

INDEPENDENT AUDITOR'S REPORT

To the Members of **Meringue Hotels Private Limited**

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Meringue Hotels Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of 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 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 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 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 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 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 Ind AS financial statements.



JDP & Associates

(Chartered Accountants)

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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, 2018, its loss 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 I 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 the Statement of 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 account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 Ind AS financial statements – Refer Note 20 to the 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.



JDP & Associates

(Chartered Accountants)

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For JDP & Associates
Firm Registration No: 026828N
Chartered Accountants


Jatin Kumar

Partner
Membership No.: 531072
Place: New Delhi
Date:



JDP & Associates

(Chartered Accountants)

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

Re: Meringue Hotels Private Limited ("the Company")

- (i) a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

b) The Company has physically verified the fixed assets at reasonable intervals, there were no material discrepancy during the physical verification of fixed assets.

c) The company is holding the title deeds of immovable properties in its name.
- (ii) The company does not hold any inventory of finished goods, stores, spare parts and raw material. Accordingly, provisions of clause 3(ii) (a) and (b) of the order are not applicable to the company.
- (iii) The Company has not granted any loan to a company covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, provisions of, clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.
- (iv) The company has not made any loans, investments, guarantees, and securities during the year thus the provision of clause 3 (iv) is not applicable.
- (v) The Company has not accepted any deposits from the public in terms of directive issued by Reserve Bank of India and provision of section 73 to 76 of the Companies Act, 2013.
- (vi) To the best of our knowledge and as explained, the central government has not prescribed the maintenance of cost records under sub-section (1) of section 148 of the Companies Act 2013.
- (vii) a) Undisputed statutory dues including provident fund, employee state insurance, labour welfare fund, income-tax, goods and service tax, service tax, 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. The provisions related to excise and customs duty are not applicable to the Company.

b) According to information and explanation given to us, there are no undisputed amounts payable in respect of income tax, sales tax, goods and service tax, service tax, duty of customs, value added tax, excise duty cess and other material statutory dues were outstanding for a period of more than six months from the date they become payable.

c) According to information and explanation given to us there are no dues of Income tax, sales tax, goods and service tax, service tax, duty of customs, value added tax and cess which have not been deposited on account of dispute.



JDP & Associates

(Chartered Accountants)

- (viii) In our opinion and according to information and explanation given by the management, the Company has not defaulted in repayment of dues to bank. The Company did not have any outstanding dues in respect of financial institutions or debenture holders during the year.
- (ix) In our opinion and according to information and explanation given by the management, the Company has utilized the monies raised by way of term loans are applied for the purpose for which the term loan were obtained.
- The Company has not raised any moneys by way of initial public offer or further public offer during the year.
- (x) To the best of our knowledge no fraud is committed by the company or any fraud on the company by its officers or employees has been noticed or reported during the year.
- (xi) Managerial remuneration is not payable by the Company during the year. Hence reporting under clause 3(xi) is not applicable
- (xii) The company is not a Nidhi Company so Nidhi Rules, 2014 are not applicable to the company.
- (xiii) All transactions entered during the year with the related party are in compliance with the provisions of sections 188 and section 177 of Companies Act, 2013 where applicable and the details with respect to all related party transactions have been disclosed in the Financial Statements as required by applicable accounting standards.
- (xiv) The company has made an issue of fully paid up shares during the year under review and has complied with the requirements of section 42, 62 and 71 of the Companies Act, 2013 and the amount has been used for the purpose for which the funds were raised.
- (xv) The Company has not entered into any non-cash transaction with the director or person connected with director as required under section 192 of The Companies Act, 2013.
- (xvi) The company is not required to be registered under section 45-IA of the Reserve Bank of India, 1934.

For JDP & Associates

Firm Registration No: 026828N

Chartered Accountants



Jatin Kumar

Partner

Membership No.: 531072

Place: New Delhi

Date:



JDP & Associates

(Chartered Accountants)

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF MERINGUE HOTEL PRIVATE LIMITED

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 **Meringue hotels private Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' 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, issued by ICAI and deemed to be prescribed 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 Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial



JDP & Associates

(Chartered Accountants)

statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

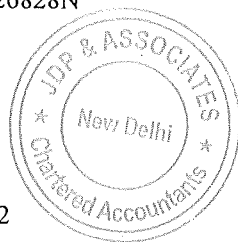
Opinion

In our opinion, 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, 2018, 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 JDP & Associates
Firm Registration No: 026828N
Chartered Accountants



Jaipur Kumar
Partner
Membership No.: 531072
Place: New Delhi
Date:




Meringue Hotels Private Limited
Balance Sheet as at March 31, 2018

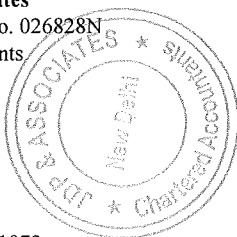
	Note	March 31, 2018 Rs in lakhs	March 31, 2017 Rs in lakhs
ASSETS			
Property, plant and equipment	3	4,813.38	4,811.90
Capital work-in-progress	4	19,494.13	13,836.15
Financial assets	5		
Other financial assets		5.18	3.60
Deferred tax assets (net)	6	-	-
Other non-current assets	7	695.48	144.91
		<u>25,008.17</u>	<u>18,796.56</u>
Financial assets	8		
Cash and Cash equivalents		7.55	126.79
Other current assets	9	7.00	170.87
		<u>14.55</u>	<u>297.66</u>
Total Assets		<u><u>25,022.72</u></u>	<u><u>19,094.22</u></u>
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	10	20.97	10.90
Other Equity	11	9,236.84	9,694.08
Total Equity		<u>9,257.81</u>	<u>9,704.98</u>
Liabilities			
Non-current liabilities			
Financial liabilities	12		
Borrowings		10,657.69	2,888.71
Other financial liabilities		116.99	28.93
		<u>10,774.68</u>	<u>2,917.64</u>
Current liabilities			
Financial liabilities	13		
Borrowings		1,240.67	2,970.68
Other financial liabilities		3,734.34	3,443.83
Other current liabilities	14	15.22	57.09
		<u>4,990.23</u>	<u>6,471.60</u>
Total Liabilities		<u>15,764.91</u>	<u>9,389.24</u>
Total Equity and Liabilities		<u><u>25,022.72</u></u>	<u><u>19,094.22</u></u>

Summary of significant accounting policies 2
The accompanying notes are an integral part of the financial statements.


As per our report of even date


For JDP & Associates
Firm Registration No. 026828N
Chartered Accountants


Jatin Kumar
Partner
Membership No. 531072



For and on behalf of the Board of Directors of
Meringue Hotels Private Limited


Jagdish Kumar Chawla
Director
Din: 00003022


Kapil Sharma
Director
Din: 00352890

Place : New Delhi
Date : May 22, 2018

Meringue Hotels Private Limited
Statement of Profit and Loss for the year ended March 31, 2018

	Note	March 31, 2018 Rs in lakhs	March 31, 2017 Rs in lakhs
Expenses			
Other expenses	15	9.47	7.77
Total expenses		<u>9.47</u>	<u>7.77</u>
Earnings before interest, tax, depreciation and amortisation (EBITDA)		(9.47)	(7.77)
Finance costs	16	0.06	0.01
Finance Income	17	(1.75)	(1.92)
Loss before tax		<u>(7.78)</u>	<u>(5.86)</u>
Tax expense:			
(1) Current tax		-	-
Loss for the year		<u>(7.78)</u>	<u>(5.86)</u>
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/ (losses) on defined benefit plans		-	-
Income tax effect		-	-
Total Comprehensive Income for the year (Comprising Profit/ (Loss) and Other Comprehensive Income for the year)		<u>(7.78)</u>	<u>(5.86)</u>
Earnings per equity share:			
(1) Basic	18	(0.44)	(0.54)
(2) Diluted	18	(0.44)	(0.54)
Summary of significant accounting policies	2		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date

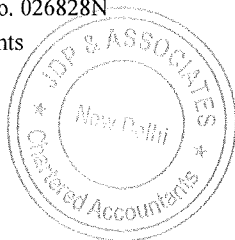
For JDP & Associates

Firm Registration No. 026828N


Chartered Accountants



Jatin Kumar
Partner

Membership No. 531072



For and on behalf of the Board of Directors of
Meringue Hotels Private Limited


Jagdish Kumar Chawla
Director
Din: 00003022


Kapil Sharma
Director
Din: 00352890

Place : New Delhi

Date : May 22, 2018

Meringue Hotels Private Limited
Cash flow statement for the year ended March 31, 2018


	March 31, 2018 Rs in lakhs	March 31, 2017 Rs in lakhs
Cash flow from operating activities		
Loss before tax	(7.78)	(5.86)
Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
Finance income (including fair value change in financial instruments)	(1.75)	(1.92)
Operating profit before working capital changes:	(9.53)	(7.78)
Movements in working capital:		
Change in loans and advances and other current assets	161.36	(166.40)
Change in liabilities and provisions	336.69	882.97
Cash Generated from Operations	488.53	708.79
Direct taxes paid (net of refunds)	0.00	(9.48)
Net cash flow from operating activities (A)	488.53	699.31
Cash flows used in investing activities		
Purchase of fixed assets including movement of CWIP and capital advances	(6,218.98)	(3,252.47)
Interest received	1.75	1.92
Net Cash flow used in investing activities (B)	(6,217.22)	(3,250.55)
Cash flows from financing activities		
Proceeds from issuance of share capital	9,105.18	725.00
Redemption of preference shares	(836.74)	-
Repayment/Proceeds from long term borrowings	(2,658.98)	1,944.24
Net Cash from financing activities (C)	5,609.46	2,669.24
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(119.24)	118.00
Cash and cash equivalents at the beginning of the year	126.79	8.79
Cash and cash equivalents at the end of the year	7.55	126.79
Components of cash and cash equivalents		
Cash on Hand	0.86	0.62
Balances with Scheduled Banks in - Current accounts	6.69	126.17
Total cash and cash equivalents	7.55	126.79

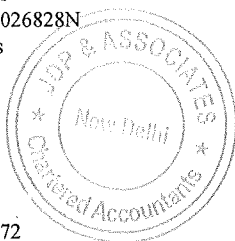
Summary of significant accounting policies

2

As per our report of even date


For JDP & Associates
Firm Registration No. 026828N
Chartered Accountants


Jagdish Kumar
Partner
Membership No. 531072



For and on behalf of the Board of Directors of
Meringue Hotels Private Limited


Jagdish Kumar Chawla
Director
Din: 00003022


Kapil Sharma
Director
Din: 00352890

Place : New Delhi
Date : May 22, 2018

Meringue Hotels Private Limited
Statement of Changes in Equity

A. Equity Share Capital

Equity shares of INR 1 each issued, subscribed and fully paid

	No. of shares	Amount Rs in lakhs
At 1 April 2016	1,090,000	10.90
Issue of share capital	-	-
At 31 March 2017	1,090,000	10.90
Issue of share capital	1,007,209	10.07
At 31 March 2018	2,097,209	20.97

B. Other Equity

For the period ended 31 March, 2018

	Capital reserve Rs in lakhs	Securities Premium Reserve Rs in lakhs	Retained Earnings Rs in lakhs	Total equity Rs in lakhs
Balance at 1 April 2016	9,570.29	89.10	(17.30)	9,642.09
Total Comprehensive Income for the year	0.00	-	(5.86)	(5.86)
Additions during the year	57.85	-	0.00	57.85
Balance at 31 March 2017	9,628.14	89.10	(23.16)	9,694.09
Total Comprehensive Income for the year	0.00	-	(7.78)	(7.78)
Movement during the year	(9,544.57)	9,095.10	0.00	(449.47)
Balance at 31 March 2018	83.57	9,184.20	(30.93)	9,236.84

Summary of significant accounting policies

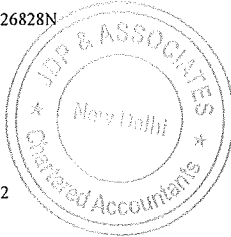
The accompanying notes are an integral part of the financial statements.

2

As per our report of even date

For JDP & Associates
Firm Registration No. 026828N
Chartered Accountants

Jatin Kumar
Partner
Membership No. 531072
Place : New Delhi



Date : May 22, 2018

For and on behalf of the Board of Directors of
Meringue Hotels Private Limited

Jagdish Kumar Chawla
Director
Din: 00003022

Kapil Sharma
Director
Din: 00352890

Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

1. Corporate Information

Meringue Hotels Private Limited (the Company) is a private 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 B-6/17, Safdarjung Enclave, New Delhi-110029.

The principal activities of the Company is to carry out business of developing, owning, acquiring, renovating and promoting hotels, motels, resorts, restaurants, etc.

The financial statements were authorized for issue in accordance with a resolution of the directors on 22nd May 2018.

2 Basis of preparation

2.1 Significant accounting policies

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.

The financial statements have been prepared on a historical cost or at amortized cost except for the following assets and liabilities:

- Net defined benefit (asset)/liability
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),

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

2.2 Summary of 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.



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

A liability is current when there is:

- Expected to be settled in normal operating cycle
- Held primarily for the purpose of trading
- Due to be settled within twelve months after the reporting period, or
- No unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(b) Foreign currencies

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 recognized in profit or loss

(c) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

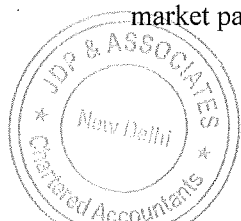
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes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



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

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 recognized 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 Group's accounting policies. For this analysis, 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 as explained above.

This note summarizes 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 19)
- Quantitative disclosures of fair value measurement hierarchy (note 22)
- Financial instruments (including those carried at amortized cost) (note 22)

(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



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

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.

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. Shortfall 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 recognized 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 and interest bearing financial assets classified as available for sale, 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.

Gain/(loss) on sale of investment in mutual funds

Gain/(loss) on sale of investment in mutual funds is recorded as other income on transfer of title from the Company and is determined as the difference between the redemption price and carrying value of the investments.

(e) Taxes

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 recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized 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.



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

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 recognized for all taxable temporary differences:

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised,

The carrying amount of deferred tax assets 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. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognized 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.

(f) Property, plant and equipment

Freehold land is carried at revalued cost as at transition date. Capital work in progress, 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 recognized 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 recognized 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.



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

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)
Office Equipment's	5 Years
Vehicles	8 Years
Computers	3 Years

The Company, based on management estimates, depreciates certain items of building, plant and equipment over estimated useful lives which are lower than the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognized.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end, and adjusted prospectively if appropriate.

(g) Intangible assets

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 either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is derecognized.



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

(h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(i) 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 units (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.

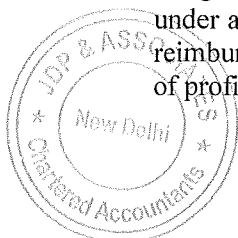
The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a 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 of continuing operations, including impairment on inventories, are recognized in the statement of profit and loss.

(j) Provisions

General

Provisions are recognized 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.



Meringue Hotels Private Limited
Notes to financial statements for the year ended March 31, 2018

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 recognized as a finance cost.

(k) Retirement and other employee benefits

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

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

Re-measurements, 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 recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognized 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:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

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. Actuarial 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.



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

(I) 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 recognized 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 recognized 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 amortized 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 amortized cost

A debt instrument is measured at the amortized 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.

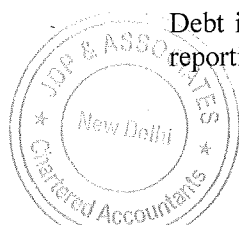
This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables, loans to subsidiaries etc.

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



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

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 recognized 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 not designated any debt instrument as at FVTPL.

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

Derecognition

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

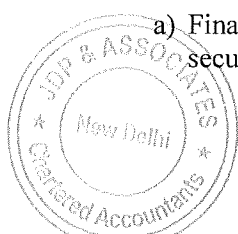
When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

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 amortized cost e.g., loans, debt securities, deposits, trade receivables and bank balance



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

- b) Financial assets that are debt instruments and are measured as at FVTOCI
- c) Lease receivables under Ind AS 17
- d) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- e) Loan commitments which are not measured as at FVTPL
- f) Financial guarantee contracts which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All lease receivables resulting from transactions within the scope of Ind AS 17

The application of simplified approach does not require the 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.

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 entity 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. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

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.



Meringue Hotels Private Limited
Notes to financial statements for the year ended March 31, 2018

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 recognized 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.

Gains or losses on liabilities held for trading are recognized 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 recognized 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 amortized cost using the EIR method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortisation process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 12.



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

Financial guarantee contracts

Financial guarantee contracts issued by the group Company are those contracts that require a payment to be made to reimburse the guarantee holder for a loss it incurs because the Company fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantees issued by the group Company on behalf the Company are designated as 'Insurance Contracts'.

Derecognition

A financial liability is derecognized 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 recognized in the statement of profit or loss.

Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortized cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in P&L.
FVTPL	Amortized Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortized cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognized in OCI. No change in EIR due to reclassification.
FVTOCI	Amortized cost	Fair value at reclassification date becomes its new amortized cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortized cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

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 recognized amounts and there is an intention to settle, on a net basis, to realise the assets and settle the liabilities simultaneously.

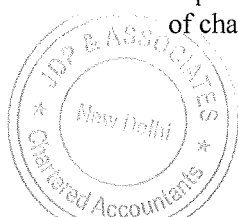
(m) Redeemable Preference Shares and Interest free loans

Redeemable Preference Shares are separated into liability and equity components (shown as capital reserve) based on the terms of the issuance of instrument.

Redeemable preference shares are initially measured at the fair value. The residual amount is classified as equity. The interest free loans also accounted similar to Preference shares. The liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortized cost (net of transaction costs) until it is extinguished on conversion or redemption.

(n) 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.



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

(o) 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.

(p) Segment reporting policies

Identification of segments

The management of the Company reviews the specific performance of its respective hotel properties. However, since all hotels have similarity in terms of products and services, customer classes, method of providing services and the regulatory environment, the individual hotels qualify for aggregation. Thus, the management has considered aggregating all the hotels as one reportable operating segment. Accordingly, the figures appearing in these financial statements relate to the Company's single operating segment.

(q) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- The profit attributable to owners of the Company
- By the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year, if any.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

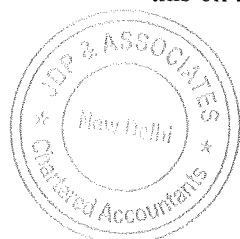
- The after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- The weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(r) Recent accounting pronouncements

Standards issued but not yet effective

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material .



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The effect on adoption of Ind AS 115 is expected to be insignificant .



Meringue Hotels Private Limited
Notes to financial statements for the year ended March 31, 2018

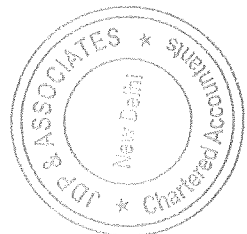
3 Property, plant and equipment

(Rs in Lakhs)

Particulars	Freehold Land	Office equipments	Computers	Vehicles	Total
Cost or valuation					
Deemed cost as at April 1, 2016	4,809.56	0.08	0.05	4.40	4,814.09
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As at March 31, 2017	4,809.56	0.08	0.05	4.40	4,814.09
Additions	-	2.74	0.31	-	3.05
Disposals	-	-	-	-	-
As at March 31, 2018	4,809.56	2.82	0.36	4.40	4,817.14
Depreciation					
As at April 1, 2016	-	0.05	0.05	1.03	1.13
Charge for the year	-	0.03	-	1.03	1.06
Disposals	-	-	-	-	-
As at March 31, 2017	-	0.08	0.05	2.07	2.19
Charge for the year	-	0.45	0.09	1.03	1.57
Disposals	-	-	-	-	-
As at March 31, 2018	-	0.52	0.14	3.10	3.76
Net Book value					
As at March 31, 2018	4,809.56	2.30	0.22	1.30	4,813.38
As at March 31, 2017	4,809.56	-	-	2.33	4,811.90
Net book value	As at	As at			
	March 31, 2018	March 31, 2017			
Plant, property and equipment	4,813.38	4,811.90			

Plant, property and equipment

Note - Assets charged against borrowings - All immovable and moveable fixed assets of the company are subject to a first charge to secure the company's borrowings.



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

4 Capital work-in-progress	March 31, 2018	March 31, 2017
	Rs in lakhs	Rs in lakhs
<u>Hotel at Mumbai</u>		
Material	9,677.34	6,347.79
Professional charges	2,093.51	1,541.80
Borrowing cost	1,793.56	1,040.32
Salary, wages & bonus	271.56	186.94
Project staff expenses other than salary	272.55	226.31
Traveling	41.93	36.28
Rates and taxes	5,161.15	4,274.86
Others	182.53	181.85
	19,494.13	13,836.15

Note -Assets charged against borrowings - All immovable and moveable fixed assets of the company are subject to a first charge to secure the company's borrowings.



Meringue Hotels Private Limited
Notes to financial statements for the year ended March 31, 2018

5 Financial assets

	March 31, 2018 Rs in lakhs	March 31, 2017 Rs in lakhs
a) Other financial assets		
Security Deposits	5.18	3.60
	<u>5.18</u>	<u>3.60</u>

6 Deferred tax assets (net)

	March 31, 2018 Rs in lakhs	March 31, 2017 Rs in lakhs
Deferred tax Liabilities		
Fixed assets : Impact of difference between tax depreciation and depreciation/ amortization as per financial statements	0.34	0.60
Capital work in progress	0.40	-
Deferred tax Assets		
Impact of expenditure charged to the statement of Profit and Loss in the current/ earlier period but allowable for tax purposes on payment basis	-	-
Deferred tax assets recognised to the extent of deferred tax liability	(0.74)	(0.60)
Deferred tax Asset (Net)	<u>-</u>	<u>-</u>

Note : The Company has incurred losses during current year further there is no reasonable certainty that the Company will earn taxable profits in future years. Accordingly deferred tax accounted on losses and unabsorbed depreciation to the extent of Deferred tax liabilities

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2018 and March 31, 2017

Accounting profit / (loss) before income tax	(7.78)	(5.86)
At India's statutory income tax rate of 25.75%	(2.00)	(1.51)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Expenses not allowed in income tax act	(1.97)	(1.16)
Deferred tax assets not created on carry forward losses in excess of deferred tax liability	(0.03)	(0.35)
Total adjustments	<u>(2.00)</u>	<u>(1.51)</u>
Income tax expense	<u>(0.00)</u>	<u>(0.00)</u>

7 Other non-current assets

	March 31, 2018 Rs in lakhs	March 31, 2017 Rs in lakhs
Capital Advances	658.07	108.43
	<u>658.07</u>	<u>108.43</u>
Others		
Advance Income Tax (net of provision for taxation)	24.63	24.63
Interest accrued on deposits with banks and others	2.78	1.85
Non current bank balances	10.00	10.00
	<u>37.41</u>	<u>36.48</u>
	<u>695.48</u>	<u>144.91</u>

8 Financial assets

	March 31, 2018 Rs in lakhs	March 31, 2017 Rs in lakhs
(i) Cash and cash equivalents		
Balance with banks		
On current & cash credit accounts	6.69	126.17
Cash on hand	0.86	0.62
	<u>7.55</u>	<u>126.79</u>

Balance with banks are non interest bearing.

At March 31, 2018, the Company had available Rs. 8,950 lakhs (March 31, 2017: Rs. 17,850 lakhs) of undrawn committed borrowing facilities.

9 Other current assets

	March 31, 2018 Rs in lakhs	March 31, 2017 Rs in lakhs
Prepayments	7.00	7.00
Prepaid Expenses	-	163.87
	<u>7.00</u>	<u>170.87</u>



10 Equity Share capital

Authorised Share Capital

	Equity shares		Preference Shares	
	No. of shares	Rs in lakhs	No. of shares	Rs in lakhs
At 1 April 2016	1,500,000	15.00	500,000	500.00
Increase/(decrease) during the year	-	-	500,000	500.00
At 31 March 2017	1,500,000	15.00	1,000,000	1,000.00
Increase/(decrease) during the period	1,500,000	15.00	-	-
At 31 March 2018	3,000,000	30.00	1,000,000	1,000.00

Terms/rights attached to equity shares

The company has only one class of equity shares having par value of Rs. 1 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.

The Preference shares are not convertible into equity shares and are reflected in financial liabilities

Issued equity capital

Equity shares of INR 1 each issued, subscribed and fully paid

	No. of shares	Rs in lakhs
At 1 April 2016	1,090,000	10.90
Increase/(decrease) during the year	-	-
At 31 March 2017	1,090,000	10.90
Increase/(decrease) during the period	1,007,209	10.07
At 31 March 2018	2,097,209	20.97

Shares held by holding company

	March 31, 2018		March 31, 2017	
	No. of shares	Rs in lakhs	No. of shares	Rs in lakhs
Equity shares of Re. 1 each fully paid up				
Dandelion Hotels Private Limited			872,000	10.90
Lemon Tree Hotels Limited	1,225,209	12.25		

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

	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% held as at March 31, 2018	No. of shares	% held as at March 31, 2017
Equity shares of INR 1 each fully paid				
Dandelion Hotels Private Limited	872,000	41.58%	872,000	80.00%
Lemon Tree Hotels Limited	1,225,209	58.42%	-	-
Nayan S Parekh	-	-	87,200	8.00%
Manish V Parekh	-	-	65,400	6.00%
Hiten V Parekh	-	-	65,400	6.00%

The Company has not issued Bonus Share, Share for consideration other than Cash and has not bought back shares during the period of five years immediately preceding the reporting date.



11 Other equity

	Rs in lakhs	
Securities Premium Reserve		
At 1 April 2016	89.10	
Increase/(decrease) during the year	-	
At 31 March 2017	89.10	
Increase/(decrease) during the year	9,095.10	
At 31 March 2018	9,184.20	
Retained Earnings		
At 1 April 2016	(17.30)	
Profit/(loss) for the year	(5.86)	
At 31 March 2017	(23.16)	
Profit/(loss) for the year	(7.78)	
At 31 March 2018	(30.93)	
Capital Reserve (Equity Component of Redeemable Preference Shares and loan from holding company)		
	Rs in lakhs	
At 1 April 2016	9,570.29	
Increase/(decrease) during the year	57.85	
At 31 March 2017	9,628.14	
Increase/(decrease) during the year	(9,544.57)	
At 31 March 2018	83.57	
	March 31, 2018	March 31, 2017
	Rs in lakhs	Rs in lakhs
Other reserves		
Securities Premium Reserve	9,184.20	89.10
Retained Earnings	(30.93)	(23.16)
Capital Reserve (Equity Component of Redeemable Preference Shares and loan from holding company)	83.57	9,628.14
	<u>9,236.84</u>	<u>9,694.08</u>

Note: During the current period the company had redeemed the Preference Share and repaid loan from holding company and basis on the same reversed the equity component of Redeemable Preference Shares and loan from holding company



Meringue Hotels Private Limited
Notes to financial statements for the year ended March 31, 2018

12 Financial liabilities

(i) Borrowings

Non-current borrowings

Term Loans

Indian rupee loans from Banks (Secured)

Yes Bank Limited (Refer note 1 below)

Axis Bank Limited (Refer note 3 below)

Loan from related parties

0% loan from Lemon Tree Hotels Limited(Ultimate Holding Company) repayable on demand

Non convertible preference shares (unsecured) (refer note 2 below)

Total non-current borrowings

Current borrowings

Term Loans

Current maturity of long term loans

Yes Bank Limited (Refer note 1 below)

Axis Bank Limited (Refer note 3 below)

Total current borrowings

Less: Amount clubbed under "other current liabilities"

Net current borrowings

	Effective interest rate %	Maturity	March 31, 2018 Rs in lakhs	March 31, 2017 Rs in lakhs
Non-current borrowings				
Term Loans				
Indian rupee loans from Banks (Secured)				
Yes Bank Limited (Refer note 1 below)	9.71%	2036-2037	7,117.79	1,911.68
Axis Bank Limited (Refer note 3 below)	9.50%	2037-2038	3,539.89	-
Loan from related parties				
0% loan from Lemon Tree Hotels Limited(Ultimate Holding Company) repayable on demand	0.00%	2017-2018	-	140.29
Non convertible preference shares (unsecured) (refer note 2 below)	0.00%	2017-2018	-	836.74
Total non-current borrowings			10,657.69	2,888.71
Current borrowings				
Term Loans				
Current maturity of long term loans				
Yes Bank Limited (Refer note 1 below)	9.71%	2036-2037	-	-
Axis Bank Limited (Refer note 3 below)	9.50%	2037-2038	-	-
Total current borrowings			-	-
Less: Amount clubbed under "other current liabilities"			-	-
Net current borrowings			-	-

Term loans

Note - 1 Rupee term loan from Yes bank is secured by

a) First Charge on all present and future immoveable fixed assets(80% portion of undivided part of land) of the project.

b) First Charge on all present and future moveable fixed assets and current assets of the borrower (including all receivables and escrow account opened with Yes Bank Limited)

c) Unconditional and irrevocable Corporate guarantee of Lemon Tree Hotels Limited to remain valid during the entire tenor of Yes Bank Limited facilities.

d) DSRA equivalent to 3 months interest and 1 quarter principal to be created in case of any cover dues beyond 30 days in the form of fixed deposit duly lien marked in favour of Yes Bank Limited.

Note - 2

2) Liability component of compound financial instrument represents 5% Redeemable Preference shares held by Dandelion Hotels Private Limited having face value of Rs. 100 each.

These shares were non-cumulative, non-participating, non-convertible preference shares and are issued for a maximum term of 5 Years.

These 5% redeemable preference shares were to be redeemed by :

- 1) a) at par ;b) either at Company's option or Shareholder's option and; c) anytime after expiry of one(1) year but on or before expiry of five (5) years from the date of allotment of the preference shares or on such other terms as varied as per the provisions of Section 48 of the Act.
- 2) These shares shall be redeemed out of the profits of the company which are otherwise available for dividend or out of the proceeds of a fresh issue of shares made for the purposes of such redemption.

The presentation of liability and equity portions of these shares is explained in the summary of significant accounting policies.

The company during year ended March'18 has redeemed all of these Preference Shares out of fresh issue of equity shares made for the purpose of such redemption

Note 3 - Rupee term loan from Axis bank is secured by

a) Equitable mortgage over 80% of the land & building except for 2nd basement, ground floor & 1st Floor which is proposed to be sold to PIPL (total land area measuring 5552.90 sq meter) on pari passu basis with other lenders.

b) First Pari Passu Charge on all present and future moveable fixed assets of the project, both present & future

c) First Pari Passu charge by way of hypothecation of all the current assets of the project

d)Corporate guarantee of Lemon Tree Hotels Limited

(ii) Other financial liabilities

	March 31, 2018 Rs in lakhs	March 31, 2017 Rs in lakhs
Security deposits	116.99	28.93
	116.99	28.93



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

13 Financial liabilities

	March 31, 2018 Rs in lakhs	March 31, 2017 Rs in lakhs
(i) Borrowings		
Loan from related parties		
0% loan from Manakin Hotels & Resorts Pvt Ltd repayable on demand	440.67	440.67
0% loan from Lemon Tree Hotels Ltd repayable on demand	800.00	-
0% loan from shareholders and directors repayable on demand	-	2,530.01
	<u>1,240.67</u>	<u>2,970.68</u>
(ii) Other financial liabilities		
Book overdraft	314.81	-
Other payables		
-Payable for capital goods	8.03	33.20
Outstanding dues of other creditors	3,411.50	3,410.63
	<u>3,734.34</u>	<u>3,443.83</u>

14 Other current liabilities

	March 31, 2018 Rs in lakhs	March 31, 2017 Rs in lakhs
Statutory dues	15.22	57.09
	<u>15.22</u>	<u>57.09</u>



Meringue Hotels Private Limited
Notes to financial statements for the year ended March 31, 2018

15 Other expenses

	March 31, 2018 Rs in lakhs	March 31, 2017 Rs in lakhs
Rates and taxes	7.94	4.66
Legal and professional fees	1.18	2.93
Payment to auditors	0.35	0.17
Miscellaneous expenses	0.00	0.01
Total	9.47	7.77
Payment to auditor		
Statutory audit fees	0.35	0.17
	0.35	0.17

16 Finance costs

	March 31, 2018 Rs in lakhs	March 31, 2017 Rs in lakhs
Interest		
- on income tax	0.01	-
Bank charges	0.05	0.01
	0.06	0.01

17 Finance Income

	March 31, 2018 Rs in lakhs	March 31, 2017 Rs in lakhs
Interest Income on :		
-Others	1.75	1.92
	1.75	1.92

18 Earnings per share (Basic And Diluted)

	March 31, 2018 Rs in lakhs	March 31, 2017 Rs in lakhs
Loss after Tax (Rs in lakhs)	(7.78)	(5.86)
Weighted Average Number of Equity Shares	1,784,585	1,090,000
Basic & Diluted EPS	(0.44)	(0.54)



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

19. Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, 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.

Judgments

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

Contingent liabilities

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

Estimates and assumptions

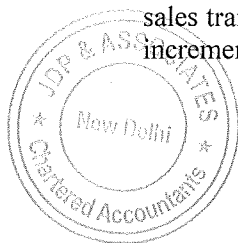
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions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

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Taxes

Considering that nature of the Company's operations and history of past tax losses, deferred tax assets 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 of Rs 1.79 lakhs, Rs 1.66 lakhs as of March 31, 2018 and March 31, 2017 respectively.

20. Commitments and contingencies

a. Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for:

At March 31, 2018, the Company had commitments of Rs. 13,454.96 lakhs (March 31, 2017: Rs. 5,352.35 lakhs)

b. Contingent liabilities

i. Guarantees issued on behalf of other companies amounting to Nil ((March 31, 2017: Rs. 1,200 lakhs)

ii. Counter Guarantees given in respect of guarantees issued by Company's bankers amounting to Rs. 149.53 lakhs (March 31, 2017: Rs. Nil)



Meringue Hotels Private Limited

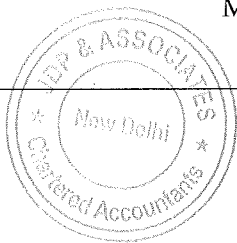
Notes to financial statements for the year ended March 31, 2018

iii. Company had purchased a plot of land in 2006 along with a factory unit on it, from Mistry Prabhudas Manji Engineering Private Limited. It had been represented to the subsidiary that the factory unit on the land had been shut since December 1998 due to illegal strikes by the workmen. The recovery officer of Employee State Insurance Corporation, Mumbai, issued a notice dated October 12, 2015 to the subsidiary informing it that Rs 2.16 million is due and payable towards arrears of contribution/ interest/ damages under the Employee State Insurance, Act, 1948 ("ESIC Act") for the period from April 1, 1992 up to March 31, 1998 and that Meringue has been declared as deemed defaulter under the ESIC Act. The notice also asked Meringue to show cause as to why a warrant of arrest should not be issued against it. Meringue filed an application (No. 25 of 2015) dated December 21, 2015 before the Employee's State Insurance Court, Mumbai ("ESIC Court") against the show cause notice issued by the recovery officer on the grounds that the show cause notice is not valid as it is inconsistent with the earlier order of the Court dated October 21, 2011 which required the ESIC to re-calculate the amount payable by Mistry Prabhudas Manji Engineering Private Limited after adjusting the sum already paid. The subsidiary requested the ESIC Court to grant an interim stay on enforcement of the aforementioned notice. Further, the subsidiary filed an application (No. 14 of 2016) before the ESIC Court for declaration that the notice dated October 12, 2015 is null and void as it was issued in violation of the order dated October 21, 2011 of the ESIC Court. The ESIC has filed its reply to the application on September 14, 2016. The proceedings are in progress & the management based upon its assessment and expert's advice believes that any liability is improbable to crystallize.

21. Related Party Transactions

a) Names of related parties

Ultimate Holding company	Lemon Tree Hotels Limited (upto August 31, 2017)
Holding Company	Dandelion Hotels Private Limited(upto September 1, 2017) Lemon Tree Hotels Limited(from September 1, 2017)
Fellow subsidiary companies	Manakin Resorts Private Limited Dandelion Hotels Private Limited(from September 2, 2017)
Enterprise in which Ultimate Holding company key Management Person has Significant Influence	Spank Management Services Private Limited
Key Management Personnel	Mr. Jagdish Kumar Chawla(Director) Mr.Nayan Sharad Parekh (Director)(upto September 1, 2017) Mr. Hiten V. Parekh (Director) (upto September 1, 2017) Mr. Kapil Sharma (Director) Mr. Cyrus Mehernosh Madan (Director)
Company Secretary	Mr. Nikhil Sethi (upto January 22, 2018)

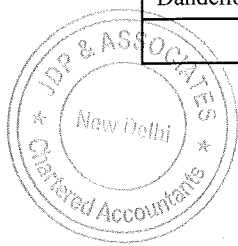


Meringue Hotels Private Limited
Notes to financial statements for the year ended March 31, 2018

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

Rs in lakhs

Description	Year Ended	Ultimate Holding Company	Holding Company	Fellow Subsidiary Company	Enterprise in which Ultimate Holding company key Management Person has Significant Influence	Key Management Person
Reimbursement of expenses paid by the party						
Lemon Tree Hotels Limited	31-Mar-18	0.63	-	-	-	-
	31-Mar-17	1.51	-	-	-	-
Loan Taken						
Lemon Tree Hotels Limited	31-Mar-18	800.00	-	-	-	-
	31-Mar-17	-	-	-	-	-
Loan repaid						
Lemon Tree Hotels Limited	31-Mar-18	9,639.65	-	-	-	-
	31-Mar-17	-	-	-	-	-
Hiten V Parekh	31-Mar-18	-	-	-	-	759.00
	31-Mar-17	-	-	-	-	-
Nayan S Parekh	31-Mar-18	-	-	-	-	1,012.00
	31-Mar-17	-	-	-	-	-
Project Management Fee Paid(Net of TDS)						
Spank Management Services Private Limited	31-Mar-18	-	-	-	408.16	-
	31-Mar-17	-	-	-	524.55	-
Subscription in share capital of the company						
Lemon Tree Hotels Limited	31-Mar-18	9,105.17	-	-	-	-
	31-Mar-17	-	-	-	-	-
Issue of 5% Redeemable Preference Share Capital						
Dandelion Hotels Private Limited	31-Mar-18	-	40.00	-	-	-
	31-Mar-17	-	725.00	-	-	-



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

Description	Year Ended	Ultimate Holding Company	Holding Company	Fellow Subsidiary Company	Enterprise in which Ultimate Holding company key Management Person has Significant Influence	Key Management Person
Redemption of 5% Redeemable Preference Share Capital						
Dandelion Hotels Private Limited	31-Mar-18	-	-	940.00	-	-
	31-Mar-17	-	-	-	-	-
Balance outstanding as at year end						
Short term borrowings						
Lemon Tree Hotels Limited	31-Mar-18	800.00	-	-	-	-
	31-Mar-17	9,639.65	-	-	-	-
Manakin Resorts Private Limited	31-Mar-18	-	-	440.67	-	-
	31-Mar-17	-	-	440.67	-	-
Hiten V Parekh	31-Mar-18	-	-	-	-	-
	31-Mar-17	-	-	-	-	759.00
Nayan S Parekh	31-Mar-18	-	-	-	-	-
	31-Mar-17	-	-	-	-	1,012.00
5% Redeemable Preference Shares						
Dandelion Hotels Private Limited	31-Mar-18	-	-	-	-	-
	31-Mar-17	-	900.00	-	-	-



22. Fair values

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 instruments by category*Rs. In lakhs*

	31-March-2018		31-March-2017	
	FVTPL	Amortized Cost	FVTPL	Amortized Cost
Financial Assets				
Security Deposits	-	5.18	-	3.60
Cash and Cash Equivalents	-	7.55	-	126.79
Total Financial Assets	-	12.73	-	130.39

Rs. In lakhs

	31-March-2018		31-March-2017	
	FVTPL	Amortized Cost	FVTPL	Amortized Cost
Financial Liabilities				
Borrowings	-	11,898.35	-	5,859.39
Other Financial Liabilities	-	3,851.32	-	3,472.76
Total Financial Liabilities		15,749.68	-	9,332.15

The management assessed that fair values of cash and cash equivalents, other current financial assets and other current financial liabilities approximates their carrying amounts largely due to the short-term maturities of these instruments.

23. Financial risk management objectives and policies

The Company's principal financial liabilities comprise loans and borrowings, 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 three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk include loans and borrowings, deposits and payables/receivables in foreign currencies.

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

	31-March-18	31-March-17
Variable rate borrowings	10,657.69	1,911.68
Fixed rate borrowings	1,240.67	3,110.97

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:

	Increase/decrease in basis points	Effect on Capital work in progress
31-March-18		<i>Rs. In lakhs</i>
	50	36.81
	-50	(36.81)
31-March-17		
	50	2.13
	-50	(2.13)

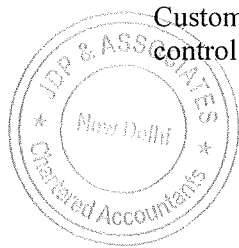
Note- Considering borrowing costs are capitalized. The impact of change in borrowing cost would result in change in capital work in progress.

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, foreign exchange transactions and other financial instruments.

Security Deposits

Customer credit risk is managed by business through the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of each customer is assessed and credit



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

limits are defined in accordance with this assessment, security deposits are regularly monitored.

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.

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. The Company had access to the following undrawn borrowing facilities at the end of the reporting periods -

	<i>Rs. In lakhs</i>	
	31-March-18	31-March-17
Floating rate		
Expiring beyond one year (Bank loans)		
Secured		
-Rupees term loan from banks	8,950	17,850

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, 2018						
Borrowings	1,240.67	-	-	239.25	10,418.44	11,898.36
Financial Liabilities	3,851.32	-	-	-	-	3,851.32
	5,091.99	-	-	239.25	10,418.44	15,749.68
Year ended March 31, 2017						
Borrowings (other than convertible preference shares)	2,970.68	-	-	10.75	2,041.22	5,022.65
Other financial Liabilities	3,443.83	-	-	28.93	-	3,472.76
	6,414.51	-	-	39.68	2,041.22	8,495.41



24. 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.

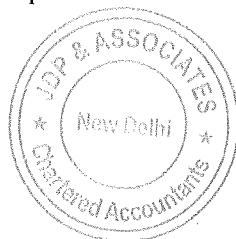
	March 31, 2018	<i>Rs. In lakhs</i> March 31 2017
Borrowings (Note 12,13)	11,898.35	5,859.39
Less: cash and cash equivalents (Note 8)	7.55	126.79
Net debt	11,890.81	5,732.60
Equity(Note 10 & Note 11)	9,257.80	9,704.98
Capital and net debt	21,148.59	15,437.58
Gearing ratio	56%	37%

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 2018 and 31 March 2017.

25. There is no unhedged foreign currency exposure as at the balance sheet date.



Meringue Hotels Private Limited

Notes to financial statements for the year ended March 31, 2018

26. Last year financials has been audited by predecessors auditors Jain Jindal & Co..

As per our report of even date

For JDP & Associates

Firm Registration No: 026828N

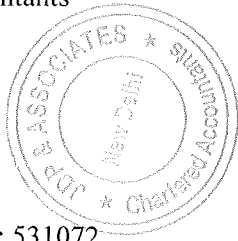
Chartered Accountants



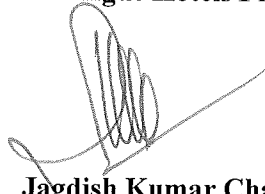
Jatin Kumar

Partner

Membership No.: 531072



**For and on behalf of the Board of Directors of
Meringue Hotels Private Limited**



Jagdish Kumar Chawla

Director

DIN : 00003022



Kapil Sharma

Director

DIN : 00352890

Place : New Delhi

Date : May 22, 2018