the HC is scheduled for August 28, 2017. The Company, based on advice from legal experts, is of the view that there is no likelihood of any liability devolving on the Company on this ground and further, any liability cannot be ascertained at this stage requiring any adjustment in these financial statements.

(e) **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'. The Company has classified financial guarantees as contingent liabilities. Accordingly, there are no assets and liabilities recognized in the balance sheet under these contracts. Refer below for details of the financial guarantees issued:

Rs. in lakhs

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Canary Hotels Private Limited	2,500.00	2,500.00	2,500.00
Hyacinth Hotels Private Limited	8,605.00	8,605.00	8,605.00
Sukhsagar Complexes Private Limited	4,500.00	4,500.00	4,500.00
Oriole Dr. Fresh Hotels Private Limited	2,500.00	2,500.00	2,200.00
Nightingale Hotels Private Limited	6,000.00	6,000.00	5,500.00
Fleur Hotels Private Limited	13,500.00	13,500.00	-
Meringue Hotels Private Limited	22,000.00	-	-
Total	59,605.00	37,605.00	23,305.00



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

33. Employee Stock Option Plans:

a) Stock options granted on and after April 1, 2005.

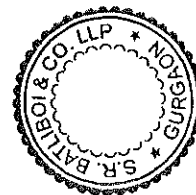
The Company has provided various share-based payment schemes to its employees. During the year ended March 31, 2017 the following schemes were in operation:

	Plan 1 (2005)	Plan 2 (2006)
Date of grant	November 15, 2005 and April 1, 2006	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
Date of Board Approval of plan	September 23, 2005	July 18, 2006
Date of Shareholder's approval of plan	November 15, 2005	August 25, 2006
Number of options granted	387,300	12,762,207
Method of Settlement	Equity	Equity
Vesting Period	12-48 months	12-48 months
Exercise Period	5 years from the date of vesting	5 years from the date of vesting
Vesting Conditions	Employee remaining in the employment of the enterprise during the vesting period.	Employee remaining in the employment of the enterprise during the vesting period.

Details of vesting:

Vesting period from the grant date	Vesting Schedule	
	Plan 1 (2005)	Plan 2 (2006) *
On completion of 12 months	30%	10%
On completion of 24 months	20%	20%
On completion of 36 months	20%	30%
On completion of 48 months	30%	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 and 328,008 ESOP's granted on April 1, 2012 for which specific vesting schedule was decided.



Lemon Tree Hotels Limited

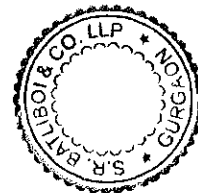
Notes to financial statements for the year ended March 31, 2017

The details of activity under Plan 1 (2005) have been summarized below:

	2016-17		2015-16	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	9,000	3.38	9,000	3.38
Granted during the year	-	-	-	-
Forfeited during the year	9,000	3.38	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	9,000	3.38
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	1.00	-
Weighted average fair value of options granted during the year	-	-	-	-

The details of activity under Plan 2 (2006) have been summarized below:

	2016-17		2015-16	
	Number of Options	Weighted Average Exercise Price (Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	11,069,974	19.26	3,456,282	14.65
Granted during the year	-	-	8,205,000	21.50
Forfeited during the year	383,394	20.84	171,769	18.10
Exercised during the year	2,871,902	15.74	419,539	12.94
Expired during the year	-	-	-	-
Outstanding at the end of the year	7,814,678	20.53	11,069,974	19.26
Exercisable at the end of the year	2,341,593	20.32	3,685,476	16.19
Weighted average remaining contractual life (in years)	2.60	-	3.46	-
Weighted average fair value of options granted during the year	-	-	-	-



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

The details of exercise price for stock options outstanding at the end of the year are:

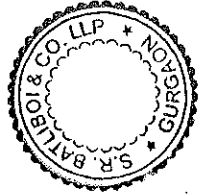
	Range of exercise prices (Rs.)			Number of options outstanding			Weighted average remaining contractual life of options (in years)			Weighted average exercise price (Rs.)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Plan 1	-	3.38	3.38	-	9,000	9,000	-	1	1	-	3.38	3.38
Plan 2	10.00-21.50	10.00-16.50	2.93-20.56	7,814,678	11,069,974	3,456,282	2.60	3.46	3.42	15.74	12.94	20.56

Stock Options granted

The weighted average fair value of stock options granted during the year was Rs Nil (Previous year 4.78). The Black Scholes model has been used for computing the weighted average fair value considering the following inputs:

	Plan 1 (2005)		Plan 2 (2006)	
	2017	2016	2017	2016
Weighted average share price	-	-	-	16.50
Exercise Price	-	-	-	21.50
Volatility	-	-	-	34%
Life of the options granted in years	-	-	-	5
Expected dividends	-	-	-	-
Average risk-free interest rate	-	-	-	7.99%
Expected dividend rate	-	-	-	-

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

34. Related Party Transactions

a) Names of related parties where control exists irrespective of whether transactions have occurred or not

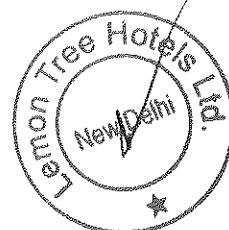
Subsidiary Company

- Begonia Hotels Private Limited
- Carnation Hotels Private Limited
- Celsia Hotels Private Limited
- Fleur Hotels Private Limited
- Dandelion Hotels Private Limited
- Hyacinth Hotels Private Limited
- Lemon Tree Hotel Company Private Limited
- Manakin Resorts Private Limited
- Meringue Hotels Private Limited
- PSK Resorts & Hotels Private Limited
- Nightingale Hotels Private Limited.
- Oriole Dr. Fresh Hotels Private Limited
- Red Fox Hotel Company Private Limited
- Sukhsagar Complexes Private Limited
- Pelican Facilities Management Private Limited
- 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

b) Names of other related parties with whom transactions have taken place during the year

Key Management Personnel

- Mr. Patanjali Govind Keswani (Chairman and Managing Director)
- Mrs. Sharanita Keswani wife of Mr. Patanjali Govind Keswani- Director (upto February 19, 2015)
- Mr. Rahul Pandit (President & Executive Director) upto May 8, 2015
- Mr. Rattan Keswani (Deputy Managing Director)
- Mr. Sanjeev Kaul Duggal(Independent Director)
- Mr. Gopal Sitaram Jiwarajka (Independent Director)
- Mr. Ravi Kant Jaipuria(Director)
- Mr. Niten Malhan(Director)
- Mr. Sachin Doshi(Director)
- Ms. Ila Dubey(Director)
- Mr. Aditya Madhav Keswani(Director)



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

Relatives of key management personnel

-Mrs. Sharanita Keswani relative of Mr. Aditya Madhav Keswani

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

- Spank Management Services Private Limited
 - Toucan Real Estates Private Limited
 - HeadStart Institute Private Limited
 - Aster Hotels and Resorts Private Limited
 - Buzzard Real Estates Private Limited
 - Crow Real Estates Private Limited
 - Myna Real Estates Private Limited
 - Unistar Hotels Private Limited
 - Vulture Management Services Private Limited
 - Sparrow Buildwell Private Limited
 - Garnet Hotels Private Limited
-

c) Additional related parties as per Companies Act 2013 with whom transactions have taken place during the year:

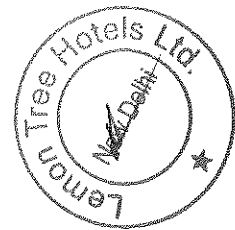
Chief Financial Officer

: Mr. Kapil Sharma

Company Secretary

: Mrs. Suman Singh (Upto 30 June 2016)

: Mr. Nikhil Sethi (Wef 12 December 2016)

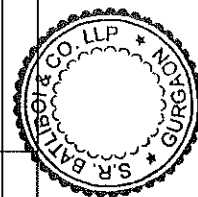


Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

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

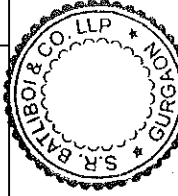
Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Rs. in lakhs	
					Enterprises owned or significantly influenced by key management personnel or their relatives	
Reimbursement of expenses paid on behalf of party						
Fleur Hotels Private Limited	31-Mar-17	5.73	-	-	-	-
	31-Mar-16	12.71	-	-	-	-
Begonia Hotels Private Limited	31-Mar-17	0.85	-	-	-	-
	31-Mar-16	15.20	-	-	-	-
Carnation Hotels Private Limited	31-Mar-17	8.41	-	-	-	-
	31-Mar-16	4.71	-	-	-	-
Oriole Dr. Fresh Hotels Private Limited	31-Mar-17	10.86	-	-	-	-
	31-Mar-16	-	-	-	-	-
Nightingale Hotels Private Limited	31-Mar-17	0.10	-	-	-	-
	31-Mar-16	-	-	-	-	-
Others	31-Mar-17	5.14	-	-	0.17	-
	31-Mar-16	1.63	-	-	-	-



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

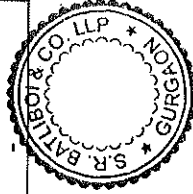
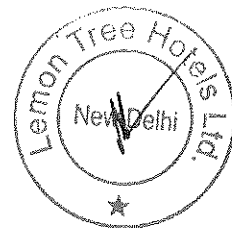
Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Enterprises owned or significantly influenced by key management personnel or their relatives
Amount Received by the Party on behalf of the company					
Fleur Hotels Private Limited	31-Mar-17	-	-	-	-
	31-Mar-16	63.61	-	-	-
Hyacinth Hotels Private Limited	31-Mar-17	-	-	-	-
	31-Mar-16	56.45	-	-	-
Nightingale Hotels Private Limited	31-Mar-17	7.99	-	-	-
	31-Mar-16	3.51	-	-	-
Others	31-Mar-17	0.59	-	-	-
	31-Mar-16	6.96	-	-	-
Loans (given)					
Meringue Hotels Private Limited	31-Mar-17	-	-	-	-
	31-Mar-16	20.00	-	-	-
Carnation Hotels Private Limited	31-Mar-17	820.50	-	-	-
	31-Mar-16	-	-	-	-
Oriole Dr. Fresh Hotels Private Limited	31-Mar-17	-	-	-	-



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

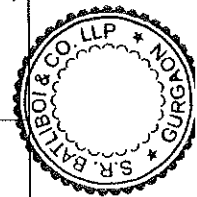
Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Enterprises owned or significantly influenced by key management personnel or their relatives
	31-Mar-16	1,214.50	-	-	-
Sukhsagar Complexes Private Limited	31-Mar-17	104.00	-	-	-
	31-Mar-16	47.00	-	-	-
Dandelion Hotels Private Limited	31-Mar-17	725.00	-	-	-
	31-Mar-16	175.00	-	-	-
Others	31-Mar-17	140.00	-	-	-
	31-Mar-16	-	-	-	-
Repayment of Loan Given					
Carnation Hotels Private Limited	31-Mar-17	209.00	-	-	-
	31-Mar-16	-	-	-	-
Begonia Hotels Private Limited	31-Mar-17	-	-	-	-
	31-Mar-16	1,150.00	-	-	-
Oriole Dr. Fresh Hotels Private Limited	31-Mar-17	2,470.00	-	-	-
	31-Mar-16	50.00	-	-	-
Others	31-Mar-17	-	-	-	-
	31-Mar-16	47.00	-	-	-



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

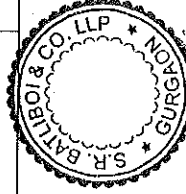
Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel (Managing Director, Whole time director, manager and managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Enterprises owned or significantly influenced by key management personnel or their relatives
Services obtained(Net of TDS)					
Spank Management Services Private Limited	31-Mar-17	-	-	-	-
	31-Mar-16	-	-	-	710.64
					384.55
Grey Fox Project Management Company Private Limited	31-Mar-17	240.45	-	-	-
	31-Mar-16	233.15	-	-	-
Valerian Management services Private Limited	31-Mar-17	67.25	-	-	-
	31-Mar-16	134.73	-	-	-
Lease Rent Paid					
Hyacinth Hotels Private Limited	31-Mar-17	173.08	-	-	-
	31-Mar-16	178.97	-	-	-
Reimbursement of expenses incurred on company's behalf					
Fleur Hotels Private Limited	31-Mar-17	17.10	-	-	-
	31-Mar-16	28.08	-	-	-
Hyacinth Hotels Private Limited.	31-Mar-17	276.25	-	-	-
	31-Mar-16	245.67	-	-	-



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

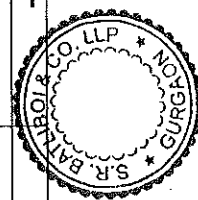
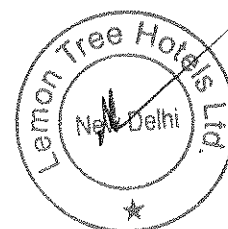
Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Enterprises owned or significantly influenced by key management personnel or their relatives
Others	31-Mar-17	-	-	-	-
	31-Mar-16	0.23	-	-	-
Amount Received on Behalf of Party by the Company					
Begonia Hotels Private Limited	31-Mar-17	-	-	-	-
	31-Mar-16	31.21	-	-	-
Fleur Hotels Private Limited	31-Mar-17	-	-	-	-
	31-Mar-16	74.57	-	-	-
Hyacinth Hotels Private Limited	31-Mar-17	-	-	-	-
	31-Mar-16	72.19	-	-	-
Others	31-Mar-17	-	-	-	-
	31-Mar-16	34.13	-	-	-
Remuneration paid					
Mr. Patanjali G Keswani	31-Mar-17	-	332.00	-	-
	31-Mar-16	-	348.34	-	-
Mr. Rahul Pandit	31-Mar-17	-	-	-	-
	31-Mar-16	-	14.08	-	-



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

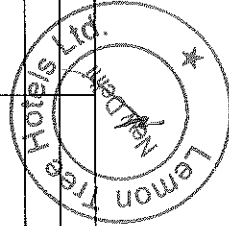
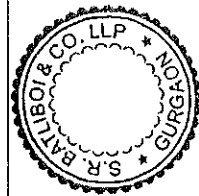
Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Enterprises owned or significantly influenced by key management personnel or their relatives
Mr. Rattan Keswani	31-Mar-17	-	20.22	-	-
	31-Mar-16	-	130.67	-	-
Mr. Kapil Sharma	31-Mar-17	-	65.28	-	-
	31-Mar-16	-	60.23	-	-
Mrs. Suman Singh	31-Mar-17	-	4.68	-	-
	31-Mar-16	-	15.23	-	-
Mr. Nikhil Sethi	31-Mar-17	-	8.80	-	-
	31-Mar-16	-	-	-	-
Fees for professional services					
Mrs. Sharanita Keswani	31-Mar-17	-	-	42.00	-
	31-Mar-16	-	-	43.58	-
Capital Advance					
Toucan Real Estates Private Limited	31-Mar-17	-	-	-	1,866.96
	31-Mar-16	-	-	-	385.00
Guarantees given for Loan Taken By					
Fleur Hotels Private Limited	31-Mar-17	13,500.00	-	-	-
	31-Mar-16	13,500.00	-	-	-
	01-Apr-15	-	-	-	-



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

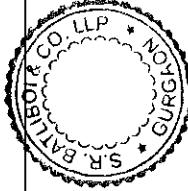
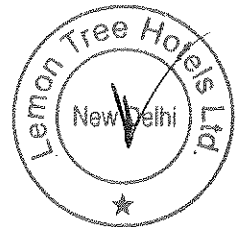
Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Enterprises owned or significantly influenced by key management personnel or their relatives
Canary Hotels Private Limited	31-Mar-17	2,500.00	-	-	-
	31-Mar-16	2,500.00	-	-	-
	01-Apr-15	2,500.00	-	-	-
Hyacinth Hotels Private Limited	31-Mar-17	8,605.00	-	-	-
	31-Mar-16	8,605.00	-	-	-
	01-Apr-15	8,605.00	-	-	-
Sukhsagar Complexes Private Limited	31-Mar-17	4,500.00	-	-	-
	31-Mar-16	4,500.00	-	-	-
	01-Apr-15	4,500.00	-	-	-
Oriole Dr. Fresh Hotels Private Limited	31-Mar-17	2,500.00	-	-	-
	31-Mar-16	2,500.00	-	-	-
	01-Apr-15	2,200.00	-	-	-
Nightingale Hotels Private Limited	31-Mar-17	6,000.00	-	-	-
	31-Mar-16	6,000.00	-	-	-
	01-Apr-15	5,500.00	-	-	-
Meringue Hotels Private Limited	31-Mar-17	22,000.00	-	-	-
	31-Mar-16	-	-	-	-
	01-Apr-15	-	-	-	-



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

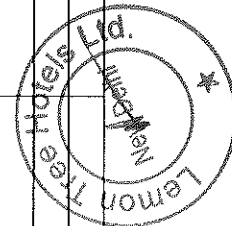
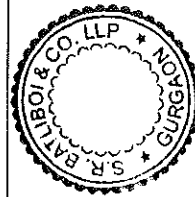
Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Enterprises owned or significantly influenced by key management personnel or their relatives
Subscription to Share Capital					
Grey Fox Project Management Services Private Limited in Preference Shares	31-Mar-17	-	-	-	-
	31-Mar-16	50.00	-	-	-
Canary Hotels Private Limited in Preference Shares	31-Mar-17	80.00	-	-	-
	31-Mar-16	190.00	-	-	-
Fleur Hotels Private Limited in Equity shares	31-Mar-17	-	-	-	-
	31-Mar-16	1,050.01	-	-	-
Sukhsager Complexes Private Limited in Preference Shares	31-Mar-17	90.00	-	-	-
	31-Mar-16	250.00	-	-	-
Others	31-Mar-17	3.85	-	-	-
	31-Mar-16	1.00	-	-	-
Management Fees Received (including Service Tax)					
Celsia Hotels Private Limited	31-Mar-17	237.88	-	-	-
	31-Mar-16	176.72	-	-	-



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

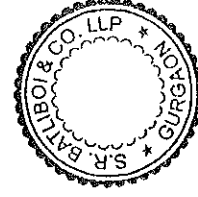
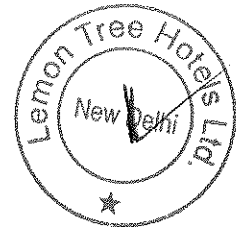
Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Enterprises owned or significantly influenced by key management personnel or their relatives
Fleur Hotels Private Limited.	31-Mar-17	2,269.43	-	-	-
	31-Mar-16	525.18	-	-	-
Hyacinth Hotels Private Limited.	31-Mar-17	445.69	-	-	-
	31-Mar-16	338.12	-	-	-
Iora Hotels Private Limited.	31-Mar-17	977.50	-	-	-
	31-Mar-16	1,197.00	-	-	-
Nightingale Hotels Private Limited	31-Mar-17	210.91	-	-	-
	31-Mar-16	136.01	-	-	-
Others	31-Mar-17	292.27	-	-	-
	31-Mar-16	174.18	-	-	-
Balances outstanding at the year end					
Meringue Hotels Private Limited	31-Mar-17	9,639.65	-	-	-
	31-Mar-16	9,639.65	-	-	-
	01-Apr-15	9,619.65	-	-	-
Oriole Dr. Fresh Hotels Private Limited	31-Mar-17	848.34	-	-	-
	31-Mar-16	3,318.34	-	-	-
	01-Apr-15	2,154.69	-	-	-



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Enterprises owned or significantly influenced by key management personnel or their relatives
Carnation Hotels Private Limited	31-Mar-17	612.43	-	-	-
	31-Mar-16	-	-	-	-
	01-Apr-15	-	-	-	-
Hyacinth Hotels Private Limited.	31-Mar-17	3,853.70	-	-	-
	31-Mar-16	3,895.73	-	-	-
	01-Apr-15	3,788.25	-	-	-
Others	31-Mar-17	1,209.14	0.61	3.68	-
	31-Mar-16	865.58	-	-	15.68
	01-Apr-15	1,470.11	3.14	-	-



Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2017****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, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2016: RsINR Nil, April 1, 2015: RsNil). 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

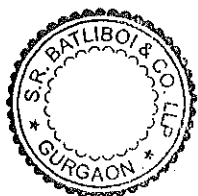
The company has not entered into any commitments with related parties during the year.

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 carried at cost)*Rs. in lakhs*

	March 31, 2017		March 31, 2016		April 1, 2015	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Assets						
Trade Receivables	-	1,456.71	-	1,706.79	-	1,069.78
Security Deposits (non-current)	-	871.80	-	771.78	-	701.25
Security Deposits (current)		11.42	-	10.51	-	10.51
Other bank balances	-	253.10	-	253.10	-	256.17
Other current financial asset-commission receivable	-	0.41	-	2.88	-	3.78
Cash and Cash Equivalents	-	566.38	-	509.66	-	421.42
Interest accrued on deposit with banks	-	127.79	-	99.40	-	75.07
Loans (non-current)	-	1,557.44	-	2,144.72	-	2,267.07
Loans (current)		613.54		1.11		56.06
Investments	4,142.34	-	3,931.57	0.88	3,641.77	0.85
Total Financial Assets (other than equity investment/ deemed investment in subsidiaries carried at cost)	4,142.34	5,458.59	3,931.57	5,500.83	3,641.77	4,861.96



Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2017**

Note: The financial assets above do not include investments in subsidiaries which are measured at cost in accordance with Ind AS 101 and Ind AS 27.

b. Financial Liabilities

	March 31, 2017		March 31, 2016		April 1, 2015	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Borrowings (Non-current)	-	25,762.06	-	27,725.98	-	27,443.90
Borrowings (Current)		4,215.97		4,419.18		4,163.66
Trade Payables	-	3,686.79	-	3,144.66	-	2,958.75
Other Current Financial Liabilities	-	2,224.65	-	2,607.65	-	1,065.56
Total Financial Liabilities		35,889.47		37,897.47		35,631.87

c. Fair value measurement hierarchy for assets and liabilities**Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

i) Level 1

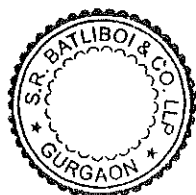
Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

ii) Level 2

Inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.

iii) Level 3

Inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

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

Financial assets and liabilities measured at fair value

Rs. in lakhs

	March 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial investments as FVTPL	-	-	-	
Unquoted equity instruments	-	-	0.26	0.26
Investment in compulsorily redeemable preference shares of subsidiaries	-	-	4,142.08	4,142.08
Total	-	-	4,142.34	4,142.34

	March 31, 2016			
	Level 1	Level 2	Level 3	Total
Financial investments as FVTPL				
Unquoted equity instruments	-	-	0.26	0.26
Investment in compulsorily redeemable preference shares of subsidiaries	-	-	3,931.31	3,931.31
Total	-	-	3,931.57	3,931.57

	April 1, 2015			
	Level 1	Level 2	Level 3	Total
Financial investments as FVTPL				
Unquoted equity instruments	-	-	0.26	0.26
Investment in compulsorily redeemable preference shares of subsidiaries	-	-	3,641.51	3,641.51
Total	-	-	3,641.77	3,641.77

The following methods and assumptions were used to estimate the fair values:

- The fair values of the unquoted equity shares have been estimated using a DCF model. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- The fair values of compulsorily redeemable preference shares of subsidiaries have been estimated using the fair valuation by independent valuer. The valuation requires management to make certain assumptions about the interest rate, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.

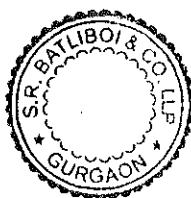


Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2017**

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 31 March 2017 and 31 March 2016 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 2017: 11.22% - 12.12% 31 March 2016: 11.22% - 12.12%
		Expected dividends	31 March 2017: 0% - 5% 31 March 2016: 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 is supported by a financial risk committee that advises on financial risks and the appropriate financial risk governance framework for the Company. This financial risk committee provides assurance to the Company's senior management that the Company's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each risk, which are summarised as below:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of interest rate risk. Financial instruments affected by market risk include loans and borrowings.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company is carrying its borrowings primarily at variable rate. The Company expects the variable rate to decline, accordingly the Company is currently carrying its loans at variable interest rates.

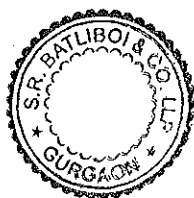
Rs. In lakhs

	March 31, 2017	March 31, 2016	April 1, 2015
Variable rate borrowings	31,955.33	33,971.31	32,214.02
Fixed rate borrowings	149.20	135.83	226.24

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, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/decrease in basis points	Effect on profit before tax
		<i>Rs. In lakhs</i>
31-Mar-17		
Rs	50	147.30
Rs	-50	(147.30)
31-Mar-16		
Rs	50	160.18
Rs	-50	(160.18)



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company has no exposure in foreign currency.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables and deposits to landlords) and from its financing activities, including deposits with banks and financial institutions and other financial instruments.

(a) Trade receivables

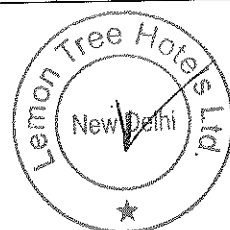
Customer credit risk is managed by each business location subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed and individual credit limits are defined in accordance with the assessment both in terms of number of days and amount.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 11. The Company does not hold collateral as security.

	<i>Rs. in lakhs</i>		
Ageing	31-Mar-17	31-Mar-16	01-Apr-15
Not due			
0-60 days past due	947.36	1,030.83	612.58
61-120 days past due	192.29	330.91	224.55
121-180 days past due	86.80	193.73	115.32
180-365 days past due	154.20	73.29	100.60
365-730 days past due	54.65	38.29	16.73
more than 730 days	21.40	39.73	-
	1,456.70	1,706.78	1,069.78

Provision for doubtful debts (including provision for expected credit loss)

	<i>Rs. in lakhs</i>		
Ageing	31-Mar-17	31-Mar-16	01-Apr-15
Not due	-	-	-
0-60 days past due	1.84	-	-
61-120 days past due	-	-	-
121-180 days past due	-	-	-
180-365 days past due	-	-	-
more than 365 days	13.78	9.03	2.32



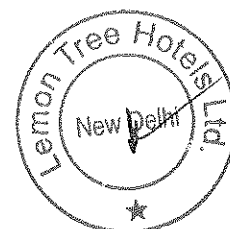
Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

Reconciliation of provision for doubtful debts – Trade receivables (including provision for expected credit loss)

Particulars	Rs. in lakhs		
	31-Mar-17	31-Mar-16	01-Apr-15
Provision at beginning	9.03	2.32	2.32
Addition during the year	8.62	6.71	-
Reversal during the year	2.03	-	-
Utilised during the year	-	-	-
Provision at closing	15.62	9.03	2.32

(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 31 March 2017, 31 March 2016 and 1 April 2015 is the carrying amount as illustrated in Note 11

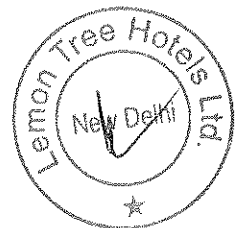


Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2017****Liquidity risk**

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. There are no undrawn borrowing facilities at the end of the reporting periods.

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

	<i>Rs. in lakhs</i>					
	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended March 31, 2017						
Borrowings	4,215.97	262.20	1,864.27	15,597.81	10,164.27	32,104.52
Trade and other payables	3,686.79	-	-	-	-	3,686.79
Other Financial Liabilities	98.18	-	-	-	-	98.18
	8000.94	262.20	1,864.27	15,597.81	10,164.27	35,889.49
Year ended March 31, 2016						
Borrowings	4,419.18	305.69	1,656.29	13,795.31	13,930.67	34,107.14
Trade and other payables	3,144.66	-	-	-	-	3,144.66
Other Financial Liabilities	645.66	-	-	-	-	645.66
	8,209.50	305.69	1,656.29	13,795.31	13,930.67	37,897.46
As at April 1, 2015						
Borrowings	4,163.66	140.07	692.62	10,289.02	17,154.89	32,440.26
Trade and other payables	2,958.75	-	-	-	-	2,958.75
Financial Liabilities	232.87	-	-	-	-	232.87
	7355.28	140.07	692.62	10,289.02	17,154.89	35,631.88



Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2017****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.

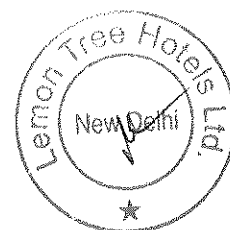
The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue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

	<i>Rs. In lakhs</i>		
	March 31, 2017	March 31, 2016	April 1, 2015
Borrowings (other than preference share)	29,978.05	32,145.16	31,607.57
Trade payables (Note 18)	3,686.79	3,144.66	2,958.75
Less: cash and cash equivalents (Note 11)	566.38	509.66	421.42
Net debt	33,098.46	34,780.16	34,144.90
Total capital	92,723.11	91,408.58	92,761.22
Capital and net debt	125,821.57	126,188.74	126,906.12
Gearing ratio	26%	28%	27%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements.

Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2017 and 31 March 2016.



38. First-time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

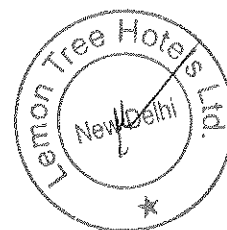
Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

- Property Plant & Equipment, Intangible assets and Investment property - As permitted by IND AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items of property, plant & equipment. The Same selection has been made in respect of Intangibles Assets and investment property. The Carrying value of property plant and equipment as aforesaid are after making adjustments relating to decommissioning liabilities
- Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before 1 April 2015.
- Determining whether an arrangement contain a lease:- Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements based for embedded leases based on conditions in place as at the date of transition.

Estimates

The estimates at 1 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model where application of Indian GAAP did not require estimation.

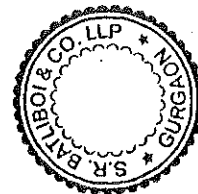
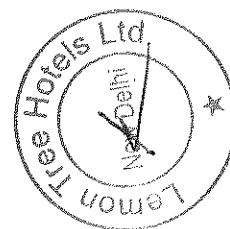


Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

Reconciliation of equity as at March 31, 2016 and April 1, 2015 (date of transition to Ind AS)

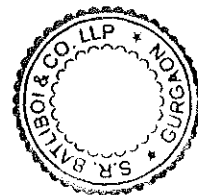
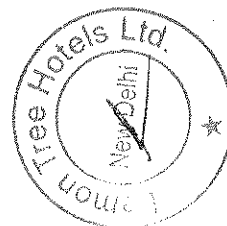
Rs. in lakhs

	Footnotes	March 31, 2016			April 1, 2015		
		Indian GAAP	Adjustment	Ind AS	Indian GAAP	Adjustment	Ind AS
ASSETS							
(1) Non-current assets	I	45,082.52	(24.07)	45,058.45	42,929.99	-	42,929.99
(a) Property, plant and equipment							
(b) Capital work-in-progress		527.05	-	527.05	1,177.90	-	1,177.90
(c) Investment Property		254.49	-	254.49	258.89	-	258.89
(d) Intangible assets		36.90	-	36.90	62.85	-	62.85
(e) Financial assets							
(i) Investments	II	57,904.55	12,084.70	69,989.25	56,363.54	11,787.77	68,151.31
(ii) Loans	II	14,074.65	(11,929.93)	2,144.72	14,028.18	(11,761.11)	2,267.07
(iii) Other financial assets	II	7,670.78	(6,546.49)	1,124.28	7,792.37	(6,759.88)	1,032.49
(f) Other non-current assets	II	2,916.00	5,261.65	8,177.65	5,747.51	5,635.84	11,383.34
		128,466.93	(1,154.14)	127,312.79	128,361.23	(1,097.38)	127,263.84
(2) Current assets							
(a) Inventories		229.14	-	229.14	199.74	-	199.74
(b) Financial assets							
(i) Trade receivables		1,706.79	-	1,706.79	1,069.78	-	1,069.78
(ii) Cash and Cash equivalents	V	504.60	5.06	509.66	420.13	1.29	421.42
(iii) Other financial assets		13.39	-	13.39	14.29	-	14.29
(iv) Loans		1.11	-	1.11	56.06	-	56.06
(c) Other current assets	II	1,235.35	(0.33)	1,235.02	641.41	(0.30)	641.11
		3,690.38	4.73	3,695.11	2,401.41	0.99	2,402.40
Total Assets		132,157.31	(1,149.41)	131,007.90	130,762.64	(1,096.40)	129,666.24



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

	Footnotes	March 31, 2016			April 1, 2015		
		Indian GAAP	Adjustment	Ind AS	Indian GAAP	Adjustment	Ind AS
Equity	V	77,810.22	(6.10)	77,804.11	77,648.68	(6.10)	77,642.57
(a) Share capital	II, III, IV	14,668.02	(1,063.56)	13,604.47	16,170.12	(1,051.48)	15,118.64
(b) Other Equity		92,478.24	(1,069.66)	91,408.58	93,818.79	(1,057.58)	92,761.22
Total Equity							
Liabilities							
Non-current liabilities							
(a) Financial liabilities	III	27,724.05	1.93	-	27,443.48	0.42	27,443.91
(i) Borrowings		78.43	-	78.43	62.64	-	62.64
(b) Long term provisions	IV	913.53	(81.74)	831.79	723.94	(40.45)	683.50
(c) Other non-current liabilities							
Total Non-current liabilities		28,716.01	(79.81)	28,636.20	28,230.07	(40.02)	28,190.05
Current liabilities	V	4,419.18	-	4,419.18	4,163.66	-	4,163.66
(a) Financial liabilities		3,144.66	-	3,144.66	2,958.75	-	2,958.75
(i) Borrowings		2,607.59	0.06	2,607.65	1,065.50	0.06	1,065.56
(ii) Trade payables		700.78	-	700.78	456.24	-	456.24
(iii) Other financial liabilities		90.85	-	90.85	69.69	-	69.69
(b) Other current liabilities		-	-	-	1.07	-	1.07
(c) Provisions							
(d) Current tax liabilities (net)		10,963.06	0.06	10,963.12	8,714.91	0.06	8,714.97
Total Current liabilities		39,679.07	(79.75)	39,599.32	36,944.99	(39.97)	36,905.02
Total Liabilities		132,157.90	(1,149.01)	131,007.90	130,763.00	(1,097.00)	129,666.23
Total Equity and Liabilities							



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

Company reconciliation of profit or loss for the year ended March 31, 2016

			<i>Rs. in lakhs</i>	
	Footnotes	Indian GAAP	Adjustments	Ind AS
Revenue From Operations		19,328.32	-	19,328.32
Other Income		133.79	-	133.79
Total Income		19,462.11	-	19,462.11
Expenses				
Cost of materials consumed		1,299.93		1,299.93
Employee benefits expense	I, VII, VIII	4,545.43	176.71	4,722.14
Other expenses	IV	8,788.23	191.42	8,979.65
Total (II)		14,633.59	368.13	15,001.72
Earnings before interest, tax, depreciation and amortisation (EBITDA)		4,828.52	(368.13)	4,460.39
Depreciation and amortization expense	I	2,183.74	(0.06)	2,183.68
Finance costs	III	4,256.34	1.51	4,257.84
Finance income	II	(29.39)	(202.74)	(232.12)
Loss before tax		(1,582.17)	(166.84)	(1,749.01)
Tax expense:				-
(1) Current tax		-	-	-
(2) Adjustment of tax relating to earlier periods		10.91	-	10.91
(3) Deferred tax		-	-	-
Loss for the period from continuing operations		(1,593.08)	(166.84)	(1,759.92)
Loss for the period		(1,593.08)	(166.84)	(1,759.92)
Other comprehensive income				-
Remeasurements of defined benefit plans	IX	-	5.56	5.56
Income tax relating to items that will not be reclassified to profit or loss				-
Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)		(1,593.08)	(161.28)	(1,754.36)



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

Footnotes to the reconciliation of equity as at April 1, 2015 and March 31, 2016 and profit or loss for the year ended March 31, 2016:

I. Property, plant and equipments

As per Ind AS 16, certain expenses pertaining to pre operating period has not been capitalised in property plant and equipment as compared to IGAAP.

II. Financial Assets

- Based on Ind AS - 109, financial Assets in the form of long term interest free deposits to landlords, and loans to employees have been accounted at fair value on the date of transition and subsequently measured at amortized cost using the effective interest rate method.
- Based on Ind AS - 109, financial Assets in the form of long term interest free loans to subsidiaries have been accounted at fair value on the date of transition and the difference is considered as deemed investment on account of interest free loan to subsidiaries. Subsequently the loan is measured at amortized cost using the effective interest rate method.
- Based on Ind AS - 109, financial Assets in the form of compulsory redeemable preference shares in subsidiaries is valued at fair value and the difference is considered as deemed investment in redeemable preference shares. Subsequently the investments are measured at fair value through profit & Loss.
- Under Indian GAAP, the Company had created provision for impairment of receivables consists only in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL).

III. Financial Liability

- Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

IV. Lease equalisation

Under Indian GAAP, operating lease excluding land leases were recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term. As per Ind-AS 17, Operating lease includes land leases are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless either (a) another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis, or (b) the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

V. ESOP Trust

Considering the guidance given in Ind AS 110, the ESOP trust has been included as part of standalone financials statements of the Company.



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2017

VI. Deferred tax

Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. In addition, the various transitional adjustments lead to temporary differences.

VII. Defined benefit liabilities

Both under Indian GAAP and Ind AS, the Company recognised costs related to its post-employment defined benefit plan on an actuarial basis. Under Indian GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, 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.

VIII. Share based payments

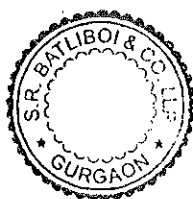
Under Indian GAAP, the cost of equity-settled transactions is measured using the intrinsic value method. Ind AS 102 requires the fair value of the share options to be determined using an appropriate pricing model recognised over the vesting period.

IX. Other comprehensive income

Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Indian GAAP profit or loss to profit or profit or loss as per Ind AS.

X. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.



Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2017**

39. The details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 are as provided in the Table below:

Particulars	SBNs	Other denomination notes	Rs. in lakhs
			Total
Closing cash in hand as on 08 November 2016	53.93	6.43	60.36
(+) Permitted receipts	-	96.03	96.03
(-) Permitted payments	-	49.10	49.10
(-) Amount deposited in Banks	53.93	22.06	75.99
Closing cash in hand as on 30 December 2016	-	31.30	31.30

Post demonetization, the management had directed all employees not to accept/ pay using the SBN's. Further, in view of the numerous locations where cash is collected the management has obtained direct confirmations from certain Banks confirming the collection of SBN's during the aforesaid period. For other banks, the Company has compiled the data on the basis of accounting records, bank statements and pay in slips for cash deposits during the period.

The aforesaid disclosures of SBN's have been compiled taking the management stated policy, direct bank confirmation and compilation of pay in slips.

40. Segment Reporting

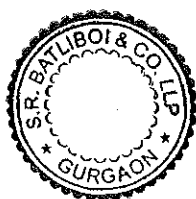
The Company is into Hoteliering business. The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. 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

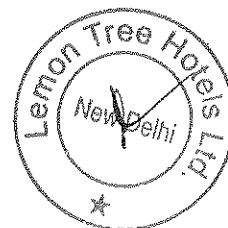
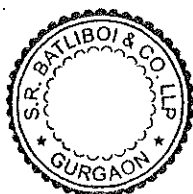


Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2017**

41. The Company in the earlier years paid conversion charges of Rs. 6,03.98 lakhs in respect of land taken for lease of 60 years for construction of hotel building. The Company has amortized Rs. 10.07 lakhs (Previous year: 31st March 2016 Rs. 10.07 lakhs April 2015: Rs. 10.07 lakhs) during the year in accordance with its accounting policy of amortizing the conversion charges over the period of lease as mentioned in Note 2.2 (j) above. The balance amount of Rs. 5,12.55 lakhs (Previous years Rs. 31st March 2016 : Rs.5,22.61 lakhs April 1,2015 Rs. 5,32.68 lakhs) has been shown in Note 9 as 'Prepaid conversion charges.'
42. During the year, the Company has made preferential allotments of Nil (31st March 2016: Rs. 8.95 lakhs) equity shares to parties and companies covered in the register maintained under section 189 of the Act. The management has confirmed that the shares under preferential allotment are issued at fair price based on the price as determined by an independent third party valuer and approved by the shareholders in the meeting dated July 30, 2015.
43. During an earlier year, the Company had issued equity shares to APG Strategic Real Estate Pool N.V. ('the investor') and the investor had also acquired 42.02% (March 31, 2016 42.02%, April 1, 2015: 42.47%) 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.
44. During the earlier years, the Company had entered into a sub license agreement with M/s Hyacinth Hotels Private Limited (a subsidiary of the Company) as part of Infrastructure development and services agreement entered between M/s Hyacinth Hotels Private Limited and Delhi International Airport Limited (DIAL) to develop a hotel at Aero City, New Delhi for an initial term of 27 years, extendable at the option of the Company for an additional period of 30 years provided DIAL gets the extension from Airport Authority of India. DIAL is committed to take over the building at 'Book values', as defined in the aforesaid agreement in case the agreement is not extended further. Accordingly the building is depreciated over the estimated useful life of 22 years after reducing the expected residual value as contractually recoverable from DIAL in case the agreement is not extended.
45. During an earlier year, the Company had entered into an agreement to sell with developer to purchase certain parts of built-up structure along with proportionate interest in the land to establish and operate a four star hotel at Jaipur and had given an advance to developer of Rs. 3,519.39 lakhs (including other expenses of Rs. 375.39 lakhs). Due to the delays in the construction, the Developer earlier had also agreed to return the aforesaid amount along with interest through various communications and receipt of such amount from developer would lead to the cancellation of agreement to sell.

During the earlier year, the Company had entered into a binding agreement ('consent terms') to receive full and final settlement against the aforesaid receivable and had received Rs. 3,360 lakhs till the previous year end. As per the revised consent terms, the developer has agreed to repay the balance amount and interest for delayed payment by August 31, 2016. The Company had accordingly adjusted the amount already received amounting to Rs. 3,360 lakhs against the carrying value of advance to developer and has written off the balance amount of other expenses amounting to Rs. 160.51 lakhs as 'advances written off' in the Statement of Profit & Loss.

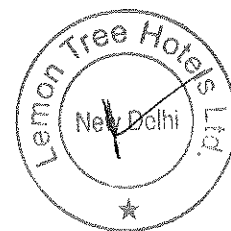
During the year, the company has received Rs. 600 lakhs towards relinquishment of right in the said property and recognized the same as other income. The balance amount would be recorded when the uncertainty of ultimate collectability is settled.



Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2017****46. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006.**

	<i>Rs. In lakhs</i>		
	March31, 2017	March31, 2016	April1, 2015
the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil	Nil
the amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil	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	Nil
the amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	0.05	0.13
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	Nil

47. During the year, the Company has incurred Rs. 1,140.74 lakhs (March 31 2016: Rs. 997.28 lakhs April 1 2015 Rs 1426.37 lakhs) on architect and design fees after taking approval from shareholders in meeting dated July 24, 2014. The management has confirmed that the same has been at arm's length and for business purpose.



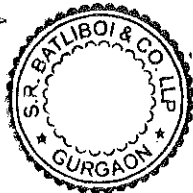
Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2017

As per our report of even date

For S.R. Batliboi & Co. LLP
ICAI Firm Registration No. 301003E/E300005
Chartered Accountants



per Sanjay Vij
Partner



Membership No. 95169

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



Patanjali G. Keswani
(Chairman & Managing
Director)

DIN:00002974



Nikhil Sethi
(Group Company Secretary & GM Legal)



Kapil Sharma
(Chief financial officer)

Place : Gurgaon
Date : June 15, 2017

Place: New Delhi
Date : June 15, 2017

