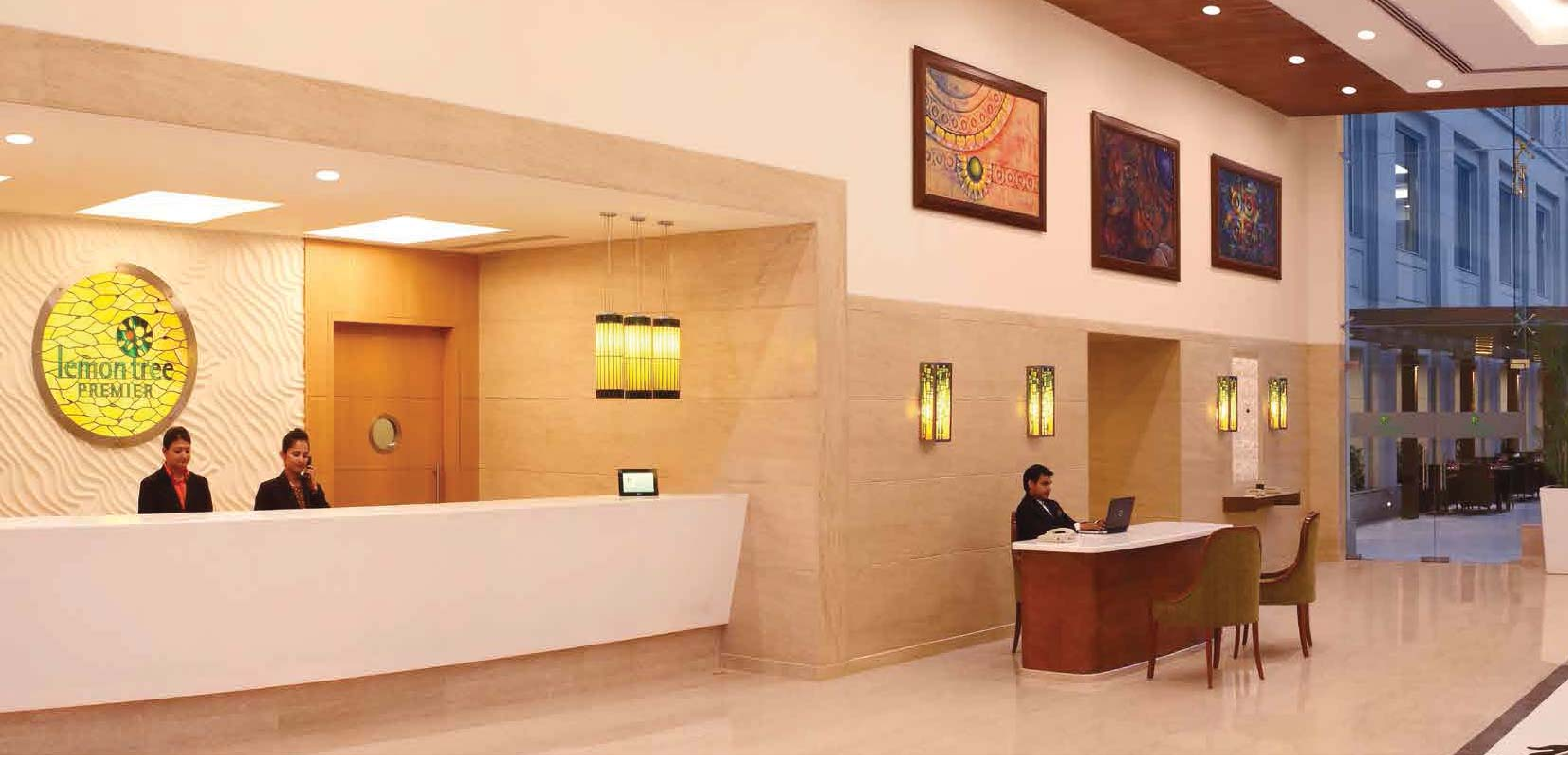
Refreshingly different

LEMON TREE HOTELS LIMITED
ANNUAL REPORT 2017-18



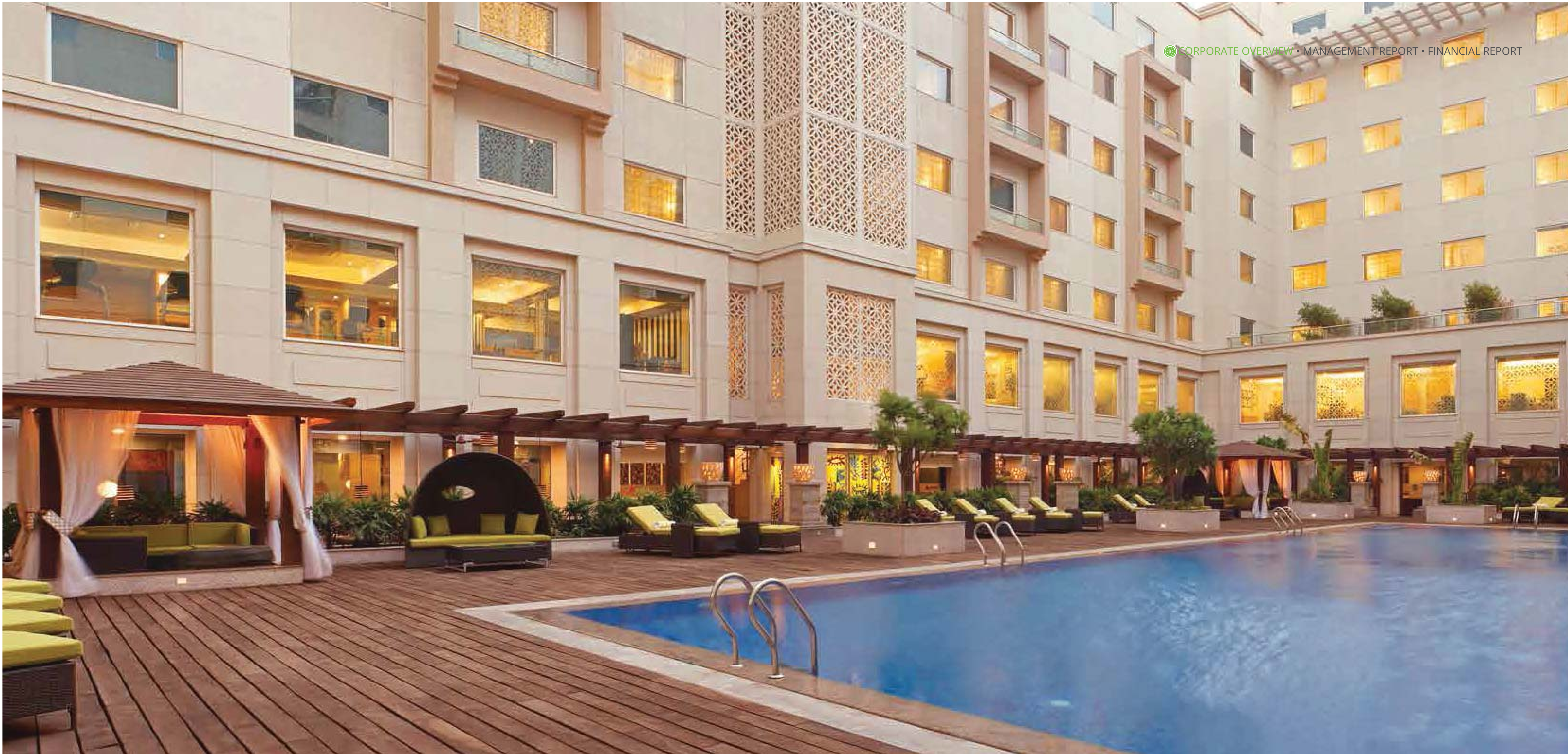
Disclaimer
In this annual report, certain statements may be 'forward looking statements' within the meaning of applicable laws and regulations. These forward-looking statements involve a number of risks, uncertain ties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Important developments that could affect the Company's operations include changes in the industry structure, significant changes in political and economic environment in India and overseas, tax laws, import duties, litigation and labour relations.
Lemon Tree Hotels Limited will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.

WHAT'S WHERE

Corporate Overview

Management Reports

Financial Statements



REFRESHINGLY DIFFERENT

Fresh, spirited and youthful, Lemon Tree Hotels is India's largest chain of hotels in the mid-priced hotel sector. Like the fruit we are named after, Lemon Tree Hotels are fresh, cool and sparkling with zest.

Cheery greetings, a friendly smile and a whiff of the signature lemon fragrance welcome you at Lemon Tree.

Our stylish business and leisure hotels delight you with their bright interiors and spirited environment.

Lemon Tree has been a category creator. We are the first hotel chain in India that has been designed keeping in mind the evolving needs of middle class Indians, offering them a high quality value-for-money experience and 'close to home' comfort.

We have built an award winning brand by delivering a stay experience that is refreshingly different.

WE ARE lemon tree HOTELS

Leader in Mid-priced Hotel Sector

#1 **mid-priced hotel sector[1] chain by owned rooms[2,3]**

#3 **overall hotel sector chain by owned rooms[2,3]**

	Lemon Tree Premier	Lemon Tree Hotels	Red Fox by Lemon Tree Hotels
Rooms	1,301	2,584	1,071
Hotels	10	32	8

Lemon Tree Premier

Targeted primarily at the upper-midscale hotel segment, typically comparable to 3/4-star

Lemon Tree Hotels

Targeted primarily at the midscale hotel segment, typically comparable to 3-star

Red Fox by Lemon Tree Hotels

Targeted primarily at the economy hotel segment, typically comparable to 2-star

Notes:
1. Includes upper-midscale, midscale and economy hotels
2. Source : 'Industry Report - Mid Priced Hotel Sector' prepared by Horwath HTL India (" Horwath Report "); as of June 30,2017
3. On the basis of controlling interest in owned and leased rooms
Above details as of May 25, 2018

KEY STATISTICS

32 Cities for current operating hotels + **22** New cities for hotels under development = **54** Cities by end of FY21

50 Number of operating hotels* + **28** Number of hotels under development* = **78** Operating hotels by end of FY21*

4,956 Number of rooms* + **3,196** Number of rooms under development* = **8,152** Rooms by end of FY21*

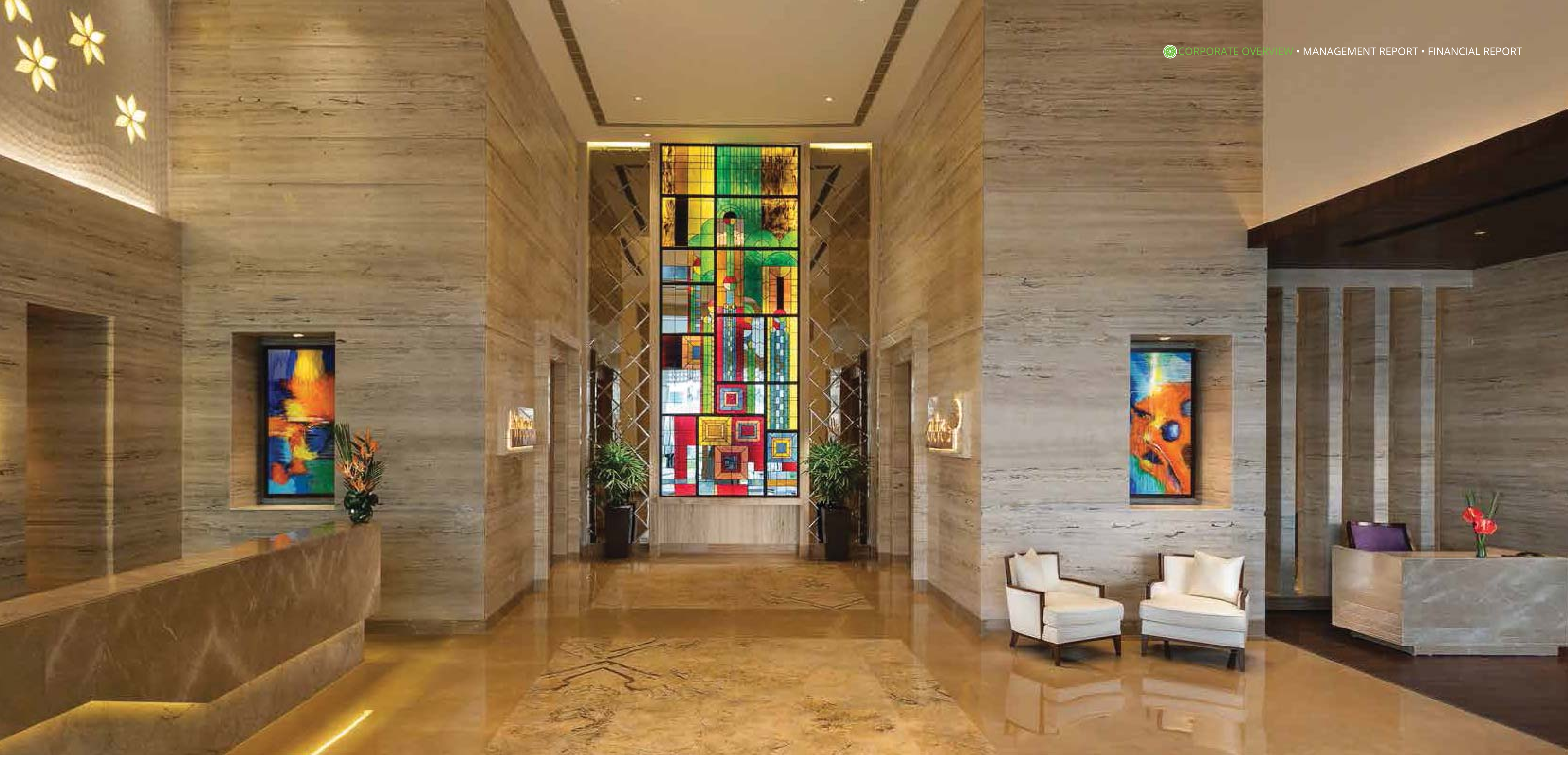
26 of 41

Eligible hotels operating for at least a year, awarded TripAdvisor Certificate of Excellence for 2018

747,666

Members in loyalty program

Above details as of May 25, 2018
** operating rooms include 2,796 owned, 481 leased and 1,679 managed rooms; Pipeline includes 1,434 owned, 91 leased and 1,671 managed rooms*



WE ARE LEMON TREE HOTELS

We are a high growth, capital and cost-efficient, mid-priced hotel chain focused on meeting the growing transient stay needs of the traditionally underserved middle class in India. We do this by combining differentiated yet superior service offerings, great locations and a high value-for-money proposition.

Today, we are India's largest mid-priced hotel chain and the third largest overall, in owned and leased rooms. We operate in the fastest growing hotel segments – upper-midscale, midscale and economy, targetted at the middle class Indian consumer. We are the only integrated hospitality company in the mid-priced hotel sector in India, which operates with end-to-end capabilities across the value chain, from land to guest, i.e., from acquiring land to owning, developing, managing and marketing hotels.

We opened our first hotel with 49 rooms in May 2004 and have grown 100x in 14 years. As of May 25, 2018, we own and operate 50 hotels in 32 cities with 4,956 rooms.

Due to the dynamic and evolving nature of the Indian guests' expectations and based on deep market research, we have created three brands in order to capture three different customer segments. This covers the entire gamut of the domestic mid-priced hotel space in India and includes:

LEMON TREE PREMIER

Lemon Tree Premier is targeted primarily at the upper-midscale business and leisure customer who wants to use hotels at strategic locations and is willing to pay a premium for service and product.

LEMON TREE HOTELS

Lemon Tree Hotels is targeted primarily at the midscale business and leisure customer, and offers a comfortable, cost-effective and convenient experience.

RED FOX BY LEMON TREE HOTELS

Red Fox by Lemon Tree Hotels is our economy hotel brand which offers a high value-for-money proposition to its customers.

	lemon tree PREMIER	lemon tree HOTELS	redfox BY LEMON TREE HOTELS
No. of Rooms	1,301	2,584	1,071
No. of Hotels	10	32	8
Hotel Segment	Upper-Midscale	Midscale	Economy

We believe that by offering convenient locations, quality and value across the mid-priced hotel sector, we have created a competitive advantage in our markets, which have traditionally been underserved in terms of presence of chain affiliated hotels and are generally served by independent hotels with fragmented and localised ownership. Our hotels are located across India, in metro regions, including the NCR, Bengaluru, Hyderabad and Chennai, as well as tier I and tier II cities such as Pune, Ahmedabad, Chandigarh, Jaipur, Indore and Aurangabad. The mid-priced hotel sector is expected to have competitive benefits in offering domestic travellers with hotel solutions in tier II and tier III cities.

Our operations are spread across the value chain and range from acquiring land to owning, leasing, developing, managing and marketing hotels. We undertake our business through: (i) direct ownership of hotel properties; (ii) long-term leases for existing hotels which are owned by third parties; and (iii) operating and management agreements. As of May 25, 2018, we have a portfolio of 22 owned hotels, 6 leased hotels and 22 managed hotels. We also have project design, management and development capabilities through our subsidiary, Grey Fox Project Management Company Private Limited ("Grey Fox").

In order to maintain our leadership position in the mid-priced hotel sector, we have focused on the following aspects of our operations:

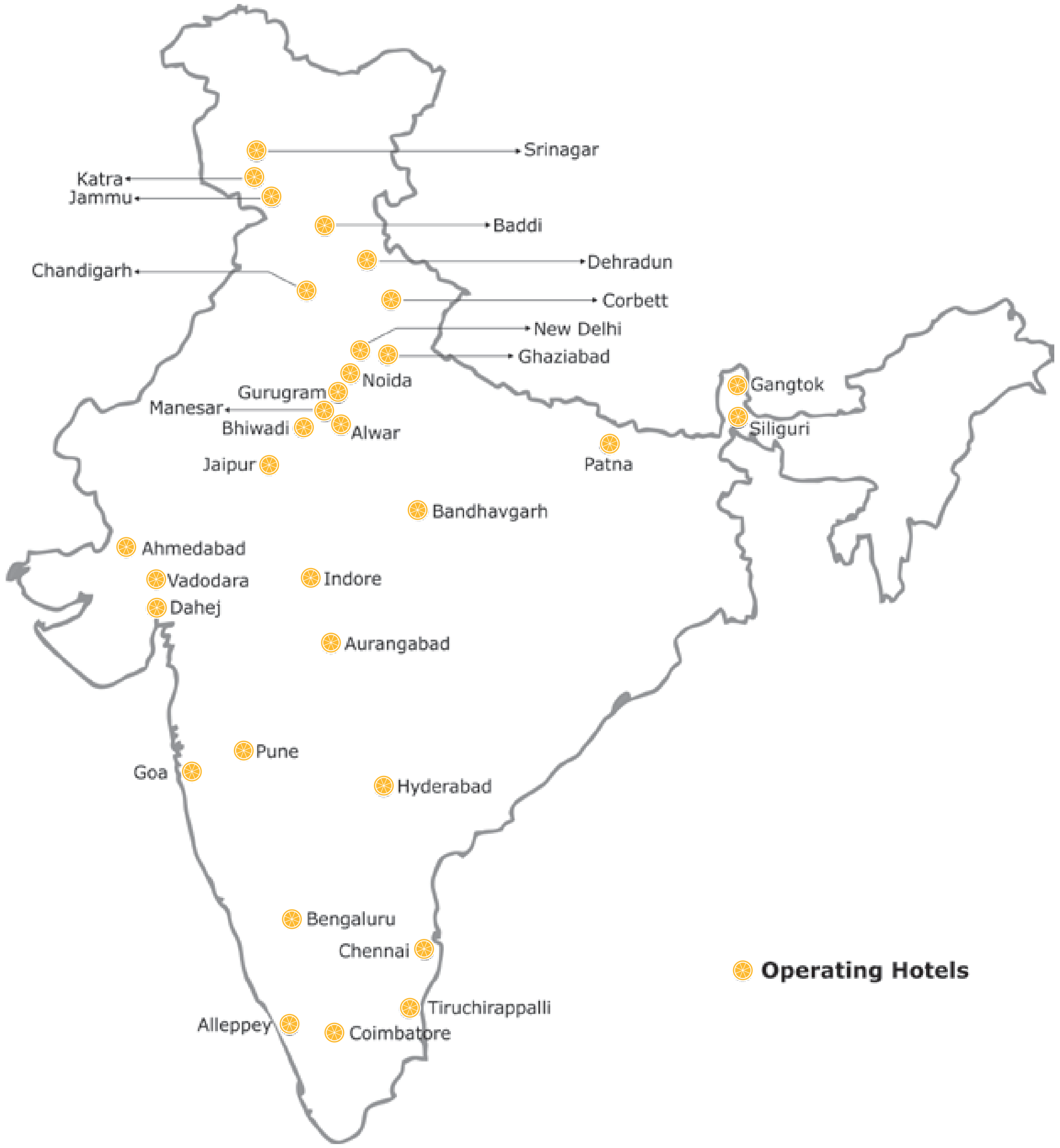
- Developing projects and delivering operating cost structures, which are economical and enable us to offer a value-for-money proposition to our guests. We endeavour to achieve quicker timelines from development to commencement of operations for our hotels and maintain consistent brand experience at lower costs.
- Delivering quality service with an emphasis on employee selection, training and engagement, we believe that our service standards have resulted in higher than average occupancy rates and guest satisfaction. In the fiscal year 2018, our owned and leased hotels had an average occupancy rate of 75.9%. In the fiscal year 2017, our owned and leased hotels had an average occupancy rate of 76.8%, while the average occupancy rate across all participating hotels in India was 61.8% for the same period, according to the FHRAI-Indian Hotel Industry Survey, 2016-17. Further, 26 out of our 41 hotels (which were operational for at least a year and were eligible for receiving this recognition) were awarded the TripAdvisor Certificate of Excellence for 2018.
- Differentiating ourselves through our sustainability initiatives and human resources strategy. We provide employment to opportunity deprived Indians, including differently-abled individuals as well as those from economically, educationally and socially marginalized sections of society. We believe these initatives lead to an engaged and committed workforce. We have been ranked among the "Best Companies to Work for" in India for seven consecutive years from 2011 to 2017, by the Great Place to Work Institute, including in 2017 when we were ranked the 4th "Best Company to Work for" in India and were the only hotel company in the top 10. We were ranked 12th in Asia's best large workplaces in 2018 by the Great Place to Work Institute and we are the only Indian Company in the top 15.

VISION

Our vision is to be India's largest and most preferred chain of hotels and resorts in the mid-priced hotel sector, consisting of the upper-midscale, midscale and economy hotel segments.

OUR FOOTPRINT

Our hotels are located in major metro regions in India, including Bengaluru, Chennai, Hyderabad and the NCR, as well as tier I and tier II cities in India such as Pune, Ahmedabad, Chandigarh, Jaipur, Indore and Aurangabad. We also operate resorts in Goa and the backwaters of Alleppey, Kerala; besides wildlife resorts in Jim Corbett and Bandhavgarh, Madhya Pradesh. As of May 25, 2018, our portfolio of 50 operational hotels is spread across 32 cities. We have 2,796 rooms in 22 owned hotels, 481 rooms in 6 leased hotels and 1,679 rooms in 22 managed hotels. Geographically, we are present across the length and breadth of the country.

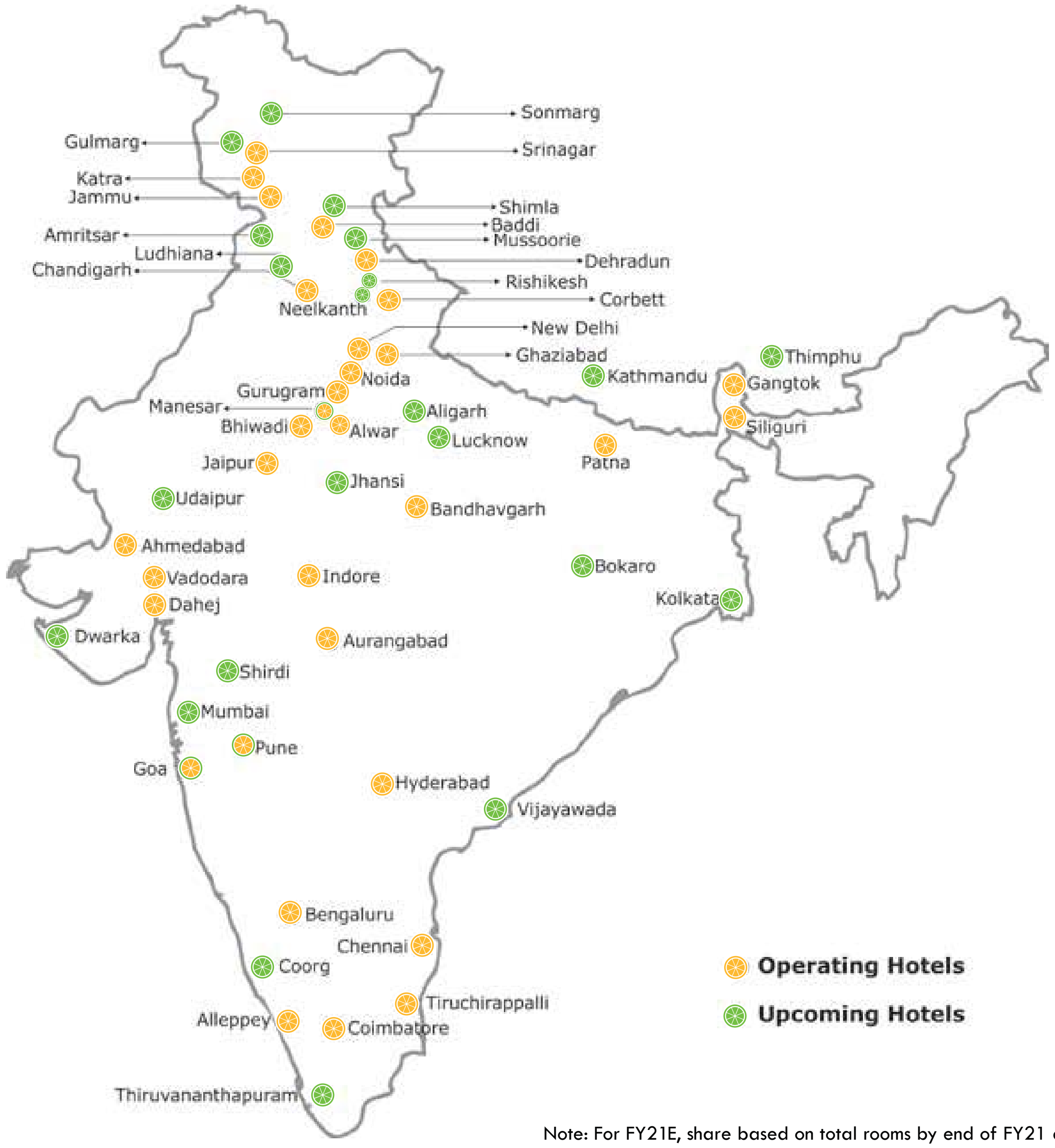


OUR EXPANSION PLANS

We plan to expand in an asset-light way by focusing on growth through acquisition of leased hotels and management contracts. We will also continue to evaluate new sites for greenfield development as well as prospective hotel assets for acquisition. Our expansion strategy is to continue to grow in both tier I and tier II cities important for commerce as well as tier III cities, which attract significant business or leisure travellers. We also intend to add more leisure and resort properties to our portfolio.

As of May 25, 2018, we have a healthy development pipeline of 3,196 rooms in 28 hotels across 22 new cities. This includes 1,434 owned and 91 leased rooms located in deep demand and high barrier-to-entry markets like Mumbai, Pune, Udaipur, etc. Our development pipeline for managed hotels includes 1,671 rooms in 22 hotels.

On completion of this under development pipeline, we will have 8,152 rooms in 78 hotels across 54 cities by the end of fiscal year 2021.



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

STRATEGICALLY POSITIONED IN KEY GEOGRAPHIES

- Geographical spread across India and present in key markets to cater effectively to corporate clients and business travellers
- Hotel operations in each of the top 10 markets in India (based on hotel inventory)
- Focus in key micro-markets to address demand and optimize pricing
- Hotels at locations with high barriers-to-entry such as close to major business centers, airports, etc.

Jaipur: FY17 – 11%, FY21E - 10%

Ahmedabad: FY17 – 11% , FY21E – 9%

Mumbai: FY17 – NA , FY21E – 17%

Pune: FY17 – 5% , FY21E – 9%

Goa: FY17 – 4% , FY21E – 4%

Bengaluru: FY17 – 9% , FY21E – 8%

Delhi NCR: FY17 – 14% , FY21E – 16%

Kolkata: FY17 – NA , FY21E – 8%

Hyderabad: FY17 – 24% , FY21E – 21%

Chennai: FY17 – 5% , FY21E – 4%

OUR COMPETITIVE ADVANTAGE : DIFFERENTIATED BUSINESS MODEL

PROCESS

Presence across value chain

Only integrated Hospitality Company in the mid-priced hotel sector in India, which operates with end-to-end capabilities across the value chain, from land to guest, i.e., from acquiring land to owning, developing, managing and marketing hotels.

Key for quicker and low cost development of hotels

+

Lower than industry average development cost per room

Average development cost per room (excluding the cost of land), for our owned hotels developed between the fiscal year 2011 and 2015 was ₹ 5.9 million, ₹ 5.0 million and ₹ 4.5 million in the upper-midscale, midscale and economy hotel segments, respectively.

Industry average for the same segments was ₹ 7.2 million, ₹ 5.6 million and ₹ 3.5 million.

Source: HVS- India – 2016 Hotel Development Cost Survey

+

Culture & service differentiation Target customer: domestic travellers

Ranked 4th in India and only Hotel chain in the top 10 Best Companies to Work for by the Great Place to Work Institute, India in 2017. Ranked 12th in Asia's Best Large Workplaces in 2018 by the Great Place to Work Institute. Only Indian company in the top 15.

26 out of 41 hotels were awarded the TripAdvisor Certificate of Excellence 2018

82% of our guests were domestic customers in fiscal year 18

CUSTOMERS

Value for Money Pricing

ADR premium of 20% over industry in the midscale segment, in fiscal year 2017

ADRs are at par with industry in the upper-midscale and economy segments, in fiscal year 2017

▶

Occupancy (Utilization) Premium

Occupancy premium of 10%, 30% and 30% over industry in the upper-midscale, midscale and conomy segments respectively, in fiscal year 2017

▶

RevPAR (Revenue per room) Premium

RevPAR premium of 10%, 50% and 30% over industry in the upper-midscale, midscale and conomy segments respectively, in fiscal year 2017

LOWER COST & HIGHER PROFIT

Lower Average Operating Expenses/room

Operating expenses are lower by 10%, 20% and 20% over industry in the upper-midscale, midscale and economy segments respectively, in fiscal year 2017

Key driver: low staff to room ratio. Lower by 30%, 20% and 40% over industry in the upper-midscale, midscale and economy segments respectively, in fiscal year 2017

▶

Higher Gross Operating Profit (GOP)

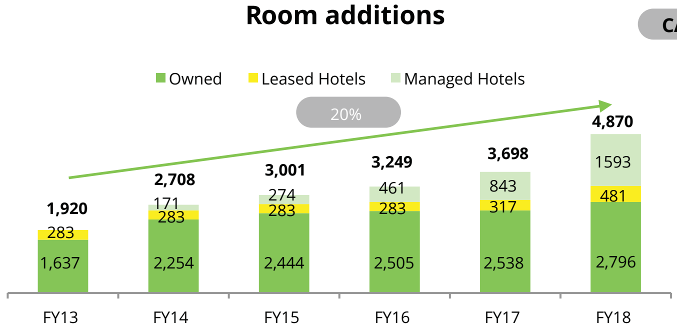
Higher Revenue and lower operating expense leads to higher GOP

Higher GOP and lower average development cost leads to higher Return on Capital Employed (RoCE)

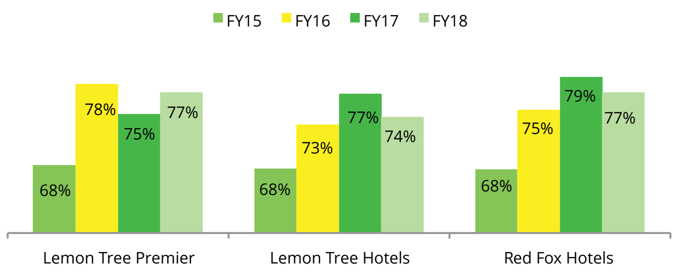
KEY PERFORMANCE INDICATORS

STRONG OPERATING PERFORMANCE

Room additions

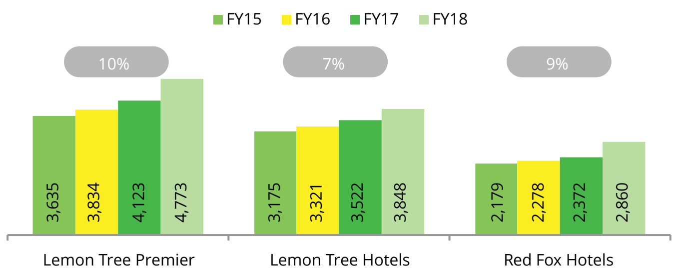


Occupancy levels

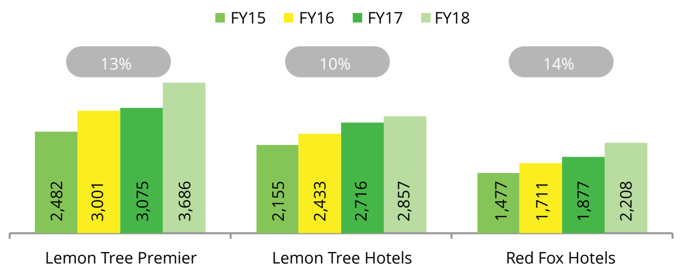


Note: Drop in occupancy levels is on account of new owned/leased supply addition by Lemon Tree in FY18

ADR (₹)

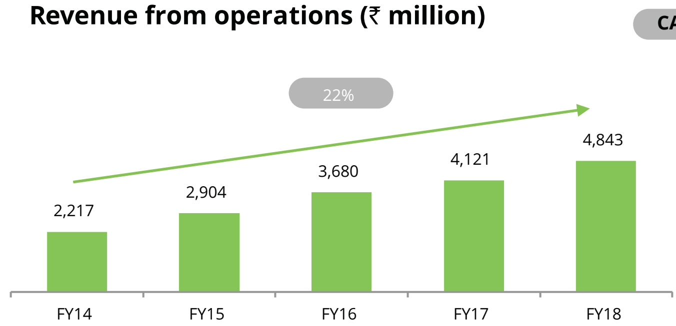


RevPAR (₹)

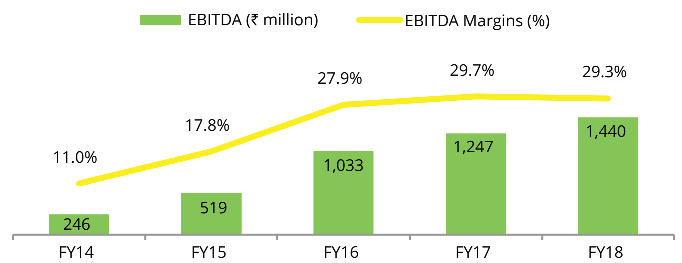


STRONG GROWTH AND IMPROVING MARGINS

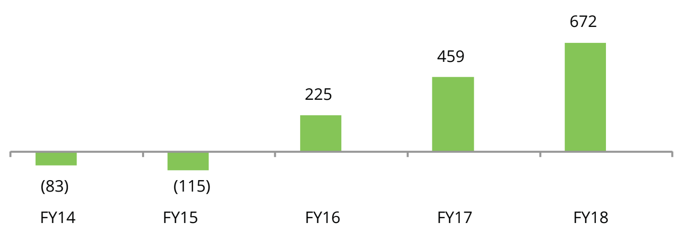
Revenue from operations (₹ million)



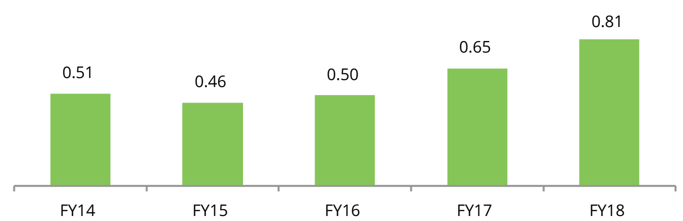
EBITDA & EBITDA margins



Cash Profit (PAT + Depreciation) (₹ million)



Debt/Equity



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

SUSTAINABILITY INITIATIVES

OPPORTUNITY DEPRIVED INDIANS (ODIs) INCLUDES EMPLOYEES WITH DISABILITY (EwD) & EMPLOYEES FROM ECONOMICALLY/SOCIALLY MARGINALISED SEGMENTS (EcoSoc)

Lemon Tree believes that the brand should stand for more than 'just profit'. The Company has focused its efforts on creating a socially inclusive work environment, which seeks to bring together people of different backgrounds, abilities and ethnicities and offer them work as a unified team with a common goal.

The Company's guiding principle has been that Opportunity Deprived Indians (including physical, intellectual, social or economic disabilities) must be provided the same opportunities as others to realize their full potential and live with dignity.

By creating a supportive environment that allows them to deliver their best, we are able to play a part in social inclusiveness, opportunity/livelihood creation and therefore nation building.

Lemon Tree has defined the goal as **mainstreaming 'Opportunity Deprived Indians' i.e. ODIs** into its workforce. ODIs include:

Employees with Disability (EwD):

Physical Disability
- Speech and Hearing Impaired (SHI)
- Orthopaedically Handicapped (OH)
- Acid Survivor (AS)
- Going forward, also Visually Impaired (VI), Low Vision (LV)

Intellectual Disability
- Down Syndrome
- Autism

People who belong to marginalized sections of society or are from the **Economically/ Socially weak segment (EcoSoc):**

- Below Poverty Line (BPL) individuals
- Widowed or abandoned/battered/destitute/divorced women
- Orphans/abandoned girls
- Individuals from economically weak families
- Communities who do not get education and employment opportunities easily, i.e., North Eastern States, Bihar, Jharkhand, Chhattisgarh, Orissa, tribal/interior areas of any state, etc.

For any of the EcoSoc segments (except widowed or abandoned /battered /destitute /divorced women), we consider those who have studied up to Class 9 and not beyond that.

We started this initiative in 2007 with two differently-abled employees and currently we employ 565 EwD and 335 EcoSoc employees. Opportunity Deprived Indians currently constitutes over 18% of our total employees, as of May 2018.

Supporting BPL i.e., Below Poverty Line communities

90% of our disabled employees belong to BPL or economically weak communities.

Supporting Government

The Government directive to all government bodies/PSUs is to earmark 3% of staffing for disabled people. Lemon Tree Hotels has set its own internal benchmark at 20% and growing it to 40% by 2022.

B. Tribal Art

Lemon Tree Hotels is among the largest buyers, nationally of tribal art from Bastar, Madhya Pradesh. This comprises primarily bronze age bell metal sculptures and enables the Company to financially support tribal craftsmen from this region by showcasing their art extensively across all of its hotels.

C. Giving Back To Society

LTH supports and partners with the following NGOs and societies:

Goonj
Provides clothes and utensils to the impoverished.

Suniye
Runs a school for Speech and Hearing Impaired children from economically weaker sections of society. Provides extensive life skills support to these children.

AkshayaPatra
Focus is to eliminate hunger in the city. It regularly provides a free meal to approximately 2000 destitute people in Delhi, across the city.

Muskaan
Provides comprehensive education, vocational training and work opportunities to young people who are intellectually challenged.

Ramanujan Society
Donates gifts to students for successfully clearing the IIT entrance exam.

D. Art Objects Through People For Animals

Lemon Tree supports People For Animals (PFA) by buying art sourced by PFA, which in turn, is showcased across the Company's hotels. The money paid to PFA goes to support the welfare and care of animals across India.

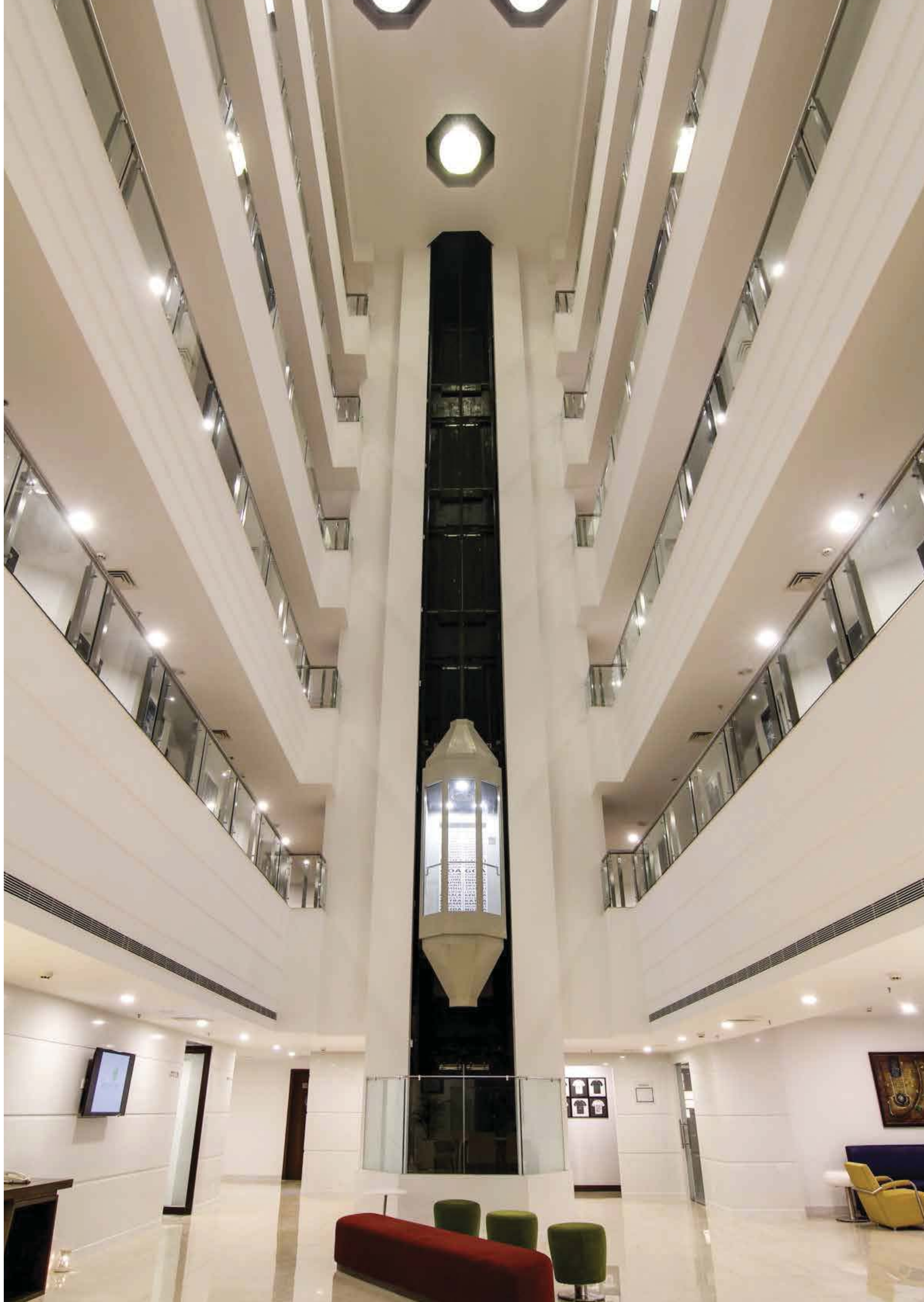
E. Lemon Tree Group - K9 Policy

Lemon Tree Hotels adopts a stray dog at each of its hotels across India. We name the dog, inoculate it and feed it well. Based on the personality of the dog, he/she is assigned a 'fun' role in the hotel and this brings joy to employees and guests alike.

AWARDS AND ACCOLADES

RECOGNITION AND AWARDS THROUGH THE YEARS

- Ranked 4th in India and the only hotel chain in the top 10 Best Companies to Work for in India 2017 by the Great Place to Work Institute
- Ranked 12th in Asia's Best Large Workplace and the only Indian Company in the top 15 in 2018 by the Great Place to Work institute
- National Award for the empowerment of Persons with Disability - 2011, 2012, 2016



CHAIRMAN'S MESSAGE

Dear Shareholders,

I am pleased to present the Annual Report of our Company for the fiscal year 2018. This year assumes particular importance in our Company's history as we went public through an Initial Public Offer (IPO) and listed on the Stock Exchanges. It therefore gives me great pleasure to welcome all our new shareholders to the Lemon Tree family. The response to our maiden public issue was good, providing liquidity to our shareholders and enhancing our visibility and brand image. We have now started a new chapter in our journey and are excited about the business prospects going forward. It will also be our endeavour to maintain best practices in investor interactions at all times.

The hotel industry in India has moved from having more luxury and upper upscale rooms (5 star equivalent or above), at the start of the century, to a more balanced supply scenario, with 43% of the supply estimated to be available in the mid-priced hotels sector (2–4 star equivalent). Demand for hotel rooms grew at a CAGR of 12.5% between the fiscal years 2007 and 2016. Supply grew at a CAGR of 13.7% during this same period. This imbalance of supply exceeding demand starting from the global financial crisis and materially caused by a slowdown in the Indian economy, has resulted in a moderate performance in the hotel industry over the past decade. This lack of demand and business confidence combined to create an environment where hotels across India were reluctant to increase room rates to levels that are reasonable and which would be commensurate with an adequate return on capital employed. This trend has, however begun to change over the past 12 months where the pace of demand has started to rise while supply growth has materially slowed down. With the changing demand-supply dynamics dominated by demand growth, occupancies are expected to improve significantly in the medium term (next 3-4 years), thereby enabling strong improvement in room rates.

We opened our first hotel with 49 rooms in May 2004 and as of May 25, 2018 operate 4,956 rooms in 50 hotels across 32 cities in India. We have undisputed leadership in India's mid-priced hotel sector, and are the third largest hotel company in India overall, on the basis of owned and leased rooms.

Based on our understanding of the Indian consumer, we have created three hotel brands to address the dynamic and evolving nature of the middle class Indian guests' needs. Lemon Tree Premier which is targeted primarily at the upper-midscale hotel segment is broadly comparable to a 3.5 to 4-star hotel; Lemon Tree Hotels which is targeted primarily at the midscale hotel segment is comparable to a 3-star hotel; and Red Fox by Lemon Tree Hotels which is targeted primarily at the economy hotel segment is comparable to a 2-star hotel. Our entire portfolio of proprietary brands are well-differentiated and target distinct segments in the mid-priced hotel sector, without overlap or brand dilution.

We have built end-to-end capabilities across the hotel value chain with operations ranging from acquiring land to designing, developing, owning, managing and marketing hotels. We have in-house project design, project management and project development capabilities through our 100% subsidiary, Grey Fox Project Management. This ensures quicker development to operationalization of our assets. Furthermore, we focus on easily replicable product designs and innovative space planning with strict adherence to quality and finish, which ensures lower procurement costs and expedites installation and fit-out time. This has enabled us to have the lowest development cost per room in the mid-priced hotel industry in India.

Our locations, services and pricing policy offers a value-for-money proposition to our guests, which drives an occupancy premium across our hotels compared to industry averages. Higher occupancy coupled with higher average daily rates (ADR's), has led to higher revenue per available room (RevPAR).

Furthermore, our sales, marketing, revenue management and customer relationship teams work together to increase hotel occupancies leveraging our loyalty program, Lemon Tree Smiles, which has an active and loyal members database of over 7.5 lakh guests, as of May 2018. This loyalty program was launched by us less than 3 years ago and has gained significant traction since then.

We are laser-focused on our costs, with operating costs as a percentage of revenue significantly lower for each of our segments as compared to industry peers. CAGR of operating cost increase per room has been only 4% between fiscal years 2013 and 2018. Our business model ensures that our staff per room is also much lower when compared to industry averages. Moreover, this has been achieved without compromising on our service delivery or customer delight as highlighted by the TripAdvisor Certificate of Excellence awards for 26 of our 41 eligible hotels, and also substantiated by the occupancy premium we command. Our low-cost structure has helped us during challenging periods and with the expected future increase in hotels rates, will help drive profitability going forward, primarily due to the significant operating leverage our business exhibits.

We have instituted an inclusive culture and undertaken several sustainability initiatives. We provide employment opportunities to Opportunity Deprived Indians (ODIs) including people with disability (PwD) as well as people from economically, educationally and socially marginalized sections of Indian society (EcoSoc). PwD in Lemon Tree includes people with physical disabilities such as speech and hearing impairment, orthopaedically handicapped, low vision and acid survivors and people with intellectual disability like down syndrome and autism. EcoSoc includes people from communities who do not get employment opportunities easily on account of a lack of education; widowed, separated and abandoned women; orphans and individuals below the poverty line. This initiative was started in 2007 and such individuals number about 1,000 currently, which is 18% of our workforce. We intend to take this to 40% of our significantly larger workforce by fiscal year 2022. We believe that persons with disabilities in particular must be provided the same opportunities as other Indians to realize their full potential and enable them to live with dignity. We have received several awards for these initiatives such as the

"We opened our first hotel with 49 rooms in May 2004 and as of May 25, 2018 operate 4,956 rooms in 50 hotels across 32 cities in India. We have undisputed leadership in India's mid-priced hotel sector, and are the third largest hotel company in India overall, on the basis of owned and leased rooms."

Financial Times Arcelor Mittal 'Boldness in Business' award in 2018; joint 'Overall Winner' in the World Responsible Tourism Awards at the World Travel Market, London in 2016; the Exemplary Hospitality Practice' Award at the Cornell Hotel Research Summit in 2014; the Asian Human Capital Award by the Ministry of Manpower, Singapore in 2015; the National Award for the empowerment of differently abled individuals in 2011 and 2016; the National Award for providing a barrier free environment for differently-abled individuals in 2012; and the NCPEDP-Shell Helen Keller Award, for our policies promoting employment of differently-abled individuals, in 2010 and 2012. Our inclusive initiatives have led to an engaged and committed workforce. We have been ranked among the "Best Companies to Work for" in India every calendar year from 2011 to 2017, by the Great Place to Work Institute. In calendar year 2017, we were ranked the 4th "Best Company to Work for" in India and were the only hotel company in the top 10. In calendar year 2018, we were ranked the 12th "Best Company to Work for" in Asia and were the only Indian Company in the top 15. Further, our top management team has several decades of experience in the hospitality industry and a successful track record of improving hotel performance across all relevant parameters.

Another important aspect of our business model is our capital deployment strategy, which has enabled us to maintain a strong balance sheet with a low debt to equity ratio across market cycles. As part of this strategy in 2012, Lemon Tree formed a joint venture with APG (a Dutch pension fund) by contributing certain completed and operational properties. This was matched by a large capital infusion by APG, which was then used by us to develop new hotels. This structure has enabled us to leverage our development and operating expertise and earn development and management fees from these hotels. This model is capital efficient and will also help in monetizing our fully/partially owned hotels in the future. Further, leveraging our growing brand awareness and operational excellence, we started entering into asset-light management contracts from 2012 onwards through our subsidiary, Carnation Hotels. Management agreements enable us to provide quality management and branding to third-party owned hotels, while benefitting from fee revenues, pricing and cost synergies, as well as extension of our network and brand presence in certain geographies.

The hotel industry is at an inflection point today with improving fundamentals on the back of growth in domestic travel, which is expected to continue to rise with increasing urbanisation, higher disposable incomes and changing aspirations of the consuming Indian middle class. We will continue to build and leverage our scale, which will create high barriers-to-entry due to our strong position in key markets across India. We are well-positioned to capitalize on this enormous domestic consumption led growth opportunity as we continue to expand our geographical presence and gain market share in both underserved and demand dense regions across India. We have a solid pipeline of owned, leased and managed hotels under development across the country, which is an incremental 65% of our current portfolio, all to be operational over the next three years. In the next 12 months alone, we will be opening 869 owned and leased rooms in deep demand and high barrier-to-entry markets like Mumbai, Pune, Udaipur, Kolkata, etc. and 747 managed rooms in markets like Amritsar, Lucknow, Shirdi, Rishikesh, Mussoorie, Coorg, etc. Based on our active pipeline as of May 25, 2018, we will have 8,152 rooms across 78 hotels in 54 cities by the end of fiscal year 2021. We will then control around 11% of the highly fragmented branded mid-priced hotel supply in India.

Going forward, our focus is to go asset-light by growing our leased and managed hotels portfolio. Management agreements will enable us to diversify sources of revenue, distribute costs, source more cheaply and provide career development opportunities to employees even as we monetize our brands and management team while minimizing investment risk. We also intend to continue using our asset monetization strategy to generate capital from select investors, in order to fund organic and inorganic growth opportunities, expand or redevelop our owned hotels and reduce debt.

Further, our pan-India geographical presence across key micro-markets, diversified brand portfolio, value-for-money proposition and low development and operating cost structure will help sustain our EBITDAR premiums. About 60% of our current inventory has been added in the last five years, during the down-cycle for the hotel industry, and as the cycle starts to turn in favour of supply, we expect significant operating leverage to play out and drive strong free cash flows in the coming years. Blended ADR's are also expected to improve over the next few years due to 2 reasons: the highest demand-supply mismatch will be seen in the mid-priced sector leading to sustained price hikes and our planned operationalization of significant additional room inventory in high rate and high occupancy markets like Mumbai, Udaipur and Pune.

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

Warm regards,

Patanjali G. Keswani

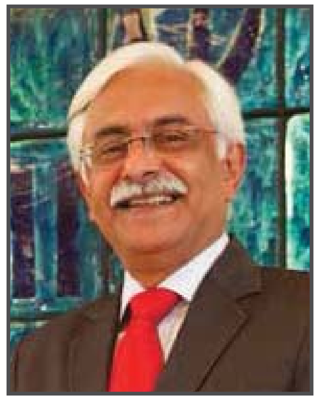
Chairman & Managing Director

CORPORATE STRUCTURE

BOARD OF DIRECTORS & KEY MANAGEMENT

Patanjali Govind Keswani
(Chairman and Managing Director)

- Bachelor's degree in electrical engineering from the Indian Institute of Technology, New Delhi
- Postgraduate diploma degree in management from the Indian Institute of Management, Calcutta
- Worked in: Tata Administrative Service/Taj Group of Hotels: 17 years; Last role as the Chief Operating Officer of Taj Business Hotels
- Worked in: AT Kearney, New Delhi: 2 years; Director

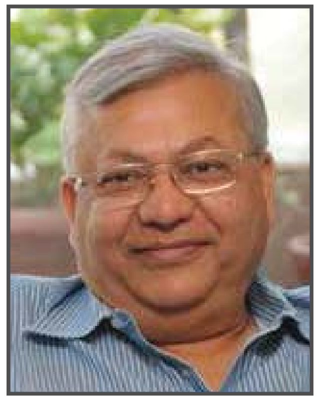


Rattan Keswani
(Deputy Managing Director)

- Bachelor's degree in commerce from the DAV College, Panjab University
- Diploma degree in hotel management from the Oberoi School of Hotel Management
- Worked in: The Oberoi Group; Last role as the President of Trident Hotels
- Over 30 years of experience in the hospitality industry and has been with Lemon Tree Hotels for over 6 years

Aditya Madhav Keswani
(Non-Executive Director)

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



Ravi Kant Jaipuria
(Non-executive Director)

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

Niten Malhan
(Non-executive Director)

- Bachelor's degree in technology (computer science and engineering) from the Indian Institute of Technology, New Delhi
- Postgraduate diploma degree in management from the Indian Institute of Management, Ahmedabad
- Worked in: Warburg Pincus India Private Limited; Last role as the Managing Director and Co-head of Warburg Pincus, India
- Worked in: McKinsey & Company, India; Engagement Manager
- Over 15 years of experience across the fields of private equity, management consulting and entrepreneurship

Willem Albertus Hazeleger
(Non-executive Director)

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

Gopal Sitaram Jiwarajka
(Independent Director)

- Bachelor's degree in commerce from the University of Bombay
- Serves as the Chairman and Managing Director of Salora International Limited
- Serves as a Director of PHD Chamber of Commerce and Industry
- Served as a Director of Panasonic AVC Networks India Company Limited
- Over 30 years of experience across the fields of manufacturing, marketing and consumer goods

Freyan Jamshed Desai
(Independent Director)

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

Paramartha Saikia
(Independent Director)

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

Pradeep Mathur
(Independent Director)

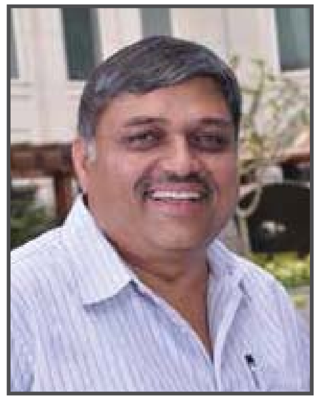
- Bachelor's degree in commerce from the University of Poona
- Postgraduate diploma degree in management from the Indian Institute of Management, Ahmedabad
- Served as the Vice-President Finance and Chief Financial Officer for Tupperware, Asia Pacific and Senior Vice President of Tupperware Corporation Headquarter
- Served as the Managing Director for Tupperware, India
- Over 30 years of experience across the fields of accounting, finance and general management

Arvind Singhania
(Independent Director)

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

Ashish Kumar Guha
(Independent Director)

- Bachelor's degree in economics from the Jadavpur University in Kolkata
- Serves as a Director and Advisor to the Chairman of Ambit Private Limited
- Served as the Chief Executive Officer (CEO) of Lazard India Limited
- Served as the Chief Executive Officer of (CEO) Heidelberg Cement
- Over 30 years of experience across the fields of investment banking, advisory and industrial goods



Davander Tomar
(Executive Vice-President, Corporate Affairs)

- Bachelor's degree in commerce and law from the University of Delhi
- Master's degree in arts from the University of Delhi
- Worked in: Taj Group of Hotels: 18 years; Last role as the Chief of Security for Taj Palace Hotel, New Delhi
- Over 30 years of experience in the hospitality industry
- Been with Lemon Tree Hotels for over 15 years

Vikramjit Singh
(President)

- Bachelor's degree in commerce from the University of Delhi
- Postgraduate diploma degree in hotel management and administration from the Taj Group of Hotels
- Served as Founder & CEO of a boutique hotel in Assam
- Over 22 years of experience in the hospitality industry
- Been with Lemon Tree Hotels for over 13 years

Jagdish Kumar Chawla
(Executive Vice President - Projects and Engineering Services)

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

Kapil Sharma
(Chief Financial Officer)

- Bachelor's degree in commerce from the University of Delhi
- Qualified chartered accountant
- Worked in: Leroy Somer & Controls India Private Limited; Last role as the Head of finance and accounts for Leroy Somer & Controls
- Over 22 years of experience across the fields of accounting, financing and investing
- Been with Lemon Tree Hotels for over 13 years

Sumant Jaidka
(Senior Vice President - Operations)

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

Prashant Mehrotra
(Chief Revenue Officer)

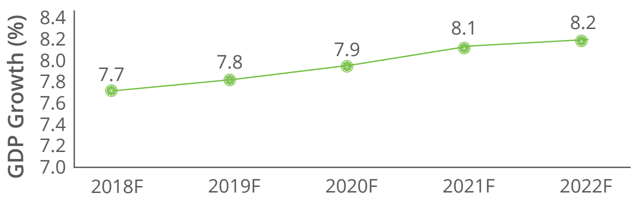
- Graduate degree in hotel management from the Institute of Hotel Management, Gwalior
- Worked in: The Oberoi Group & Radisson Hotels across key managerial posts
- Over 17 years of experience in the hospitality industry
- Been with Lemon Tree Hotels for over 12 years

MANAGEMENT DISCUSSION AND ANALYSIS

MACROECONOMIC OVERVIEW OF INDIA

India is the seventh largest economy in the world with nominal GDP of USD 2.26 trillion and is third in terms of purchasing power parity, as per 2016 estimates. (Source: World Development Indicators Database, World Bank, 17 April 2017). The Indian economy grew by 7.1% in the fiscal year 2017 (estimates) as against 7.6% growth for the fiscal year 2016 (Source: Central Statistics Office, Govt. of India).

India GDP Forecast



Source: IMF

Currently, India has more than half of its population below the age of 25 and more than 65% below the age of 35. Estimates made by PwC (in a study focusing on the Indian workplace of 2022), based on current population growth rates indicate that by 2020, the average age of an Indian will be 29 years, compared with an average age of 37 and 48 years respectively for China and Japan. This young population will help constitute a large working population, with an estimated 64% of India's population to be in the working age population by 2020-21 (Source: Union budget and economic survey 2013).

Based on an article released by World Economic Forum (WEF) in November 2016, the middle class population in India has doubled from 300 mn to 600 mn between 2004 and 2012 and is likely to overtake that of US and China by 2027. India's urban population has increased from 27.8% of total population (per Census 2001) to 31.2% of the total population (per Census 2011).

Driven by changing aspirations and increasing disposable income of the younger middle class Indians, Lemon Tree is favourably positioned to capitalize the fastest growing hotel segments i.e. upper-midscale, midscale and economy segments.

INDUSTRY STRUCTURE & OUTLOOK

Hotel Supply Penetration in India

The Indian hotel market is comparatively under- penetrated. The following table outlines the penetration of hotel supply in the United States, China, India and the world:

Region	Supply of Hotel Rooms (in million)[1]	Population (in million)[2]	Penetration (Rooms/ 1,000 people)
World	16.2	7,349	2.2
USA	5.0	321	15.7
China	3.8	1,379	2.7
India	0.2	1,211	0.2

Source 1. STR; STR census inventory as at December 2016.
2. United Nations - Population and Vital Statistics Report 2017.

The following table enumerates the composition of chain-affiliated supply of hotel rooms in India:

Segments	March 31, 2002	March 31, 2009	March 31, 2017	March 31, 2021 (expected)	CAGR 2002 to 2017 (%)	CAGR 2017 to 2021 (%)
Luxury-Upper Upscale	15,052	22,253	47,331	56,968	7.9	4.7
Upscale	4,661	7.736	24,825	34,530	11.8	8.6
Upper-Midscale	4,458	7,989	24,840	34,208	12.1	8.3
Midscale-Economy	1,895	7,121	28,363	44,093	19.8	11.7
Total	**26,066**	**45,099**	**125,359**	**169,799**	**10.0**	**7.9**
% of Total						
Luxury-Upper Upscale	57.7	49.3	37.8	33.6		
Upscale	17.9	17.2	19.8	20.3		
Upper-Midscale	17.1	17.7	19.8	20.1		
Midscale-Economy	7.3	15.8	22.6	26.0		

Source: Industry Report-Mid-Priced Hotel Sector Horwath HTL India

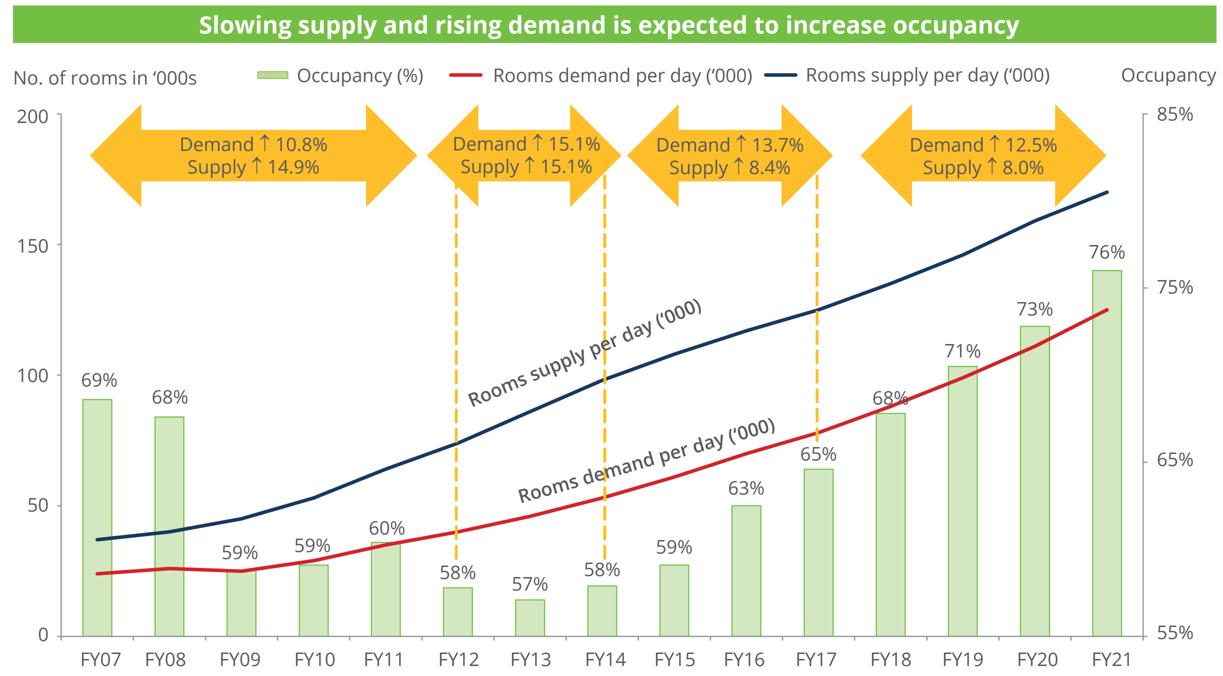
India has moved from having more luxury and upper upscale rooms, at the start of the century, to a more balanced supply scenario, with 19.8% of the supply estimated to be available in each of the upscale and upper-midscale segments, 22.6% of the supply estimated to be available in the midscale and economy segments and 37.8% of the supply estimated to be available in the luxury and upper upscale levels.

Supply and Demand

Demand levels appear to be modest over the course of the last several years, particularly when taking into account the occupancy levels at hotels. Demand across all segments grew at a CAGR of 12.5% between the fiscal years 2007 and 2016. Supply grew at a CAGR of 13.7% during this period. For upscale and upper-midscale segment, the demand to supply growth gap in terms of CAGR between the fiscal years 2007 to 2016 was at a -1.0 percentage point, and it was at +2.9 percentage points for the midscale and economy segments.

This slowdown in demand growth, starting from the global financial crisis and materially caused by a slowdown in the Indian economy, has resulted in a moderate performance in the industry. Lack of demand confidence and business confidence, have created an inability in raising room rates to levels that are reasonable and which would commensurate with the hotel property standards. This trend has changed over the last ~12 months with demand growth leading to a gradual improvement in performance.

The following chart sets forth the supply and demand for hotel rooms across India:

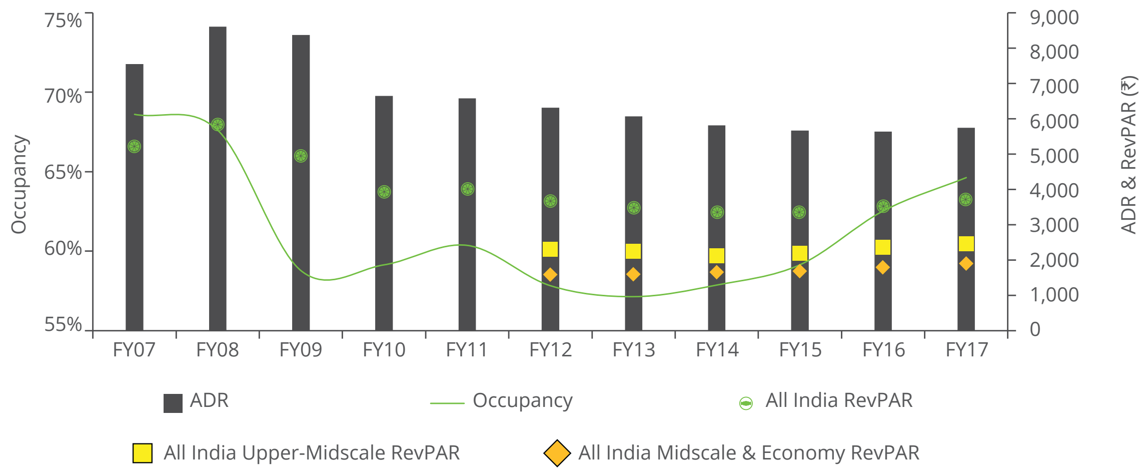


Source: Industry Report-Mid-Priced Hotel Sector Horwath HTL India

The chart above reflects the improved occupancy scenario over the last two years and a potential for occupancy growth in the foreseeable future, as the pace of demand has started to rise, while supply growth has slowed. There has been improvement in occupancy over the fiscal years 2016 and 2017 and there is potential for further occupancy growth, as the pace of demand has started to rise, while supply growth has slowed. Improved occupancies are expected to create a base for improvement in room rates.

Hotel Sector Segment Wise Performance

The chart below illustrates the change in occupancy, ADR and RevPAR across India between the fiscal years 2007 and 2017:



Source: Industry Report-Mid-Priced Hotel Sector, Horwath HTL India

The hotel sector in India experienced a decrease in occupancy between the fiscal years 2008 and 2009 and again between the fiscal years 2011 and 2013. This was primarily due to the difference between supply and demand in these periods which was caused by substantial growth in supply and a parallel decline in demand. The slackening of occupancy invariably leads to a rate decline thereby negatively impacting RevPAR levels. Further, rate revival lags occupancy revival.

Occupancy levels have increased since the fiscal year 2014 and even more notably since the fiscal year 2015, as demand conditions have improved and the rate of new supply has decelerated. The upward trend in RevPAR has been led by occupancy and is expected to continue. Further, ADR is now expected to improve due to higher occupancy levels.

HOTEL SECTOR DEMAND DRIVERS

Business Travel

Business travel comprises inbound and domestic visits for business-related purposes. This includes travel on corporate account and travel by individual business travellers. This segment is a predominant source of demand for hotels located primarily in business-oriented locations such as Whitefield; Bengaluru; Hinjewadi, Pune; Gurugram; and Cyberabad in Hyderabad.

Leisure Travel

Leisure travel comprises vacation travel, including short duration vacations. Vacation travel is concentrated during school holidays (summer, Diwali, and Christmas). Greater affordability, changing attitudes towards lifestyles and improved road and air connectivity have materially encouraged short stay vacations, including those taken on weekends and extended weekends. Seasonality of inbound leisure travel is different, varying more with climactic factors so that it mainly occurs between October and March and to a lesser extent (with lower visitor profile and travel budgets) during the summer and monsoon seasons.

MICE (Meeting, Incentives, Conferences & Exhibitions)

MICE requirements are mainly corporate driven for conferences, training programs and other events. The demand locally arises during the working week and occurs across of the year, barring the main holiday periods and the period from March through to May. MICE demand tends to carry a price sensitivity. Hotels in predominantly business locations will generate MICE demand for training and corporate seminars, which could be day or residential events. Conferences that include recreational elements choose either city center locations or resort destinations.

Weddings and Social Travel

The weddings and social segment mainly involves domestic travel for family weddings, destination weddings, and other family celebrations. Other social demand also arises from time to time with guests increasingly seeking to use hotels in preference to the earlier practice of staying with family. Such demand will likely gravitate to hotels that have the required function areas, guest room capacity and also the desired quality to host such events. This does not, however, rule out upper-midscale and mid-scale hotels, because these can cater to the price-sensitive demands. In fact, such hotels are often market leaders in Tier II and Tier III and could then attract the higher element of local demand in those markets.

Diplomatic Travel

Diplomatic travel brings in government leaders and representatives of other countries, arriving for a variety purposes and are often accompanied by large trade delegations, as well as diplomats posted to India and using hotels during the transition period. This demand is typically seen in major capital cities and other major cities that are source markets for international travel. Thus, New Delhi gets the bulk of such demand followed by Mumbai.

Airlines and airline crew

This segment helps create an occupancy base for hotels, albeit at a significantly discounted price. Crew demand could arise from international or domestic carriers, while the major international airlines will use luxury hotels, more price sensitive airlines are open to using upper-midscale hotels. This demand is relatively nominal and mainly takes place for airport hotels.

Transit demand

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

RESULTS OF OPERATIONS

Fiscal Year	2018 (₹ in lakhs)	2017 (₹ in lakhs)	Change %
REVENUE			
Revenue from Operations	48,426	41,208	18%
Other Income	781	823	(5%)
Total Income	**49,207**	**42,031**	**17%**
EXPENSES			
Cost of food and beverages consumed	4,359	3,533	23%
Employee benefits expense	10,957	9,689	13%
Other expenses	19,493	16,339	19%
Total Expenses	**34,809**	**29,561**	**18%**
EBITDA	**14,398**	**12,470**	**16%**
Finance costs	7,837	7,757	1%
Depreciation and amortization expense	5,262	5,101	3%
Share of profit/(loss) of an associate	57	-	-
Profit/(loss) before tax	**1,833**	**(33)**	**-**
Current tax	628	319	97%
Deferred tax charge/(credit)	(250)	160	-
Profit/(loss) for the year	**1,455**	**(512)**	**-**
Other Comprehensive Income	(2)	7	-
Comprehensive profit/(loss) for the year	1,453	(505)	-
Cash Profit (PAT + Depreciation)	**6,715**	**4,596**	**46%**

Fiscal year 2018 compared to Fiscal year 2017

Income

The Company's total income increased by 17% from ₹ 42,031 lakhs for the fiscal year 2017 to ₹ 49,207 lakhs for the fiscal year 2018. Revenue from operations increased by 18% from ₹ 41,208 lakhs for the fiscal year 2017 to ₹ 48,426 lakhs for the fiscal year 2018. This was due to 26% increase in revenues from room rentals from ₹ 27,169 lakhs for the fiscal year 2017 to ₹ 34,161 lakhs for the fiscal year 2018 for owned and leased hotels, primarily due to a 13% increase in ADR across owned and leased hotels from ₹ 3,449 for fiscal year 2017 to ₹ 3,896 for fiscal year 2018 and increase in rooms available from 2,833 as of March 31, 2017 to 3,277 as of March 31, 2018, due to opening of four new hotels in the fiscal year 2018. The Company's management fees income from managed hotels increased by 127% from ₹ 620 lakhs for the fiscal year 2017 to ₹ 1,410 lakhs for the fiscal year 2018.

Expenses

Total expenses increased by 18% from ₹ 29,561 lakhs for the fiscal year 2017 to ₹ 34,809 lakhs for the fiscal year 2018 as 444 new rooms were added during the year. Hotel operating cost/room/day increased by 6% in fiscal year 2018 as compared to fiscal year 2017. For the same hotels operating in fiscal year 2017 and 2018, hotel operating cost/room/day increased by 4.5%. Typically, the Company's operating expenses per room grew by 4-5% YoY.

EBITDA

The Company's EBITDA increased by 16% from ₹ 12,469 lakhs for the fiscal year 2017 to ₹ 14,398 lakhs for the fiscal year 2018. EBITDA margins in fiscal year 2018 were 29.3%. For same hotels operating in fiscal year 2017 and 2018, EBITDA margins improved by 250 bps from 29.7% to 32.2%.

Depreciation and amortization expenses

Depreciation and amortization expense increased by 3% from ₹ 5,101 lakhs for the fiscal year 2017 to ₹ 5,262 lakhs for the fiscal year 2018, primarily on account of the addition of two new owned hotels.

Finance costs

Total debt increased by 27% from ₹ 79,870 lakhs for the fiscal year 2017 to ₹ 1,01,100 lakhs for the fiscal year 2018. Total debt on operating hotels increased by 28% from ₹ 60,182 lakhs for the fiscal year 2017 to ₹ 76,872 lakhs for the fiscal year 2018. Despite this increase in debt on operating hotels, finance costs increased by only 1% from ₹ 7,757 lakhs for the fiscal year 2017 to ₹ 7,837 lakhs for the fiscal year 2018, primarily due to reduction in interest rates. The Company's cost of debt reduced by 208 bps from 11.61% for the fiscal year 2017 to 9.53% lakhs for the fiscal year 2018.

Profit for the Year

The Company's profit for the year was ₹ 1,455 lakhs for the fiscal year 2018 as compared to a loss of ₹ 512 lakhs for the fiscal year 2017.

Cash Profit (PAT + Depreciation)

Cash profit is a more relevant metric for the hotel industry (rather than PAT). The Company's cash profit for the year increased by 46% from of ₹ 4,596 lakhs for the fiscal year 2017 to ₹ 6,715 lakhs for the fiscal year 2018. Cash profit flow through was 47% and 37% of net EBITDA for the fiscal years 2018 and 2017, respectively.

Performance by Brands – FY18 vs. FY17

Parameters	Occupancy Rate (%)			Average Daily Rate (₹)			Hotel level EBITDAR/ room (₹ lakhs)			Hotel level EBITDAR Margin		
By Brand	**FY18**	**FY17**	**Change (%)**	**FY18**	**FY17**	**Change (%)**	**FY18**	**FY17**	**Change (%)**	**FY18**	**FY17**	**Change (%)**
Lemon Tree Premier	77.2%	74.6%	3.5%	4,773	4,123	16%	8.8	7.5	17%	46%	43%	7%
Lemon Tree Hotels	74.2%	77.1%	(3.8%)	3,848	3,522	9%	5.1	6.0	(15%)	36%	42%	(14%)
Red Fox Hotels	77.2%	79.1%	(2.4%)	2,860	2,372	21%	4.3	4.0	8%	45%	43%	5%

Lemon Tree Premier

ADR increased by 16% from ₹ 4,123 for the fiscal year 2017 to ₹ 4,773 for the fiscal year 2018. Occupancy increased by 260 bps from 74.6% for the fiscal year 2017 to 77.2% for the fiscal year 2018. EBITDAR/room increased by 17% from ₹ 7.5 lakhs for the fiscal year 2017 to ₹ 8.8 lakhs for the fiscal year 2018.

Lemon Tree Hotels

ADR increased by 9% from ₹ 3,522 for the fiscal year 2017 to ₹ 3,848 for the fiscal year 2018. Occupancy decreased by 290 bps from 77.1% for the fiscal year 2017 to 74.2% for the fiscal year 2018. EBITDAR/room decreased by 15% from ₹ 6.0 lakhs for the fiscal year 2017 to ₹ 5.1 lakhs for the fiscal year 2018. The drop in occupancy and EBITDAR/ room was due to new supply addition of 188 rooms during the year which requires time to stabilize.

Red Fox Hotels

ADR increased by 21% from ₹ 2,372 for the fiscal year 2017 to ₹ 2,860 for the fiscal year 2018. Occupancy decreased by 190 bps from 79.1% for the fiscal year 2017 to 77.2% for the fiscal year 2018. EBITDAR/room increased by 8% from ₹ 4.0 lakhs for the fiscal year 2017 to ₹ 4.3 lakhs for the fiscal year 2018. The drop in occupancy and lower growth EBITDAR/room was due to new supply addition of 154 rooms during the year which requires time to stabilize.

Performance of owned/leased hotels by ageing – FY18 vs. FY17

Parameters	Fiscal year	Adult Hotels (Stable - older than 3 years)	Toddler Hotels (Stabilizing - between 1-3 years old)	Infant Hotels (New - less than 1 year old)	Under-development hotels
Hotels	FY18	21	3	4	7
	FY17	21	3	-	
Operating Rooms (year-end)	FY18	2,727	128[1]	422	1,525
	FY17	2,727	106[1]	-	
Occupancy Rate (%)	FY18	77.6%	61.5%	66.0%	Deep demand markets (high occupancies)
	FY17	77.5%	51.6%	-	
Average Daily Rate (₹)	FY18	3,900	5,274	3,422	1.5x of Adult Hotels in that year[4]
	FY17	3,411	5,302	-	
Hotel level EBITDAR[2]/ room (₹ in Lakhs)	FY18	6.7	4.9	1.5	High[4]
	FY17	6.2	3.2	-	
Hotel level EBITDAR[2] Margin (%)	FY18	44%	36%	15%	High[4]
	FY17	43%	32%	-	
Hotel level RoCE*,[3] (%)	FY18	12%	6%	(1%)	2.0x of Adult Hotels in that year[4]
	FY17	11%	6%	-	

*** Hotel level RoCE for hotels older than 5 years is 13% for FY18.**

Notes:

1) 22 rooms were added in Lemon Tree Wildlife Resort, Bandhavgarh in November 2017
2) Hotel level EBITDAR measures hotel level results before lease rentals, debt service, depreciation and corporate expenses of the owned/ leased hotels, and is a key measure of company's profitability
3) Hotel level RoCE is calculated as : (Hotel level EBITDAR - lease rentals)/Capital deployed for operational owned & leased hotels.
4) Post stabilization.

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

Adult Hotels (Stable - older than 3 years)

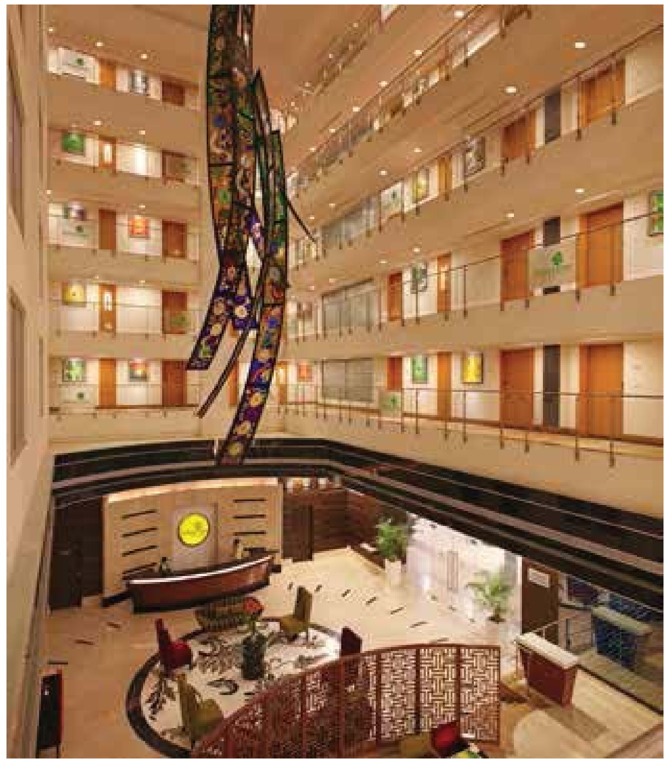
Adult hotels include 21 hotels with 2,727 operational rooms. ADR increased by 14% from ₹ 3,411 for the fiscal year 2017 to ₹ 3,900 for the fiscal year 2018. Occupancy was 77.5% and 77.6% for the fiscal years 2017 and 2018, respectively. EBITDAR/room increased by 8% from ₹ 6.2 lakhs for the fiscal year 2017 to ₹ 6.7 lakhs for the fiscal year 2018. Hotel RoCE which is calculated as : (Hotel level EBITDAR – lease rental)/Capital deployed, increased from 11% for the fiscal year 2017 to 12% for the fiscal year 2018.

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

Toddler hotels include 3 hotels with 128 operational rooms. ADR decreased by 1% from ₹ 5,302 for the fiscal year 2017 to ₹ 5,274 for the fiscal year 2018. Occupancy increased by 990 bps from 51.6% for the fiscal year 2017 to 61.5% for the fiscal year 2018. EBITDAR/room increased by 53% from ₹ 3.2 lakhs for the fiscal year 2017 to ₹ 4.9 lakhs for the fiscal year 2018. Hotel RoCE remained flat at 6% for both the fiscal years 2017 and 2018.

Infant Hotels (New - less than 1 year old)

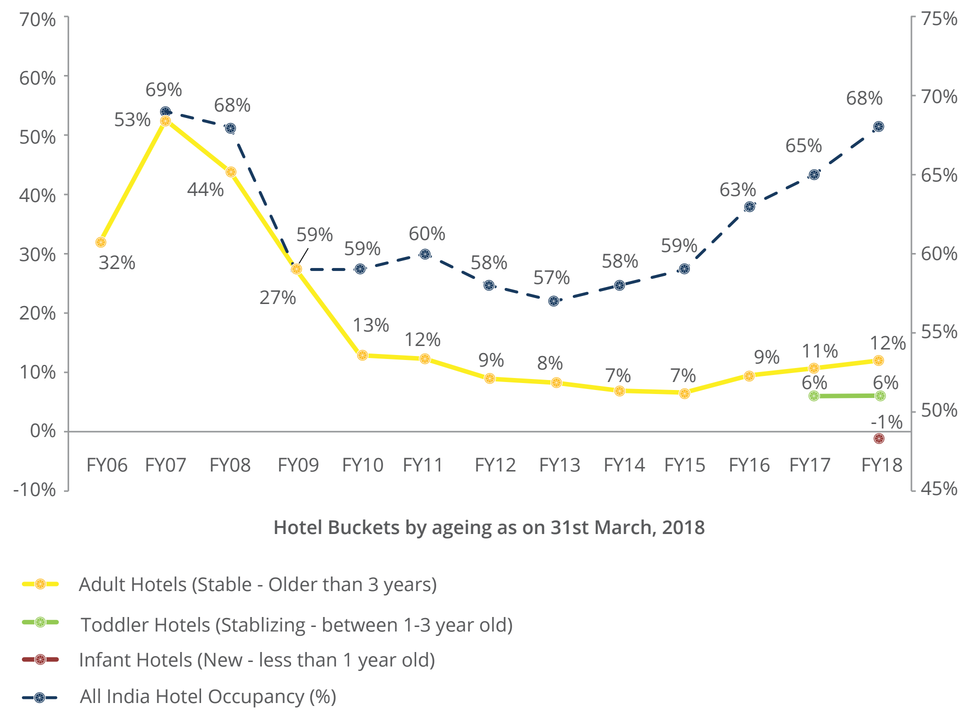
Infant hotels include 4 hotels with 422 operational rooms. ADR for the fiscal year 2018 was ₹ 3,422. Occupancy for the fiscal year 2018 was 66.0%. EBITDAR/room for the fiscal year 2018 was ₹ 1.5 lakhs. Hotel RoCE was (1%) for the fiscal year 2018.



Under-development hotels

Under-development hotels include 7 hotels with 1,525 operational rooms. ADR and occupancy should be high in these hotels as these are located in deep demand markets like Mumbai, Pune, etc. ADR for these hotels should be typically 1.5x of the adult hotels in that year. Hotel RoCE for these hotels should be 2.0x of the adult hotels in that year.

Hotel RoCE movement across different phases of the business cycle



Above chart represents hotel RoCE for owned and leased hotels from fiscal year 2006 till fiscal year 2018. Certain adult hotels that were operational in last top-of-cycle condition (i.e. 2003-2008) achieved very high hotel RoCEs like 53% in fiscal year 2007 and 44% in fiscal year 2008. From fiscal year 2009 onwards, all India occupancy went below 60% and ADR also started falling. The Company added 60% of current owned and leased rooms between fiscal year 2009 and 2015. The development cost of these rooms was higher than the development cost of rooms developed earlier and they were not able to deliver adequate returns due to bottom-of-cycle conditions.

Growth Outlook

Key levers to drive better results

Going forward, there are three major factors that will grow the Company's topline:

- Stabilization of rooms which opened in last 3 years (550 such rooms)
- Price increase in current operational inventory (14% ARR growth in stable hotels in fiscal year 2018 vis-à-vis fiscal year 2017)
- Operationalization of inventory under development – 1,525 rooms (Equivalent to 2,300 (1.5x) rooms in revenue potential and 3,050 (2.0x) rooms in EBITDAR potential)

Also, the Company will continue to maintain its cost leadership in industry. (LTH CAGR of operating cost increase per room has been 4-5% between fiscal year 2013 and 2018.) These factors will drive strong top-line and bottom-line growth.

Risk Management

The Company's business model has a comprehensive and integrated risk management framework that comprises practices for proactive awareness, appraisal, and counter-action.

We believe that a proactive approach in reporting, evaluating and resolving risks associated with the business is the key to sustained operations. It thereby helps in protecting shareholder value, improving governance process and achieving strategic objectives.

Keys Risks	Mitigation
The cyclical downturn in the country's economic growth may lead to a slowdown in business.	Lemon Tree operates in the mid-priced hotel sector which is primarily driven by expanding domestic middle class. The Company has also built major inventory during the down cycle in different geographies and segments while maintaining low debt-equity ratio. Also, it has built a strong brand name, which is synonymous with quality and trust. This helps the Company by lowering the impact of the slowdown on demand sentiments. It has maintained high occupancy levels as compared to its peers i.e. over 75% occupancy in the last 3 fiscal years.
The interest rates on loans are subject to fluctuations, depending on monetary policy followed by RBI.	Lemon Tree has always maintained a low debt-equity ratio and its credit rating has also been improving regularly. Credit rating in fiscal year 2017 was A- for long term borrowings. The Company is able to reduce cost of debt regularly. In fiscal year 2018, cost of debt was 9.53% as compared to 11.61% in fiscal year 2017. Lemon Tree has a diversified portfolio with stable cash flows from owned, leased and managed properties, which prevents it from getting adversely affected by a rise in interest rates.
Hotel Industry is highly fragmented and has intense competition within geographic regions. This competition may impact the company's market share.	Lemon Tree caters largely to the upper-midscale, midscale and economy segments where it has developed a differentiated business model, thus, making it a dominant player in these segments. The Company has always been able to achieve an occupancy premium vis-à-vis its peers due to its value-for-money proposition. In fiscal year 2017, the Company achieved RevPAR premium of 10%, 50% and 30% over industry average in upper-midscale, midscale and economy segments respectively.
Hotel business is capital-intensive and requires regular investment in upgradation.	Lemon Tree's business model enables it to develop hotels quickly and at a low cost. The Company's average development cost per room (excluding the cost of land), for owned hotels developed between the fiscal years 2011 and 2015 was ₹ 5.9 million, ₹ 5.0 million and ₹ 4.5 million in the upper-midscale, midscale and economy hotel segments, respectively. Industry average for same segments was ₹ 7.2 million, ₹ 5.6 million and ₹ 3.5 million as per HVS-India-2016 Hotel Development Cost Survey. The Company builds hotels in a way that they do not require major hard renovations. It only refresh as hotels regularly through soft refurbishment and majority of the expense is accounted for in the operating expenses.

BOARD'S REPORT

TO

THE MEMBERS
OF LEMON TREE HOTELS LIMITED

Your Directors have pleasure in presenting the Twenty Sixth Annual Report of the Company together with audited Financial Statements for the Financial Year ended March 31, 2018.

FINANCIAL RESULTS AND OPERATIONS

The financial performance on the basis of Standalone & Consolidated Financial Statements for the year ended March 31, 2018 is summarized below:

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	As on March 31, 2018	As on March 31, 2017	As on March 31, 2018	As on March 31, 2017
Total Income	23,813.44	22,543.28	49,206.83	42,030.79
Profit before depreciation, Finance Costs, Tax and Exceptional items	7,508.83	6,665.82	14,398.13	12,469.45
Less: Depreciation	1,976.68	2,119.95	5,261.74	5,101.24
Less: Finance Costs	2,904.57	3,755.90	7,360.71	7,401.16
Profit / (Loss) before Tax	2,627.58	789.97	1,833.19	(32.95)
Less:				
Current Tax	413.33	129.22	627.59	318.67
Deferred Tax			(249.76)	160.39
Profit / (Loss) after Tax	2,214.25	660.75	1,455.36	(512.01)
Add: Other Comprehensive Income net of taxes	1.85	11.85	(1.81)	7.50
Total Comprehensive Income	2216.10	672.60	1,453.55	(504.51)
Less: Non - controlling Interest	-	-	34.47	119.78
Profits / (Loss) after Tax	-	-	1419.08	(624.29)
Earning Per Equity Share of the face value of ₹ 10 each				
Basic	0.28	0.08	0.18	(0.08)
Diluted	0.28	0.08	0.18	(0.08)

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

INITIAL PUBLIC OFFER AND LISTING OF SHARES

During the Financial Year under review, the Company initiated the process of Initial Public offering of 185,479,400 equity shares of face value of ₹ 10 each of the Company through an Offer For Sale (Offer) by the Selling Shareholders and Offer has been subscribed 1.19 times with great interest shown by Institutional investors which include key foreign institutional investors as well as major domestic mutual funds of the Offer.

The Company completed the process of Initial Public Offer and the Company's equity shares got listed on the National Stock Exchange of India Limited (NSE) and BSE Limited on April 9, 2018.

SCHEME OF AMALGMATION

During the Financial Year under review, as a part of Company's restructuring plan, the Board of Directors had approved the Scheme of Amalgamation ("Scheme") of Aster Hotels & Resorts Private Limited, PRN Management Services Private

Limited, HeadStart Institute Private Limited (together 'the Transferor Companies') with Lemon Tree Hotels Limited ('the Company') u/s 230 to 232 of the Companies Act, 2013 and scheme has been duly approved by the National Company Law Tribunal (NCLT) vide its order dated December 22, 2017 and the scheme became effective from December 28, 2017. Investment has been nullified w.e.f. the Appointed date i.e. April 01, 2017.

Pursuant to Scheme, the Company has made the allotment of 56,511,722 equity shares to the shareholders of the Transferor Companies and equivalent shareholding held by the Transferor Companies in the Company stands cancelled. Accordingly, there is no increase in the paid up share capital of the Company pursuant to this Scheme.

CHANGE IN CAPITAL STRUCTURE

Increase in Authorised Share Capital

Pursuant to Scheme of Amalgamation, the Authorised Share Capital of the Company increased from ₹ 10,00,00,00,000/-, divided into 99,85,50,000 equity shares of face value of ₹ 10/- each and 1,45,000, 5% Cumulative Redeemable Preference Share of ₹ 100/- per share to ₹ 10,02,89,00,000 divided into 1,00,14,40,000 Equity Shares of ₹ 10 each and 1,45,000 5% Cumulative Redeemable Preference Share of ₹ 100 each.

Increase in the Paid-up Share Capital

During the financial year under review, the Issued and Paid up Share Capital of the Company was increased to ₹ 7,86,41,26,830/- divided into 78,64,12,683 equity shares of face value of ₹ 10/- per share by issuing further 51,38,618 equity shares, out of which 23,18,370 equity shares have been issued on exercise of employee stock options and 28,20,248 equity shares were issued on preferential basis.

OPERATIONAL HOTELS AND UPCOMING PROJECTS

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

The details of operational hotels and upcoming projects are given in the "Corporate Overview" Section of the Annual Report 2017-18.

AWARDS AND RECOGNITION

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

- Winner of FT ArcelorMittal Boldness in Business Award 2018 for Corporate Responsibility/ Environment
- Ranked 12th in Asia's Best Large Workplaces in 2018 by Great Place to Work Institute
- Ranked 4th in the list of India's Best Companies to Work for, adjudged by the Economic Times and the Great Place to Work Institute, India
- Recognised by the Economic Times and the Great Place to Work Institute, India, for being among the best in:
  (i) the special category of utilizing analytics to drive a great place of work;
  (ii) the special category of employer branding.

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

As on March 31, 2018, there were Twelve (12) Directors on the Board of the Company. The list of the Director's & KMP's [as per Companies Act, 2013 ("Act")] as on March 31, 2018 given herein below:

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

CHANGES IN BOARD OF DIRECTORS/KMPs

Appointments

During the Financial Year under review, Mr. Patanjali Govind Keswani was re-appointed as Chairman and Managing Director for a period of 5 years commencing from April 1, 2018 to March 31, 2023, which was approved by the Members in the Extra-Ordinary General Meeting held on August 8, 2017.

Further, during the Financial Year under review, Mr. Gopal Sitaram Jiwarajka was re-appointed as an Independent Director of the Company for a period of 5 Years w.e.f. September 18, 2017 to September 17, 2022 which was approved by the Members in the Extra-Ordinary General Meeting held on August 8, 2017.

Further, during the Financial Year under review, Mr. Willem Albertus Hazeleger has been appointed as Non-Executive Additional Director w.e.f August 8, 2017 and has been appointed as a Director in the Annual General Meeting held on September 29, 2017.

Furthermore, during the Financial Year under review, the appointment of Mr. Ashish Kumar Guha, Mr. Arvind Singhania, Mr. Paramartha Saikia, Mr. Pradeep Gupta and Ms. Freyan Jamshed Desai as Additional Directors in the capacity of Non-Executive Independent Directors, made w.e.f. June 15, 2017 has been regularized in the Extra Ordinary General Meeting held on August 8, 2017.

Furthermore, Mr. Pradeep Mathur has been appointed as an Additional Director in the capacity of Non-Executive Independent Director w.e.f. December 5, 2017 and proposed to be appointed as a Director in the ensuing Annual General Meeting. A notice has been received from a Member of the Company proposing his candidature for being appointed as an Independent Director of the Company.

Further, Mr. Nikhil Sethi, Group Company Secretary and GM Legal has been designated as the Compliance officer of the Company in compliance with the requirement of Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations").

In accordance with the Act and the Articles of Association of the Company, 3 (Three) of your Directors, viz. Mr. Rattan Keswani, Mr. Niten Malhan & Mr. Ravi Kant Jaipuria retires by rotation, and being eligible, offers themselves for re-appointment. Your approval for their re-appointment as Directors is being sought in the Notice convening the Annual General Meeting of the Company.

Resignations/Retirement/Cessation

During the Financial Year under review, the following Directors have resigned from the Board of the Company:

- Mr. Sanjeev Kaul Duggal, Independent Director w.e.f. April 1, 2017;
- Ms. Ila Dubey w.e.f. May 31, 2017;
- Mr. Sachin Doshi w.e.f August 1, 2017; and
- Mr. Pradeep Gupta, Independent Director w.e.f. December 5, 2017

The Board wishes to place on record their sincere appreciation for the contributions made by the outgoing directors during their tenure on the Board.

DECLARATION BY INDEPENDENT DIRECTORS

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

COMMITTEES OF THE BOARD

As on March 31, 2018, your Board has following mandatory Committees:

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

The details of the compositions, meetings held during the year and attendance of the Members and terms of reference of the above committees of the Board are provided in the Corporate Governance Report attached as **'Annexure-4'** to this Report.

Apart from the above-mentioned Committees, there are five more committees of the Board i.e. Share Transfer Committee, Share Allotment Committee, Finance Committee, IPO Committee and General Management Committee and the details of the compositions, meetings held during the year and attendance of the Members are given in **'Annexure-1'** to this Report.

The Share Transfer Committee has been dissolved by the Board of Directors on April 2, 2018 and the Stakeholder's Relationship Committee reconstituted on June 15, 2017 shall exercise all the powers of Share Transfer Committee, as it is empowered to act in accordance with its terms of reference which interalia includes redressing Investor Grievance and allotting or transfer/splitting/consolidation of shares etc.

BOARD MEETINGS HELD DURING THE YEAR

During the Financial Year under review, your Board met 7 (Seven) times and the details of the Board Meetings held indicating number of meetings attended by each Director is provided in the Corporate Governance Report attached as **'Annexure-4'** to this Report.

ANNUAL BOARD EVALUATION

Pursuant to the provisions of the Act, the Board of Directors has carried out an annual evaluation of its own performance including its committees. The performance of the Board was evaluated by the Board after seeking inputs from the Directors on the basis of the criteria such as strategy, performance management, risk management, core governance & compliance, organization's health and talent management.

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

POLICIES UNDER COMPANIES ACT, 2013

CODE OF CONDUCT AND VIGIL MECHANISM/WHISTLE BLOWER POLICY

The Company has in place a mechanism for employees for reporting genuine concerns from reprisal and victimization. The Company has a Code of Conduct and Vigil Mechanism/Whistle Blower Policy which has been disseminated to all the Directors, Officers, Employees and Associates and they are free to report undesirable practices, events, violations/suspected violations of the LTH Code in terms of the policy. The policy is also available in the 'Investor Relations' section at the Company's website www.lemontreehotels.com.

During the year under review, no concerns have been received by the Company from any of the Directors, Officers, Employees and Associates.

RISK MANAGEMENT POLICY

The Company has in place Risk Management Policy formulated in accordance with the provisions of Section 134(3)(n) of the Act, which is available in the 'Investor Relations' section at the Company's website www.lemontreehotels.com. There has been no change in the policy during the Financial Year under review.

The Company has a system in place for identification of elements of risk which are associated with the accomplishment of objectives, operations, development, revenue and regulations and appropriate measures are taken, wherever required, to mitigate such risks beforehand.

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

NOMINATION AND REMUNERATION POLICY

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

During the year under review, the Company has taken necessary approval/recommendation, wherever required, from Nomination and Remuneration Committee in terms of the policy.

CORPORATE SOCIAL RESPONSIBILITY ("CSR")

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

In terms of the CSR policy, the Company plans to undertake CSR activities/projects/programs in the areas as specified in Schedule VII of the Act as amended from time to time. However, due to un-availability of average net profit calculated in terms of Section 198 of the Act, the Company was not required to spend on the CSR activities mentioned in the Schedule VII to the Act during the Financial Year under review.

SUBSIDIARY, ASSOCIATES AND JOINT VENTURE COMPANIES

During the Financial Year under review, your Company has 13 (thirteen) direct subsidiary companies and 8 (eight) indirect subsidiary companies and 2 (two) associate Companies as under:

Direct Subsidiary Companies

Begonia Hotels Pvt. Ltd., Canary Hotels Pvt. Ltd., Dandelion Hotels Pvt. Ltd., Lemon Tree Hotel Company Pvt. Ltd., Oriole Dr. Fresh Hotels Pvt. Ltd., PSK Resorts & Hotels Pvt. Ltd., Red Fox Hotel Company Pvt. Ltd., Sukhsagar Complexes Pvt. Ltd, Fleur Hotels Pvt. Ltd., Carnation Hotels Pvt. Ltd., Grey Fox Project Management Company Pvt. Ltd., Nightingale Hotels Pvt. Ltd and Meringue Hotels Pvt. Ltd.

Indirect Subsidiary Companies

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

Our Associate Companies

Further, during the Financial Year under review, two companies have become our Associate Companies i.e Mind Leaders Learning India Pvt. Ltd and Pelican Facilities Management Pvt. Ltd.

Further, our Subsidiaries Fleur Hotels Pvt. Ltd and Celsia Hotels Pvt. Ltd. are partners of a limited liability partnership, Mezereon Hotels LLP ("Mezereon"), pursuant to an agreement dated January 17, 2015.

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

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

These documents shall also be available for inspection at the registered office of the Company during business hours up to the date of ensuing Annual General Meeting.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

CORPORATE GOVERNANCE

Your company has adopted good governance practices and committed to maintain high standards of the Corporate ethics, professionalism and transparency. The Company has adopted polices in line with the governance requirements including policy on Related Party Transactions, policy on material subsidiary, policy for material information and events, Corporate Social Responsibility Policy and Whistle Blower Policy. These policies are available in the 'Investor Relations' section at the Company's website www.lemontreehotels.com.

In compliance with the provisions of Regulations 34(3) of the SEBI Listing Regulations, a seperate report on Corporate Governance together with a certificate from the Secretarial Auditors of the Company regarding compliance of conditions of Corporate Governance as stipulated under the SEBI Listing Regulations forms part of this Report as **'Annexure-4'**.

DEPOSITS

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

BORROWINGS FROM BANKS/ FINANCIAL INSTITUTIONS

The Company's total long term borrowings from banks/ financial institutions decreased from ₹ 32,104.51 Lakhs in the previous year to ₹ 31,879.93 Lakhs in the current year.

EMPLOYEE STOCK OPTION SCHEME

During the year under review, the Company has an Employee Stock Option Scheme, 2006 and same has been amended and aligned with the provisions of SEBI (Share Based Employee Benefits) Regulations, 2014 after taking approval of the shareholders in the Extra Ordinary General Meeting held on August 21, 2017.

Your Company has received a certificate from the Statutory Auditors of the Company that the scheme has been implemented in accordance with SEBI (Share Based Employee Benefits) Regulations, 2014. The certificate would be placed at the ensuing Annual General Meeting for inspection by Members of the Company.

During the Financial Year under review, 23,18,370 options have been vested and exercised by the employees of the Company. Further, during the Financial Year under review, the Nomination and Remuneration Committee, has granted 4,87,000 fresh options to the employees of the Company and its subsidiaries in accordance with its Employee Stock Option Scheme, 2006 after taking requisite approvals.

The applicable disclosures as stipulated under Rule 12 of Companies (Share Capital and Debentures) Rules, 2014 and SEBI (Share Based Employee Benefits) Regulations, 2014 with regard to Employees Stock Option Plan of the Company are available at the Company's website at https://www.lemontreehotels.com/factsheet/Policies/Stock_Options_March_31_2018.pdf.

REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND PARTICULARS OF EMPLOYEES

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

Disclosures pertaining to the remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel), Rules, 2014 are provided in **'Annexure-6'**, to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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

(ii) they have, selected such accounting policies in consultation with Statutory Auditors and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the Financial Year March 31, 2018 and of the profit and loss of the company for the Financial Year;

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

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

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

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

AUDITORS AND AUDITOR'S REPORT:

Statutory Auditors

M/s Deloitte Haskins & Sells, LLP (LLP No. AAB-7837), Chartered Accountants have been appointed as Statutory Auditors of the Company in the Annual General Meeting held on September 29, 2017 for a period of 5 years upto conclusion of 6th consecutive Annual General Meeting of the Company. Pursuant to the amendment in Section 134 of the Act, requirement of the ratification of the appointment of Statutory Auditors at every Annual General

Meeting has been omitted and accordingly the proposal for the ratification of the appointment of M/s Deloitte Haskins & Sells, LLP (LLP No. AAB-7837) has not been considered.

The reports given by the Statutory Auditors' on the Standalone Financial Statements of the Company and the Consolidated Financial Statements of the Company and its Subsidiaries & Associates for the Financial Year ended March 31, 2018 forms part of this Annual Report. There have been no qualifications, reservation or adverse remarks made by the Statutory Auditors in their reports.

Secretarial Auditor

The Board of Directors of the Company has appointed M/s Sanjay Grover & Associates, Practicing Company Secretaries, to conduct the Secretarial Audit for the Financial Year under review in accordance with Section 204 of the Act. The Secretarial Auditors have submitted their report, which is annexed as '**Annexure-7**' to this Report.

SIGNIFICANT AND MATERIAL ORDERS

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186

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

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188

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

The particulars of contracts or arrangements with related parties referred to in Section 188(1), of the Act in the prescribed Form AOC - 2, is annexed as '**Annexure-8**' to this Report. Further, you may refer to Related Party transactions in Note No. 34 of the Standalone Financial Statements.

EXTRACT OF ANNUAL RETURN

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

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

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

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

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

A. Conservation of Energy:

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

Further we take the following steps for energy conservation & sustainability:

- Variable Refrigerant Volume (VRV) technology for Air-conditioning systems which saves power up to 20 % as compared to conventional AC systems.
- HRV's with Thermal Enthalpy Wheels for Heat Recovery from washroom exhausts.
- Introducing chilled water reset through Building Automation (BMS / Automation) to reduce power consumption required for cooling the building.
- Use of Heat Pumps for Heat Recovery - for heating domestic water.
- Installation of Solar Panels for Domestic Hot Water requirements.
- CFL & LED Lighting provides as much light as a conventional bulb yet consumes far Less Energy
- Key Tag Energy Saver System conserves energy in unoccupied rooms
- Natural lighting reduces power consumption dramatically – we are using Glass Windows / Doors .
- Double Glazed Vacuum Sealed Windows conserve Energy and reduces noise
- Auto Time Management for Lighting, Air-conditioning and Ventilation Fans Conserves Energy
- Energy-Efficient Hydro-Pneumatic Systems with VFD motors for water supply ensures constant pressure and reduces load on pumps / Saves Energy.
- LT Voltage Stabilizer for energy saving prevents damage to equipment due to sudden power fluctuations
- Thermal Insulation for the building envelope increases room comfort and conserves energy.
- Renewable Energy in the form of Wind Power is being utilized by our 2 properties in Chennai and is being introduced for Aurangabad & Pune this year.
- We are also using Solar Photovoltaic systems at our Hotels to capture free Solar Energy for reducing the Energy requirement.
- We are using AAC Blocks for our Buildings which are made from Fly ASH – waste material.
- We are using Double (Cavity Walls with XPS Insulation Materials) to reduce requirement of Air-conditioning in the Hotel.
- We are using ECO Friendly Toiletries in our Hotels.
- Our Guests are informed about our Eco-friendly actions.
- We are using CNG / PNG for our hotels as per requirement & availability.
- We are using Automatic Servo stabilizers to control Voltage / current.

Water Conservation

- We are using Aerators / Low Flow Restrictors to reduce water consumption & yet give good flow feeling.
- Rain Water Harvesting protects and replenishes water table – we are doing it at all Hotels.
- Auto Flush for Public Urinals minimizes water wastage-we are using Dual Flushing Units.
- We are using special Species of Plants which need less water.
- We are maintaining Green Belt / Surrounding Area by using Compost & Recycled Water from our own resources.

Waste Management

- Sewage Treatment prevents pollution – We are recycling Sewage Waste Water after Treatment. We are using treated / recycled water for Cooling tower (AC Use), WC Flushing, Gardening & other general Basement Cleaning requirements.
- We are treating Wet Garbage / Kitchen / Food waste by use of OWC – ORGANIC WASTE CONVERTOR to generate COMPOST for garden use.

Noise Pollution Management

- We are using Double Glazed Vacuum Sealed Windows to reduces external noise level below 50 decibels
- We are using Environmental Seals to prevents entry of noise and smoke (in case of fire) into the room
- We are using Noiseless Generators acoustically insulated, to reduce sound level in the HOTEL 7 to meet SOUND Levels prescribed by DPCC / CPCB.

Interiors

- We are using MDF, Rubber Wood and Particle Board as recycled materials to save Trees. Operational Practices
- We are using Laundry Paper bags instead of plastic - Environment Friendly
- We are using Recycled Garbage Bags which are Bio-degradable & Environment Friendly
- Water Glasses inverted and placed on a cork surface, thereby doing away with plastic covers
- We are supplying Pencils in the Guest Rooms & not Plastic Pens

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

Technology absorption:

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

Research & Development:

The Company during the year 2017-18 has not carried out any activity which can be construed as Research & Development and as of now there is no specific plan for engaging into such activities. As such, there is nothing to report under this section.

C. Foreign exchange earnings and outgo:

The information regarding Foreign Exchange earnings and outgo is mentioned hereunder:

(₹ in Lakhs)

S. No.	Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
1.	Earning in Foreign Currency	2085.99	1,838.03
2.	Outgo in Foreign Currency -Value of Capital Goods Imported on CIF basis -Commission/ Advertisement and business promotion	 - 333.13	 24.27 313.15

DIVIDEND ON EQUITY SHARES

Your Directors do not propose any dividend on the shares of the Company for the Financial Year ended on March 31, 2018.

TRANSFER TO RESERVES

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

ADEQUACY OF INTERNAL CONTROLS

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

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

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

GREEN INITIATIVE

Pursuant to Section 101 and 136 of the Act read with Companies (Management and Administration) Rules, 2014 and Companies (Accounts) Rules, 2014, the Company can send Notice of Annual General Meeting, financial statements and other communications in electronic form. Your Company is sending the Annual Report including the Notice of Annual General Meeting, Audited Financial Statements, Board's Report along with annexures etc. for the Financial Year 2018 in the electronic mode to the shareholders who have registered their email ids with the Company and/or their respective Depository Participants (DPs).

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

APPRECIATION

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

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

DATE: 25.05.2018
PLACE: NEW DELHI

Patanjali Govind Keswani
Chairman & Managing Director
DIN No. 00002974

ANNEXURE-1

ANNEXURE(S) TO THE BOARD'S REPORT

I) FINANCE COMMITTEE MEETINGS

During the Financial Year under review, six (6) Finance Committee meetings have been held on May 3, 2017, September 1, 2017, September 29, 2017, November 17, 2017, February 7, 2018 and March 15, 2018.

Attendance of Members for the year ended March 31, 2018:

Name of the Member	Designation	No. of Meetings Attended
Mr. Patanjali Govind Keswani	Chairman & Member	2
Mr. Rattan Keswani	Member	5
Mr. Niten Malhan	Member	6

II) SHARE ALLOTMENT COMMITTEE MEETINGS

During the Financial Year under review, three (3) Share Allotment Committee meetings have been held on July 5, 2017, September 6, 2017 and January 22, 2018.

Attendance of Members for the year ended March 31, 2018:

Name of the Member	Designation	No. of Meetings Attended
Mr. Rattan Keswani	Chairman & Member	3
Mr. Patanjali Govind Keswani	Member	3
Mr. Niten Malhan	Member	0

III) SHARE TRANSFER COMMITTEE MEETINGS

During the Financial Year under review, five (5) Share Transfer Committee meetings have been held on June 7, 2017, August 17, 2017, August 22, 2017, January 24, 2018 and March 16, 2018.

Attendance of Members for the year ended March 31, 2018:

Name of the Member	Designation	No. of Meetings Attended
Mr. Rattan Keswani	Chairman & Member	5
Mr. Patanjali Govind Keswani	Member	5
Mr. Niten Malhan	Member	0

IV) IPO COMMITTEE MEETINGS

During the Financial Year under review, four (4) IPO Committee meetings have been held on August 21, 2017, September 19, 2017, March 15, 2018 and March 23, 2018.

Attendance of Members for the year ended March 31, 2018:

Name of the Member	Designation	No. of Meetings Attended
Mr. Patanjali Govind Keswani	Chairman & Member	4
Mr. Gopal Sitaram Jiwarajka	Member	2
Mr. Niten Malhan	Member	4

V) GENERAL MANAGEMENT COMMITTEE MEETINGS

During the Financial Year under review, eight (8) General Management Committee meetings have been held on May 8, 2017, September 2, 2017, October 16, 2017, December 6, 2017, January 16, 2018, January 22, 2018, March 13, 2018 and March 16, 2018.

Attendance of Members for the year ended March 31, 2018:

Name of the Member	Designation	No. of Meetings Attended
Mr. Patanjali Govind Keswani	Chairman & Member	8
Mr. Rattan Keswani	Member	8

VI) STAKEHOLDER'S RELATIONSHIP COMMITTEE MEETING

The committee has been last reconstituted on June 15, 2017 with the following members, however no meeting has been held during the Financial Year under review:

Name of the Members	Designation
Mr. Gopal Sitaram Jiwarajka	Chairman & Member
Mr. Patanjali Govind Keswani	Member
Mr. Rattan Keswani	Member
Ms. Freyan Jamshed Desai	Member

ANNEXURE - 2

NOMINATION AND REMUNERATION POLICY

1. INTRODUCTION

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

2. POLICY OBJECTIVE

The objective of this Policy is to determine the criteria for appointment, removal, evaluation of performance of Directors and Remuneration of Directors, Key Managerial Personnel, Senior Management Personnel and other employees.

3. DEFINITIONS

In this Policy unless the context otherwise requires:

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

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

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

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

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

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

(ii) Company Secretary;

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

(iv) Chief Financial Officer; and

(v) Such other officer as may be prescribed;

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

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

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

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

4. APPLICABILITY

This Policy is applicable to:

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

(ii) Key Managerial Personnel

(iii) Senior Management Personnel

(iv) Other Employees of the Company

5. GENERAL

This Policy is divided in three parts:

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

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

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

PART-A

6. SCOPE

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

a. Formulate the criteria for determining qualifications, positive attributes and independence of a director and identify persons who are qualified to become Directors and persons who may be appointed in Key Managerial and Senior Management Personnel, recommend to Board their appointment and removal;

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

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

PART-B

7. APPOINTMENT OF DIRECTORS AND SENIOR MANAGEMENT PERSONNEL

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

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

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

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

8. TERM/TENURE

a. MD/ WTD/ Manager

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

b. Independent Director

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

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

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

9. DISQUALIFICATIONS FOR APPOINTMENT/RE-APPOINTMENT OF DIRECTORS

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

10. EVALUATION

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

11. REMOVAL

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

12. RETIREMENT

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

PART – C

13. MATTERS RELATING TO THE REMUNERATION & PERQUISITES

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

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

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

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

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

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

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

14. REMUNERATION TO MD/WTD/MANAGER

a. Remuneration

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

b. Minimum Remuneration

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

c. Provisions for excess remuneration

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

15. REMUNERATION TO NON-EXECUTIVE/INDEPENDENT DIRECTOR

a. Sitting Fees

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

b. Commission

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

c. Stock Options

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

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

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

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

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

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

17. DISSEMINATION

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

18. MISCELLANEOUS

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

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

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

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

ANNEXURE - 3

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

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

Part "A": Subsidiaries

(₹ in Lakhs)

1	Sl. No.	1	2	3	4	5	6
2	Name of the subsidiary	Fleur Hotels P. Ltd.	Begonia Hotels P. Ltd.	Canary Hotels P. Ltd.	Carnation Hotels P. Ltd.	Dandelion Hotels P. Ltd. *	Lemon Tree Hotel Company P. Ltd. *
3	Date since when subsidiary was acquired	25.09.2009	20.11.2009	18.05.2012	18.01.2007	19.07.2007	24.01.2007
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
6	#Share capital	5,928.63	146.46	3,459.45	9.35	1.15	3.50
7	Reserves & surplus	93,326.82	3,957.09	(1,044.38)	48.16	252.98	(2.05)
8	Total assets	1,25,916.92	4,400.70	5,043.77	1,211.04	262.87	1.51
9	Total Liabilities	26,661.47	297.15	2,628.70	1,153.53	8.74	0.06
10	Investments**		-	-	-	-	-
11	Turnover	8812.37	1,473.16	1,190.86	1,140.17	-	-
12	Profit before taxation/ (Loss)#	(680.75)	429.00	(219.91)	185.21	41.15	(0.18)
13	Provision for taxation# (includes current Tax, deferred tax)	(345.97)	122.28	-	41.17	-	-
14	Profit after taxation/ (Loss)#	(334.78)	306.72	(219.91)	144.04	41.15	(0.18)
15	Proposed Dividend		-	-		-	-
16	% of shareholding***	57.98%	74.11%	100.00%	100%	100%	100%

ANNEXURE - 3 Cont...

Cont... ANNEXURE - 3

(₹ in Lakhs)

1	Sl. No.	7	8	9	10	11	12
2	Name of the subsidiary	Manakin Resorts P. Ltd.	Meringue Hotels P. Ltd.*	Nightingale Hotels P. Ltd.	Oriole Dr. Fresh Hotels P. Ltd.	Sukhsagar Complexes P. Ltd.	PSK Resorts & Hotels P. Ltd.*
3	Date since when subsidiary was acquired	13.02.2009	18.01.2007	10.01.2013	10.01.2013	10.01.2013	13.02.2009
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
5	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
6	#Share capital	571.43	20.97	1,303.66	370.00	619.50	118.69
7	Reserves & surplus	931.01	9,236.84	4,435.24	2,004.03	446.80	2,222.24
8	Total assets	1,615.29	25,022.72	11,367.88	4,975.38	5,228.43	2,340.99
9	Total Liabilities	112.85	15,764.91	5,628.98	2,601.35	4,162.13	0.06
10	Investments**	-	-	-	-		-
11	Turnover	494.40	-	2,417.36	933.62	1,220.90	-
12	Profit before taxation/ (Loss)#	64.81	(7.78)	(117.50)	25.92	(43.90)	(0.48)
13	Provision for taxation# (includes current Tax, deferred tax)	-	-	-	5.00	-	-
14	Profit after taxation/(Loss)#	64.81	(7.78)	(117.51)	20.92	(43.90)	(0.48)
15	Proposed Dividend	-	-	-	-		-
16	% of shareholdi-ng***	100%	100%	57.53%	100%	100%	100%

Cont... ANNEXURE - 3

(₹ in Lakhs)

1	Sl. No.	13	14	15	16	17
2	Name of the subsidiary	Red Fox Hotel Company P. Ltd. *	Grey Fox Project Management Company P. Ltd.	Valerian Management Services P. Ltd.	Celsia Hotels P. Ltd.	Inovoa Hotels And Resorts Ltd.
3	Date since when subsidiary was acquired	10.01.2013	28.09.2012	16.09.2013	29.03.2012	16.08.2013
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.	N.A.	N.A.
5	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	N.A.	N.A.	N.A.	N.A.	N.A.
6	#Share capital	3.00	455.01	1.00	3.53	3,828.00
7	Reserves & surplus	(1.62)	(262.20)	(224.32)	5,944.01	(1,626.45)
8	Total assets	1.56	433.87	33.28	11,875.20	5,903.52
9	Total Liabilities	0.18	241.06	256.60	5,927.66	3,701.97
10	Investments**	-	-	-	-	-
11	Turnover	-	233.30	46.90	2,870.48	1,727.01
12	Profit before taxation/ (Loss)	(0.53)	(153.01)	(39.39)	331.69	(120.98)
13	Provision for taxation	-	0.03	-	97.17	0.20
14	Profit after taxation/ (Loss)	(0.53)	(153.02)	(39.39)	234.52	(121.18)
15	Proposed Dividend	-	-	-	-	-
16	% of shareholding***	100%	100%	100%	57.98%	57.98%

Cont... ANNEXURE - 3

(₹ in Lakhs)

1	Sl. No.	18	19	20	21
2	Name of the subsidiary	Iora Hotels P. Ltd. *	Ophrys Hotels P. Ltd.*	Hyacinth Hotels P.	Celsia Hotels P. Ltd.
3	Date since when subsidiary was acquired	14.11.2013	10.01.2014	19.07.2007	13.05.2016
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	N.A.	N.A.	N.A.	N.A.
5	Reporting currency and Exchange rate as on the last date of the relevant Financial Year in the case of foreign subsidiaries.	N.A.	N.A.	N.A.	N.A.
6	#Share capital	761.40	2.50	82.10	90.11
7	Reserves & surplus	20,925.02	(1.54)	5051.46	1,057.12
8	Total assets	25,338.71	1.02	23,989.10	1,693.12
9	Total Liabilities	3,652.29	0.06	18,855.54	545.89
10	Investments**	-	-	-	-
11	Turnover	-	-	6,086.52	59.22
12	Profit before taxation/ (Loss)	(1.53)	(0.13)	363.16	(65.20)
13	Provision for taxation	(0.04)	-	-	-
14	Profit after taxation/(Loss)	(1.49)	(0.13)	363.16	(65.20)
15	Proposed Dividend	-	-	-	-
16	% of shareholding***	57.98%	57.98%	57.98%	57.98%

Notes: During the year, the company has sold the investment in Pelican Facilities Management Pvt Ltd to Mind Leaders Learning India Pvt Ltd

* Subsidiaries which are yet to commence operations.

** Investments except investments in subsidiaries and non-current investments.

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

\# Includes only equity share capital

Cont... ANNEXURE - 3

PART "B" : ASSOCIATES AND JOINT VENTURES

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

	Sl. No.	1	2
	Name of the Associate/Joint Ventures	**Mind Leaders Learning India Private Limited**	**Pelican Facilities Management Private Limited**
1	Last audited Balance Sheet Date	NA as company has been incorporated on February 7, 2017	31.03.2017
2	Date on which the Associate or Joint Venture was associated or acquired	06.06.2017	21.06.2017
3	Shares of Associate held by the Company at year end: (Number)	3,40,000	-
	Amount of investment in Associate	₹ 3.40 Lakhs	-
	Total number of shares	3,40,000	-
	Extent of holding %	36.56%	-
4	Description of how there is significant influence	Due to percentage of shareholding	Being 100% subsidiary of our associate Mind Leaders Learning India Pvt Limited
5	Reason why the associate/joint venture is not consolidated	NA	NA
6	Networth attributable to shareholding as per latest audited balance sheet	₹ 62.42 Lakhs	-
7	Profit for the year(Consolidated)	₹ 157.8 Lakhs	-
	Considered in consolidation	₹ 57.50 Lakhs	-
	Not considered in consolidation	NA	NA

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

Place: New Delhi
Date:25.05.2018

Patanjali Govind Keswani
Chairman & Managing Director
DIN:00002974

Kapil Sharma
Chief Financial Officer

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

ANNEXURE - 4

CORPORATE GOVERNANCE REPORT

INTRODUCTION

The Company believes in best corporate governance practice. Though the Company got listed on April 9, 2018, as a prudent good Corporate Governance practices, it has prepared this report in compliance, with Regulation 34 read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, to the extent applicable. The report containing the details of Corporate Governance of Lemon Tree Hotels Limited ("the Company") is as follows:

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company's corporate governance philosophy revolved around fair and transparent governance and disclosure practices in line with the principles of Good Corporate Governance. This philosophy is backed by principles of concerns, commitment, Ethics, Excellence and learning in all its acts and relationships with stakeholders, clients, associates and Community at Large. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance Practices to meet shareholder's expectations. The business is governed and supervised by a strong Board of Directors and together with the management they are committed to uphold the principles of excellence across all activities. The Company is compliant with the latest provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI (LODR) Regulations") as amended from time to time.

BOARD OF DIRECTORS

COMPOSITION OF THE BOARD

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

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

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

BOARD MEETINGS

During the year, the Board of the Company met 7 times on June 15, 2017, July 14, 2017, August 11, 2017, September 14, 2017, December 11, 2017, February 19, 2018 and March 14, 2018. The maximum gap between any two Board meetings was less than four months. Meetings are usually held at Registered & Corporate Office at Asset No.6, Aerocity Hospitality District, new Delhi-110037, India.

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

Video conferencing facilities are used, as and when required, to facilitate directors to participate in the meetings.

DIRECTORS' ATTENDANCE RECORD AND DIRECTORSHIPS/COMMITTEE MEMBERSHIP

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

Name of the Director	Category	No. of other Director-ships(1)	No. of Board Level Committee Memberships / Chairmanships in other Indian Public Companies		Attendance Particulars		
			Member (2)	Chairman (2)	No. of Board Meetings		Attendance at last AGM
					Held	Attended	Attended
Mr. Patanjali Govind Keswani^	Promoter/Executive Chairman & Managing Director	6	3	1	7	7	Y
Mr. Rattan Keswani	Executive/Deputy Managing Director	3	1	0	7	5	Y
Mr. Aditya Madhav Keswani	Promoter/Non-Executive Director	1	0	0	7	3	N
Mr. Ravi Kant Jaipuria	Non-Executive Director	10	0	0	7	3	N
Mr. Niten Malhan	Non-Executive Director	3	2	0	7	7	N
Mr. Willem Albertus Hazeleger#	Non-Executive Director	1	0	0	7	5	N
Mr. Ashish Kumar Guha##	Non-Executive Independent Director	3	2	0	7	5	N
Mr. Arvind Singhania##	Non-Executive Independent Director	3	1	0	7	3	Y
Mr. Pradeep Mathur###	Non-Executive Independent Director	2	0	0	7	3	N
Mr. Gopal Sitaram Jiwarajka^^	Non-Executive Independent Director	4	3	3	7	4	Y
Mr. Paramartha Saikia##	Non-Executive Independent Director	8	2	0	7	5	Y
Ms. Freyan Jamshed Desai##	Non-Executive Independent Director	2	2	1	7	5	N
Mr. Pradeep Gupta*	Non-Executive Independent Director	NA	NA	NA	7	2	Y
Mr. Sachin Doshi**	Non-Executive Director	NA	NA	NA	NA	NA	NA
Ms. Ila Dubey***	Non-Executive Director	NA	NA	NA	NA	NA	NA
Mr. Sanjeev Kaul Duggal****	Non-Executive Independent Director	NA	NA	NA	NA	NA	NA

^Re-appointed as a Chairman and Managing Director w.e.f April 1, 2018 for a term of 5 years in the Extra-ordinary General Meeting of the Company held on August 8, 2017.

Since he was appointed as an Additional Director of the Company w.e.f August 9, 2017 and regularised in the Annual General Meeting held on September 29, 2017.

Since they were appointed as an Additional Independent Director's of the Company w.e.f. June 15, 2017 and regularised as a Directors in the Extra Ordinary General Meeting held on August 8, 2017

Since he was appointed as an Additional Independent Director of the Company w.e.f. December 5, 2017.

^^Re-appointed as an Independent Director of the Company w.e.f. September 18, 2017 for a term of 5 years in the Extra ordinary General Meeting of the Company held on August 8, 2017.

* Resigned from the Board of Directors of the Company w.e.f. December 5, 2017.

** Resigned from the Board of Directors of the Company w.e.f August 1, 2017.

*** Resigned from the Board of Directors of the Company w.e.f May 31, 2017.

**** Resigned from the Board of Directors of the Company w.e.f April 1, 2017.

Notes:

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

(2) None of the Directors of the Company hold Directorships in more than 20 (Twenty) Companies or more than 10 (Ten) public companies whether listed or not. Necessary disclosures regarding Directorship positions in other companies as on March 31, 2018 have been made by the Directors.

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

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

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

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

INDEPENDENT DIRECTORS

Mr. Gopal Sitaram Jiwarajka was on the Board of the Company as an Independent Director since September 18, 2014 and he was re-appointed for a period of 5 years w.e.f September 18, 2017 at the Extra Ordinary General meeting held on August 8, 2017. Mr. Ashish Kumar Guha, Mr. Arvind Singhania, Mr. Paramartha Saikia, Mr. Pradeep Gupta and Ms. Freyan Jamshed Desai were appointed as Additional Directors in the capacity of Independent Directors of the Company on June 15, 2017 and regularised in the Extra Ordinary General meeting held on August 8, 2017. Mr. Sanjeev Kaul Duggal and Mr. Pradeep Gupta have resigned as an Independent Directors w.e.f April 1, 2017 and December 5, 2017. Mr. Pradeep Mathur was appointed as an Additional Director in the capacity of Independent Director of the Company on December 5, 2017 and proposed to be appointed as a Director in the capacity of Independent Director in the ensuing Annual General Meeting for a term of 5 years w.e.f December 5, 2017.

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

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

INDEPENDENT DIRECTORS MEETING

A seperate meeting of the Independent Director's was held on May 25, 2018 without the presence of Executive Directors or non-independent Directors and members of the management. However, the Compliance Officer of the Company was present in the meeting.

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

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

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

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

The Company does not have any pecuniary relationship with any non-executive or independent director except for payment of sitting fees to Independent Director for attending the Board meetings. No sitting fee is paid for attending the meetings of any Committee.

Familiarisation Programme for Independent Directors

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

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

SHARES AND CONVERTIBLE INSTRUMENTS HELD BY NON-EXECUTIVE DIRECTORS

The shareholding of Non-Executive Directors as on March 31, 2018 is as follows:

Name of the Director	Designation	No. of Shares Held (face value of ₹ 10 each)
Mr. Gopal Sitaram Jiwarajka	Non-Executive Independent Director	657,270
Mr. Pradeep Mathur[1]	Non-Executive Independent Director	353,454
Mr. Paramartha Saikia[2]	Non-Executive Independent Director	153,162

Note :

1. Mr. Pradeep Mathur was appointed as an Additional Director in capacity of Independent Director w.e.f December 5, 2017
2. Mr. Paramartha Saikia was appointed as an Independent Director w.e.f June 15, 2017

As on March 31, 2018, the Company doesn't have any convertible instruments.

Committee of Board of Directors

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

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

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

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

AUDIT COMMITTEE

Brief Terms of reference:

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

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

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

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

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

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

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

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

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

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

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

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

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

(j) Scrutiny of inter-corporate loans and investments.

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

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

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

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

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

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

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

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

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

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

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

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

(w) Mandatorily review the following

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

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

Composition, Meetings and attendance of the Audit Committee

The Audit Committee, during the year was reconstituted by a resolution of our Board dated June 15, 2017 with the following members in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations.

During the year under review, the Audit Committee met four (4) times on June 15, 2017, December 11, 2017, February 19, 2018 and March 14, 2018 with necessary quorum being present at all the meetings:

Name of the Members	Status	Category	No. of Meetings attended
Mr. Gopal Sitaram Jiwarajka	Chairman	Non-Executive Independent	2
Mr. Ashish Kumar Guha*	Member	Non-Executive Independent	3
Mr. Niten Malhan	Member	Non-Executive	4

* Since he was appointed as a member of the committee w.e.f June 15, 2017

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

Nomination & Remuneration Committee

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

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

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

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

(c) Devising a policy on diversity of the Board.

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

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

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

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

Composition, Meetings and attendance of the Nomination & Remuneration Committee

The Nomination & Remuneration Committee during the year under review was reconstituted by a resolution of our Board dated June 15, 2017 & December 5, 2017 with the following members in compliance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (LODR) Regulations.

During the year under review, the Nomination & Remuneration Committee met three (3) times on June 15, 2017, July 14, 2017 and December 11, 2017 with necessary quorum being present at all the meetings:

Name of the Members	Status	Category	No. of Meetings attended
Mr. Pradeep Mathur[1]	Chairman	Non-Executive Independent	1
Mr. Gopal Sitaram Jiwarajka	Member	Non-Executive Independent	1
Mr. Niten Malhan	Member	Non-Executive	3
Mr. Patanjali Govind Keswani	Member	Executive Chairman and Managing Director	3
Mr. Pradeep Gupta[2]	Chairman	Non-Executive Independent	1

1. Since he was appointed as Chairman of the Committee w.e.f. December 5, 2017.

2. Mr. Pradeep Gupta was appointed as a Chairman of the Committee on June 15, 2017 and he has resigned from the Board of Directors/Committee on December 5, 2017.

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

Performance Evaluation Criteria for Independent Directors

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

The performance evaluation of the Independent Directors was carried out by the entire Board on the criteria and framework adopted by Board. On the basis of ranking filled in the evaluation questionnaire and discussion of the Board, the Directors have expressed their satisfaction on the performance of the Independent Directors.

Remuneration of Directors

Details of Remuneration paid or payable to Directors for the year ended March 31, 2018

Name of the Director^	Category	Salary including Perquisites & PF^^ (in ₹)	Sitting Fees** (in ₹)	Tenure upto	Notice Period	Total (in ₹)
Mr. Patanjali Govind Keswani	Executive/ Chairman & Managing Director	26,834,394	NA	31.03.2023	NA	26,834,394
Mr. Rattan Keswani^^^	Executive/Deputy Managing Director	Nil	NA	31.12.2019	1 month	Nil
Mr. Aditya Madhav Keswani	Non-Executive Director	Nil	NA	NA	NA	Nil
Mr. Ravi Kant Jaipuria	Non-Executive Director	Nil	NA	NA	NA	Nil
Mr. Niten Malhan	Non-Executive Director	Nil	NA	NA	NA	Nil
Mr. Willem Albertus Hazeleger	Non-Executive Director	Nil	NA	NA	NA	Nil
Mr. Gopal Sitaram Jiwarajka	Non-executive Independent Director	Nil	80,000	17.09.2022	NA	80,000
Mr. Ashish Kumar Guha#	Non-executive Independent Director	Nil	1,00,000	14.06.2022	NA	1,00,000
Ms. Freyan Jamshed Desai#	Non-executive Independent Director	Nil	1,00,000	14.06.2022	NA	1,00,000
Mr. Arvind Singhania#	Non-executive Independent Director	Nil	60,000	14.06.2022	NA	60,000
Mr. Paramartha Saikia#	Non-executive Independent Director	Nil	1,00,000	14.06.2022	NA	1,00,000
Mr. Pradeep Gupta*	Non-executive Independent Director	Nil	40,000	NA	NA	40,000
Mr. Pradeep Mathur##	Non-executive Independent Director	Nil	60,000	04.12.2022	NA	60,000

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

^^ Includes perquisites and contribution to provident fund.

** The Non-Executive Independent Directors are paid sitting fees of ₹ 20,000/- for attending each meeting of the Board.

^^^ Mr. Rattan Keswani holds 70,000 outstanding stock option as on March 31, 2018. Further, during the year he has exercised 20,000 stock options.

Since appointed as a Director of the Company w.e.f June 15, 2017

* Resigned from the Board of Directors of the Company w.e.f. December 5, 2017

##Since appointed as a Director of the Company w.e.f December 5, 2017

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

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

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

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

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

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

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

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

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

Composition, Meetings and attendance of the Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee was last reconstituted by a resolution of our Board dated June 15, 2017 with the following members in compliance with the provisions of Section 135 of the Companies Act, 2013.

During the financial year under review, no meeting of Corporate Social Responsibility Committee has been held as Company was not required to hold any meeting as requirement of making any contribution in accordance with Section 135 of the Companies Act, 2013 was not applicable during the period under review.

Name of the Members	Status	Category
Mr. Gopal Sitaram Jiwarajka	Chairman	Non-Executive Independent
Mr. Patanjali Govind Keswani	Member	Executive Chairman & Managing Director
Mr. Rattan Keswani	Member	Executive-Deputy Managing Director
Mr. Pradeep Mathur[1]	Member	Non-Executive Independent

[1] Mr. Pradeep Mathur was appointed as a member of the committee w.e.f. December 5, 2017.

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

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

STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholder's Relationship Committee has been constituted in terms of Section 178 of the Act and Regulation 20 of SEBI (LODR) Regulations, for redressal of investor complaints, Shareholders related issues, transfer/ transmission of securities etc.

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

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

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

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

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

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

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

The Stakeholder's Relationship Committee was last reconstituted by a resolution of our Board dated June 15, 2017 with the following members in compliance with the provisions of Section 178 (5) of the Companies Act, 2013.

During the year under review, no meeting of Stakeholder's Relationship Committee has been held.

Name of the Members	Status	Category
Mr. Gopal Sitaram Jiwarajka	Chairman	Non-Executive Independent
Mr. Patanjali Govind Keswani	Member	Executive Chairman & Managing Director
Mr. Rattan Keswani	Member	Executive-Deputy Managing Director
Ms. Freyan Jamshed Desai [1]	Member	Non-Executive Independent

[1] Ms. Freyan Jamshed Desai was appointed as a member of the committee w.e.f. June 15, 2017.

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

NAME AND DESIGNATION OF COMPLIANCE OFFICER : Mr. Nikhil Sethi
Group Company Secretary & GM Legal

INVESTOR GRIEVANCES/COMPLAINTS

During the Financial Year ended March 31, 2018, the Company has not received any complaint from the investors.

GENERAL BODY MEETING

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

Financial Year	Date	Time	Venue	Special Resolutions Passed
2016-17	29.09.2017	03.30 p.m	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	Yes
2015-16	30.09.2016	03.00 p.m	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	Yes
2014-15	30.07.2015	04.30 p.m	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	Yes

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

As on date of this Report, there is no special resolution proposed to be passed through postal ballot on or before ensuing Annual General Meeting.

MEANS OF COMMUNICATION

The Company maintains a functional website with a seperate section on the 'Investors Relations' and disseminates all information required to be uploaded on its website as per the SEBI(LODR) Regulations subsequent to listing of your Company on April 9, 2018 on BSE Limited and National Stock Exchange of India Limited. Henceforth, your company shall also publish the Quarterly Financial Results in accordance with the requirement of SEBI(LODR) Regulations. All other officials news are first forwarded to the Stock Exchange and subsequently released to the Media.

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

PROHIBITION OF INSIDER TRADING

To comply with the provisions of Regulation 9 of the Securities and Exchange Board of India (Prohibition of Insider Trading Regulation), 2015, the Company has adopted a Code of Conduct for Prohibition of Insider Trading and the same is uploaded on the website of the Company at www.lemontreehotels.com

GENERAL SHAREHOLDER INFORMATION

A. ANNUAL GENERAL MEETING

Day & Date	Friday, August 3, 2018
Venue	Air Force Auditorium, Subroto Park, New Delhi 110010
Time	3.00 PM
Cut-off date for the purpose of remote E- voting	July 27, 2018

B. Financial Year

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

Financial Calendar 2019 (tentative)

First Quarter Result: Second week of August, 2018

Second Quarter Results: Second week of November, 2018

Third Quarter Results: Second week of February, 2019

Audited Annual Results for the year ending on March 31, 2019: Fourth week of May, 2019

C. DIVIDEND PAYMENT DATE

The Directors of the company have not recommended any dividend for the Financial Year 2017-18

D. LISTING ON STOCK EXCHANGE AND DATE

The equity shares of the Company got listed on stock exchange on April 9, 2018 on BSE Limited and National Stock Exchange Of India Limited and annual listing fees for the Financial Year 2018-19 has been paid by the Company.

E. STOCK CODE

NATIONAL STOCK EXCHANGE OF INDIA LIMITED	LEMONTREE
BSE LIMITED	541233

F. STOCK MARKET DATA & STOCK PERFORMANCE

Since the Company got listed on April 9, 2018, the details of stock market data and stock exchange for Financial Year 2018 is not available.

G. SHARE TRANSFER AGENT

The Company registers share transfers through its share transfer agents, whose details are given below.

Karvy Computershare Pvt. Ltd.

Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Serilingampally, Hyderabad – 500 032. Tel.: +91 40-67162222
Fax: +91 40-23001153 E-mail: einward.ris@karvy.com

H. SHARE TRANSFER SYSTEM

To expedite the transfer of shares in physical form, authority has been delegated to Stakeholder's Relationship Committee of the Board of Directors and all transfers shall be recorded by the Stakeholder's Relationship Committee within a period of 15 days from the date of receipt subject to the documents being complete and valid in all respects.

I. DISTRIBUTION OF SHAREHOLDING:

The shareholding distribution of equity shares as on March 31, 2018 is given hereunder:

Number of Equity Shares Held	Number of shareholders	% of total shareholders	Number of shares held	% Shareholding
Upto 500	Nil	Nil	Nil	Nil
500-1000	188	29.84	125,410	0.02
1001-2000	65	10.32	91,819	0.01
2001-3000	62	9.84	166,244	0.02
3001-4000	16	2.54	56,800	0.01
4001-5000	23	3.65	101,525	0.01
5001-10000	43	6.83	320,546	0.04
10000-ABOVE	233	36.98	785,550,339	99.89
TOTAL	**630**	**100.00**	**786,412,683**	**100.00**

J. CATEGORY WISE SHAREHOLDING

Sl. No	Description	Total no of Equity Shares held as on March 31, 2018	%age
1.	Promoters Group Shareholding		
	Individual	31,116,764	3.96
	Bodies Corporate	213,189,039	27.11
	Total Promoter Group shareholding	**244,305,803**	**31.07**
2.	Public Shareholding		
	Bodies Corporate(Domestic)	98,146,184	12.48
	Individuals(Indian)	59,191,794	7.53
	Trusts	19,432	0.00
	NRIs	823,200	0.10
	Foreign Bodies Corporate	38,39,26,270	48.82
	Total Public Shareholding	**542,106,880**	**68.93**
	Grand Total	**786,412,683**	**100.00**

K. DEMATERIALIZATION OF SHARES

As on March 31, 2018, 76.91% of the total equity shares were held in dematerialised form.

L. OUTSTANDING CONVERTIBLE INSTRUMENTS

The Company doesn't have any Outstanding Convertible Instruments having any impact on the equity except exercising of Employee stock options already granted to the employees of the Company.

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

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

N. HOTELS LOCATIONS

The hotel locations have been provided in the Corporate Overview Section of the Annual Report and also available at www.lemontreehotels.com.

O. ADDRESS FOR CORRESPONDENCE

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

Mr. Nikhil Sethi

Group Company Secretary & GM Legal & Compliance Officer

Asset No. 6, Aerocity Hospitality District

New Delhi 110 037, India

Tel: +91 11 4605 0122

Facsimile: +91 11 4605 0110

E-mail: sectdeptt@lemontreehotels.com

OTHER DISCLOSURES

Related Party Transactions

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

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

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

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

Statutory Compliances/Penalty

There are no penalties, strictures imposed on the Company by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets, during the last three years as this has not been applicable to your Company as we got listed on National Stock Exchange of India Limited and BSE Limited on April 9, 2018

Vigil Mechanism and Whistle Blower Policy

With a view to adopt the highest ethical standards in the course of business, the Company has a Whistle Blower Policy in place for reporting the instances of conduct which are not in conformity with the policy. Directors, employees, vendors or any person having dealings with the Company may report non-compliance to the Chairman of Audit Committee, who reviews the report. Confidentiality is maintained of such reporting and it is ensured that the Whistle Blowers are not subjected to any discrimination. No person was denied access to the Audit Committee.

The said policy is also uploaded on the website of the Company at www.lemontreehotels.com/factsheet/LTHCodeofConduct_and_VigilMechanism.pdf.

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

The Company has disclosed (to the extent possible) all the mandatory requirements under Chapter IV of SEBI (LODR) Regulations and schedule thereto unless otherwise disclosed as the company got listed on April 9, 2018.

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

Policy for Determining Material Subsidiaries and Dealing with Related Party Transactions

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

Two (2) of the Independent Directors of the Company are also on the Board of material subsidiary i.e Fleur Hotels Private Limited.

Scores

The Company has registered itself for SEBI Complaints Redress System (SCORES), a centralized web based complaints redress system with 24 x 7 access. It allows online lodging of complaints at anytime from anywhere. An automated email acknowledging the receipt of the complaint and allotting a unique complaint registration number is generated for future reference and tracking.

Equity Shares in the Suspense Account

The Company has in accordance with the procedure laid down in Schedule IV of SEBI (LODR) Regulations opened a dematerialization account namely 'Lemon Tree Hotels Ltd-

Unclaimed Suspense Demat Account' however, no shares have been transferred till March 31, 2018 as the company got listed on April 9, 2018.

Reconciliation of Share Capital Audit

The audit of reconciliation of share capital audit was not applicable to your Company for the year ended March 31, 2018 as the Company got listed on April 9, 2018.

Information on Deviation from Accounting Standards, if any

The Company has adopted Indian Accounting Standards (Ind AS) in preparation of annual accounts for the Financial Year 2017 & 2018.

CEO / CFO certification

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

Code of Conduct

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

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

I hereby confirm that:

The Company has obtained from all the members of the Board and Senior Management Personnel, an affirmation that they have complied with the Code of Conduct for Directors and Senior Management Personnel in respect of the Financial Year 2017-18.

For Lemon Tree Hotels Limited

Patanjali Govind Keswani
Chairman & Managing Director
DIN No. 00002974

CORPORATE GOVERNANCE CERTIFICATE

To
The Members
Lemon Tree Hotels Limited

We have examined the compliance of conditions of Corporate Governance by Lemon Tree Hotels Limited ("the Company"), for the Financial Year ended March 31, 2018 as stipulated under regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and Para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

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

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and Para C, D and E of Schedule V to the Listing Regulations to the extent applicable since the Company got listed on BSE Limited and National Stock Exchange of India Limited on April 9, 2018.

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

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

Sanjay Grover
Managing Partner
CP No.: 3850

Date : May 25, 2018
Place : New Delhi

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

This is to certify that:

(a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2018 of Lemon Tree Hotels Limited (the Company) and that to the best of our knowledge and belief:

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

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

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

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

(d) We have indicated to the Auditors and Audit Committee

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

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

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

For Lemon Tree Hotels Limited

Place: New Delhi
Date: May 25, 2018

Kapil Sharma
Chief Financial officer

Patanjali Govind Keswani
Chairman & Managing Director
DIN No. 00002974

ANNEXURE - 5

REMUNERATION TO DIRECTORS/ KMPs AND EMPLOYEES

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

Sr. No.	Description	DIRECTORS	EMPLOYEES					
a)	**Name of the Employee**	**Mr. Patanjali Govind Keswani (1)**	**Mr. Kapil Sharma (2)**	**Mr. Vikramjit Singh (3)**	**Mr. Davander Tomar (4)**	**Mr. Prashant Mehrotra (5)**	**Ms. Ritu Ranjan (6)**	**Mr. Sareena Kochhar (7)**
b)	Designation of the employee	Chairman & Managing Director	Chief Financial Officer	President	Executive Vice President-Corporate Affairs	VP & Chief Revenue Officer	Chief Design Officer	Vice President-Housekeeping
c)	Remuneration Received (In ₹)	2,68,34,394/-	72,66,997/-	67,47,776/-	58,68,086/-	37,83,308/-	36,19,329/-	36,03,784/-
d)	Nature of Employment, whether contractual or not	Non-contractual	Non-contractual	Non-contractual	Non-contractual	Non-contractual	Non-contractual	Non-contractual
e)	Qualifications and experience of the employee	B. Tech in Electrical Engineering from IIT Delhi and PGDBM (Finance and Marketing) from IIM Kolkata. He has a experience of over 32 years	Chartered Accountant He has a experience of over 23 years	Graduate from Sri Ram College of Commerce and a post graduate in Hospitality Management and Administration from the Taj Group of Hotels and has an experience of over 22 years	M.A & LLB from Delhi University and has a total experience of over 36 years.	Diploma in Hotel Management from Pusa, Delhi in the year 2004 and having 17 years of experience	B.A (Honors) in Philosophy from Delhi University in the year 1987 and having 17 years of experience	B.Sc (Home Science) and Diploma in Hotel Management with over 31 years of experience in Hospitality
f)	Date of commencement of employment with company	07.10.2002	01.12.2004	15.05.2014	25.09.2002	15.07.2006	01.04.2014	15.07.2006
g)	The age of such employee	59 Years	48 years	42 years	56 years	38 years	52 years	54 years
h)	The last employment held by such employee before joining the Company	Senior Partner A.T. Kearney Inc., India	Head-Finance and Accounts of Leroy Somer & Controls India Pvt. Ltd.	He was an entrepreneur in Assam where he ran his own hotel	Area Security Manager-Taj Group of Hotels	Asst. Manager Front Office and Duty Manager at The Oberoi, Nariman Point, Mumbai	Self employed	Corporate Executive Housekeeper with VLCC Health Care.

Sr. No.	Description	DIRECTORS	EMPLOYEES					
i)	The percentage of equity shares held by the employee in the Company within the meaning of Clause(iii) of sub-rule (2) above	3.53%	0.18%	0.04%	0.04%	0.03%	0.04%	0.03%
j)	Whether any such employee is a relative of any director or manager of the Company and if so, the name of such director or manager	Mr. Aditya Madhav Keswani, Director	N.A	N.A	N.A	N.A	N.A	N.A

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

ANNEXURE - 5

REMUNERATION TO EMPLOYEES

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

Sr. No.	Description	EMPLOYEES		
a)	Name of the Employee	Mr. Ajai Kumar (8)	Mr. Rajiv Tyagi (9)	Ms. Aradhana Lal (10)
b)	Designation of the employee	Chief Information Officer	Vice President-Finance	Vice President- Brand Communication & Sustainability Initiatives
c)	Remuneration Received (In ₹)	32,14,105/-	29,02,754/-	28,75,703/-
d)	Nature of Employment, whether contractual or not	Non-contractual	Non-contractual	Non-contractual
e)	Qualifications and experience of the employee	B.Sc & MCA from Madan Mohan Malaviya Engineering College, Gorakhpur, UP and MBA from Sikkim Manipal University & 26 years of rich experience in his field	He is commerce graduate from Delhi University and have over 33 years of experience in his field	MBA from IIM Ahmedabad and has over 25 years of experience in Sales, Marketing, Corporate Communication and Sustainability.
f)	Date of commencement of employment with company	15.10.2010	15.07.2006	01.06.2003
g)	The age of such employee	50 years	57 years	49 years
h)	The last employment held by such employee before joining the Company	Head IT Celebi Delhi Cargo Terminal Management Pvt. Ltd.	Area Credit Manager, Taj Group of Hotels, New Delhi	Sales & Operations Manager at Hindustan Lever Network (formerly known as Aviance)
i)	The percentage of equity shares held by the employee in the Company within the meaning of Clause(iii) of sub-rule (2) above	0.02%	0.05%	0.22%
j)	Whether any such employee is a relative of any director or manager of the Company and if so, the name of such director or manager	N.A	N.A	N.A

Note(s):

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

ANNEXURE - 6

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

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

Name	Designation	Ratio of Remuneration of each Director to the median remuneration of employees	Percentage Increase in Remuneration
Mr. Patanjali Govind Keswani	Chairman and Managing Director	134.099	Nil
Mr. Kapil Sharma	Chief Financial Officer	NA	Nil
Mr. Nikhil Sethi	Group Company Secretary & GM Legal	NA	Nil

No other directors were paid remuneration during the Financial Year 2017-18.

2. **The percentage increase in the median remuneration of employees in the Financial Year.**

   The percentage increase in the median remuneration of employees in the Financial Year 2018 is 2%.

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

   The number of permanent employees on the rolls of the Company as on 31st March 2018 is 964 across all the locations globally.

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

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

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

ANNEXURE - 7

SECRETARIAL AUDIT REPORT

For the Financial Year ended March 31, 2018

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

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

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Lemon Tree Hotels Limited (hereinafter called the Company) which was an unlisted company as on March 31, 2018. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We report that

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

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

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

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the Financial Year ended on March 31, 2018 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the company for the Financial Year ended on March 31, 2018 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

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

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

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

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

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

We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the Audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. In our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company is satisfactory, which can further be strengthened to ensure compliance of laws specifically applicable to the Company.

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

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

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

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

We further report that during the audit period-

i) Hon'ble National Company Law Tribunal, New Delhi Bench, vide its order dated December 22, 2017 approved the Scheme of Amalgamation between Aster Hotels & Resorts Private Limited, PRN Management Services Private Limited, Head Start Institute Private Limited ("the Transferor Companies"' and the Company with effect from appointed date i.e. April 01, 2017;

ii) The Members of the Company in their Extra-Ordinary General Meeting held on July 24, 2017 passed a Special resolution under Section 14 of the Act for the adoption of new set of Articles of Association of the Company;

iii) The Members of the Company in their Annual General Meeting held on September 29, 2017 passed a Special resolution under Section 181 of the Act for contributing to any national, charitable, social, benevolent, public or general and other funds/ institutions/ hospitals/ trustees/ entities not directly relating to the business of the Company or the welfare of its employees of any amounts the aggregate of which does not exceed ₹ 20,00,000/- (Rupees Twenty Lakh only) in the Financial Year ending March 31, 2018;

iv) The Members of the Company vide special resolution passed in their Extra-Ordinary General Meeting held on July 24, 2017 accorded their approval to offer, issue and allot, on preferential basis, 28,20,248 (Twenty Eight Lakh Twenty Thousand Two Hundred and Forty Eight) Equity Shares at an issue price of ₹ 21.50/- (Rupees Twenty One and Fifty Paisa only) each pursuant to Section 42, 62 and other applicable provisions, if any, of the Act read with rules made thereunder;

v) The Members of the Company vide special resolution passed in their Extra-Ordinary General Meeting held on August 08, 2017 accorded their approval under the Act read with rules made thereunder and other applicable provisions of applicable laws for the time being in force, accorded their approval to create, issue, offer and allot Equity Shares upto an aggregate of ₹ 1500 Million (Rupees Fifteen Hundred Million only), in the course of the proposed initial public offering of the Company. Subsequently, the equity shares of Company has been listed and admitted to trading on National Stock Exchange of India Limited and BSE Limited with effect from April 9, 2018 respectively.

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

New Delhi
May 25, 2018

Devesh Kumar Vasisht
Partner
CP No. 13700

ANNEXURE - 8'

PARTICULARS OF CONTRACTS/ARRANGEMENTS ENTERED WITH THE RELATED PARTIES

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

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

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

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

Sl. No/ Particulars	Name of the related party and nature of relationship (1)	Nature of Contract/ arrangement and transactions (2)	Duration of Contract/ arrangements/ transaction (3)	Salient terms of the Contracts/ arrangement or transaction including the value (4)	Justification for entering into contracts or arrangements or transaction (5)	Date of approval of the Board (6)	Amount paid as Advances, if any (7)	Date of passing resolution u/Sec 188 of CA2013 (8)
1	Mind Leaders Learning India Private Limited	Service Agreement	2 years	Service agreement for availing services related to training of employees of the Company	The transaction for entering into service agreement for training of employees of the Company is advantageous for the Company and the Related Party and is in compliance with Section 188 and other applicable provisions of the Companies Act, 2013 and the rules there to.	15.06.2017	₹ 10 Lakhs	NA
2	Toucan Real Estate Private Limited	Conveyance Deed	-	Acquisition of Commercial Complex for third floor, sector 60, Gurgaon	The transaction for entering into this conveyance deed is advantageous for the Company and the Related Party and is in compliance with Section 188 and other applicable provisions of the Companies Act, 2013 and the rules thereto.	29.03.2017	₹ 22 Crore approx	19.05.2017

ANNEXURE - 9

EXTRACT OF ANNUAL RETURN

FORM NO. MGT 9

(As on Financial Year ended on 31.03.2018)

I	**REGISTRATION & OTHER DETAILS:**	
i	CIN	L74899DL1992PLC049022
ii	Registration Date	2nd June, 1992
iii	Name of the Company	Lemon Tree Hotels Limited
iv	Category/Sub-category of the Company	Public Limited Company/Company having share capital
v	Address of the Registered office & contact details	Asset No. 6, Aerocity Hospitality District, New Delhi-110037 Contact: 011-46050101
vi	Whether listed company	Unlisted Company till March 31, 2018. The Company got listed on April 9, 2018
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited, Karvy Selenium, Tower-B, Plot No 31 & 32, Financial District, Nanakramguda, Serilingampally Mandal, Hyderabad-500032 T+91 040 67162222

II	**PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**		
	All the business activities contributing 10% or more of the total turnover of the company shall be stated		
SL No	**Name & Description of main products/ services**	**NIC Code of the Product /service**	**% to total turnover of the company**
1	Hotel Business	55101	100%

III	**PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES**				
Sl No	**Name of the Company**	**Address**	**CIN/GLN**	**HOLDING/ SUBSIDIARY/ ASSOCIATE**	**% OF SHARES HELD #**
1	Begonia Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55101DL2009PTC189339	Subsidiary	74.11%
2	Carnation Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55101DL2002PTC118180	Wholly Owned Subsidiary	100%
3	Dandelion Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55101DL2007PTC166044	Wholly Owned Subsidiary	100%
4	Lemon Tree Hotel Company Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55101DL2007PTC158376	Wholly Owned Subsidiary	100%
5	Meringue Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55101DL2006PTC144533	Subsidiary	58.42%
6	Nightingale Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55101DL2007PTC158178	Subsidiary	57.53%
7	Oriole Dr. Fresh Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U85110DL2004PTC128937	Wholly Owned Subsidiary	100%
8	Canary Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55101DL2006PTC144532	Wholly Owned Subsidiary	100%
9	Sukhsagar Complexes Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U70101DL1993PTC172878	Wholly Owned Subsidiary	100%
10	Red Fox Hotel Company Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55204DL2007PTC157848	Wholly Owned Subsidiary	100%
11	Grey Fox Project Management Company Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U74140DL2012PTC238272	Wholly Owned Subsidiary	100%
12	Valerian Management Services Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U20296DL2007PTC169518	Indirect Subsidiary	100%
13	PSK Resorts & Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U74140DL2007PTC169861	Wholly Owned Subsidiary	100%
14	Manakin Resorts Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55101DL2005PTC212230	Indirect Subsidiary	100%
15	Fleur Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55101DL2003PTC207912	Subsidiary	57.98%
16	Celsia Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U45201DL2003PTC191326	Indirect Subsidiary	57.98%
17	Hyacinth Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55204DL2007PTC166050	Indirect Subsidiary	57.98%
18	Inovoa Hotels and Resorts Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U65921DL1995PLC067686	Indirect Subsidiary	57.98%
19	Iora Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55101DL2009PTC192981	Indirect Subsidiary	57.98%
20	Ophrys Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55101DL2007PTC166020	Indirect Subsidiary	57.98%
21	Bandhav Resorts Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55100DL2008PTC327179	Indirect Subsidiary	57.98%
22	Mind Leaders Learning India Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U80904DL2017PTC312452	Associate Company	36.56%
23	Pelican Facilities Management Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U74140DL2009PTC195209	Indirect Associate Company	36.56%

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

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

(i) Category-wise Share holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters :									
(1) Indian									
a) Individual/ HUF	0	19,17,628	19,17,628	0.25	2,77,97,564	0	2,77,97,564	3.53	3.28
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	0	18,01,22,627	18,01,22,627	23.05	20,73,75,759	0	20,73,75,759	26.37	3.32
d) Bank/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other	0	0	0	0.00	0	0	0	0.00	0.00
SUBTOTAL (A) (1)	**0**	**18,20,40,255**	**18,20,40,255**	**23.30**	**23,51,73,323**	**0**	**23,51,73,323**	**29.90**	**6.60**
(2) Foreign									
a) NRI- Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any other…	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (A) (2)	0	0	0	0.00	0	0	0	0.00	0.00
Total Share-holding of Promoters (A)=(A)(1) +(A)(2)	**0**	**18,20,40,255**	**18,20,40,255**	**23.30**	**23,51,73,323**	**0**	**23,51,73,323**	**29.90**	**6.60**
B. PUBLIC SHAREHOLDING:									
(1) Institutions									
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks/FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt.	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Fund	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIIS	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
SUB TOTAL (B)(1):	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Non Institutions									
a) Bodies corporates									
i) Indian	0	15,70,32,054	15,70,32,054	20.10	9,59,24,358	1,05,15,446	10,64,39,804	13.53	-6.57
ii) Overseas									
(a) Foreign Body Corporates	0	38,39,26,270	38,39,26,270	49.14	25,40,90,256	12,98,36,014	38,39,26,270	48.82	-0.32
(b) OCB	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakhs	**0**	**70,512**	**70,512**	**0.01**	**0**	**862,344**	**862,344**	**0.11**	**0.10**
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	0	4,05,24,012	4,05,24,012	5.19	56,78,022	3,66,82,558	4,23,60,580	5.39	0.20
c) Others(specify)									
HUF	0	1,42,42,692	1,42,42,692	1.82	1,39,99,416	2,54,276	1,42,53,692	1.81	-0.01
Trust	0	61,032	61,032	0.01	0	19,432	19,432	0.00	-0.01
Non-Resident Individuals (NRI's)									
-Repat Basis	0	8,23,200	8,23,200	0.11	0	8,23,200	8,23,200	0.10	-0.01
-Non-repat Basis	0	25,54,038	25,54,038	0.33	0	25,54,038	25,54,038	0.32	-0.01
SUB TOTAL (B)(2):	**0**	**59,92,33,810**	**59,92,33,810**	**76.70**	**36,96,92,052**	**18,15,47,308**	**55,12,39,360**	**70.10**	**-6.60**
Total Public Share-holding (B)=(B)(1)+(B)(2)	**0**	**59,92,33,810**	**59,92,33,810**	**76.70**	**36,96,92,052**	**18,15,47,308**	**55,12,39,360**	**70.10**	**-6.60**
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	**0**	**78,12,74,065**	**78,12,74,065**	**100.00**	**0**	**78,64,12,683**	**78,64,12,683**	**100.00**	**0**

(ii) SHAREHOLDING OF PROMOTERS

Sl No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	Spank Management Services Pvt. Ltd.	180,122,627	23.05	10.78	20,73,75,759	26.37	-	3.32
2	Patanjali Govind Keswani	19,17,628	0.25	-	2,77,97,564	3.53	-	3.28
	Total	**18,20,40,255**	**23.30**	**10.78**	**23,51,73,323**	**29.90**	**-**	**6.60**

(iii) CHANGE IN PROMOTERS' SHAREHOLDING

Sl. No.	Name of the Promoter	No of Share as at 01.04.2017/ 31.03.2018	% of total shares of the company	Date	Increase/ Decrease in shareholding	Reason	Cumulative Share holding during the year	
							No of shares	% of total shares of Company
1	Spank Management Services Private Limited	180,122,627	23.05	01.04.2017				
				22.01.2018	2,72,53,132	Allotment on Merger	20,73,75,759	26.37
		20,73,75,759	26.37	31.03.2018				
2	Mr. Patanjali Govind Keswani	19,17,628	0.25	01.04.2017				
				22.08.2017	30,000	Purchase	19,47,628	0.25
				06.09.2017	27,14,056	Preferential Allotment	46,61,684	0.59
				22.01.2018	2,30,65,150	Allotment on Merger	2,77,26,834	3.52
				24.01.2018	70,730	Purchase	2,77,97,564	3.53
		2,77,97,564	3.53	31.03.2018				

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

Sl No.	Name of the Shareholders	No of Shares as at 01.04.2017/ 31.03.2018	% of total shares of Company	Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
							No of shares	% of total shares of Company
1	Maplewood Investment Ltd. (Non-Resident Company)	19,29,08,118	24.69	01.04.2017	Nil	No Change		
		19,29,08,118	24.53	31.03.2018			19,29,08,118	24.53
2	APG Strategic Real Estate Pool N.V. (Non-Resident Company)	11,87,30,914	15.20	01.04.2017	Nil	No Change		
		11,87,30,914	15.10	31.03.2018			11,87,30,914	15.10
3	RJ Corp Ltd.	7,87,48,368	10.08	01.04.2017	Nil	No Change		
		7,87,48,368	10.01	31.03.2018			7,87,48,368	10.01
4	Palms International Investments Ltd. (Non-Resident Company)	3,83,19,822	4.90	01.04.2017	Nil	No Change		
		3,83,19,822	4.87	31.03.2018			3,83,19,822	4.87
5	Five Star Hospitality Investment Ltd. (Non-Resident Company)	2,36,49,816	3.03	01.04.2017	Nil	No Change		
		2,36,49,816	3.01	31.03.2018			2,36,49,816	3.01
6	R K Jaipuria, Karta-M/s. R K Jaipuria & Sons (HUF)	1,39,99,416	1.79	01.04.2017	Nil	No Change		
		1,39,99,416	1.78	31.03.2018			1,39,99,416	1.78
7	Whispering Resorts Pvt. Ltd.	1,04,79,270	1.34	01.04.2017	Nil	No Change		
		1,04,79,270	1.33	31.03.2018			1,04,79,270	1.33
8	Citron Ltd. (Non-Resident Company)	1,03,17,600	1.32	01.04.2017	Nil	No Change		
		1,03,17,600	1.31	31.03.2018			1,03,17,600	1.31
9	Mezbaan Hoteliers Private Ltd	86,40,000	1.10	01.04.2017	Nil	No Change		
		86,40,000	1.10	31.03.2018			86,40,000	1.10
10	Sparrow Buildwell Private Limited	0	0	01.04.2017				
				22.01.2018	58,13,280	Allotment pursuant to merger	58,13,280	0.74
		58,13,280	0.74	31.03.2018				

* Includes 7,87,500 shares being held on Repatriation Basis.

(v) **Shareholding of Directors & KMP**

Sl No.	Name of the Directors/KMP's	No of Shares as at 01.04.2017/ 31.03.2018	% of total shares of Company	Date	Increase/ Decrease in shareholding	Reason	Cumulative Shareholding during the year	
							No of shares	% of total shares of Company
1	Mr. Patanjali Govind Keswani Chairman & Managing Director	19,17,628	0.25	01.04.2017				
				22.08.2017	30,000	Purchase	19,47,628	0.25
				06.09.2017	27,14,056	Preferential Allotment	46,61,684	0.59
				22.01.2018	2,30,65,150	Allotment on Merger	2,77,26,834	3.52
				24.01.2018	70,730	Purchase	2,77,97,564	3.53
		2,77,97,564	3.53	31.03.2018				
2	Mr. Rattan Keswani Deputy Managing Director	3,37,270	0.04	01.04.2017				
				05.07.2017	20,000	Allotment	3,57,270	0.04
		3,57,270	0.04	31.03.2018				
3	Mr. Ravi Kant Jaipuria Director	Nil	Nil		Nil		Nil	Nil
4	Mr. Niten Malhan Director	Nil	Nil		Nil		Nil	Nil
5	Mr. Willem Albertus Hazeleger Director	Nil	Nil		Nil		Nil	Nil
6	Mr. Gopal Sitaram Jiwarajka Independent Director	6,57,270	0.08	01.04.2017	Nil	No change		
		6,57,270	0.08	31.03.2018			6,57,270	0.08
7	Mr. Paramartha Saikia Independent Director	153,162	0.02	01.04.2017	Nil	No change		
		153,162	0.02	31.03.2018			153,162	0.02
8	Mr. Aditya Madhav Keswani Director	Nil	Nil		Nil		Nil	Nil
9	Ms. Freyan Jamshed Desai Independent Director	Nil	Nil		Nil		Nil	Nil
10	Mr. Ashish Kumar Guha Independent Director	Nil	Nil		Nil		Nil	Nil
11	Mr. Arvind Singhania Independent Director	Nil	Nil		Nil		Nil	Nil
12	Mr. Pradeep Mathur Independent Director	353,454	0.04	01.04.2017	Nil	No change		
		3,53,454	0.04	31.03.2018			3,53,454	0.04
13	Mr. Kapil Sharma Chief Financial Officer	13,54,014	0.17	01.04.2017				
				05.07.2017	40,000	Allotment	13,94,014	0.18
		13,94,014	0.18	31.03.2018				
14	Mr. Nikhil Sethi Group Company Secretary & GM Legal	Nil	Nil	Nil	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
i) Principal Amount	3,21,04,51,184	-	-	3,21,04,51,184
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2,27,193	-	-	2,27,193
Total (i+ii+iii)	**3,21,06,78,377**	**-**	**-**	**3,21,06,78,377**
Change in Indebtedness during the Financial Year				
Additions	1,20,86,26,920	-	-	1,20,86,26,920
Reduction	1,23,10,85,920	-	-	1,23,10,85,920
Net Change	(2,24,59,000)	-	-	(2,24,59,000)
Indebtedness at the end of the Financial Year				
i) Principal Amount	3,18,79,92,184	-	-	3,18,79,92,184
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**3,18,79,92,184**	**-**	**-**	**3,18,79,92,184**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(Amount in ₹)

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		Mr. Patanjali Govind Keswani	Mr. Rattan Keswani#	
1.	**Gross salary**			
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	2,41,85,750	-	2,41,85,750
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961	5,42,014	-	5,42,014
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	
2	Stock option	-	700,000	700,000
3	Sweat Equity	-	-	
4	Commission	-	-	
	as % of profit			
	others (specify)			
5	Others	-	-	
	Total (A)	2,47,27,564	700,000	2,54,27,564
	Ceiling as per the Act##	-	-	-

\# Total includes the amount of stock options calculated by multiplying the number of stock options by the face value of the equity shares of the Company.

\## The Company was unlisted upto 31 March, 2018, therefore it can pay remuneration to its managerial personnel, in the event of no profit or inadequate profit beyond ceiling specified in Section II, Part II of Schedule V in terms of Rule7(2) of Companies (Appointment & Remuneration of Managerial Personnel Rules), 2014

B. Remuneration to other directors:

(Amount in ₹)

Sl. No	Particulars of Remuneration	Mr. Gopal Sitaram Jiwarajka	Mr. Ashish Kumar Guha	Mr. Arvind Singhania	Mr. Paramartha Saikia	Ms. Freyan Jamshed Desai	Mr. Pradeep Mathur	Mr. Pradeep Gupta*
1	Independent Directors							
	(a) Fee for attending board and committee meetings	80,000	1,00,000	60,000	1,00,000	1,00,000	60,000	40,000
	(b) Commission	-	-	-	-	-	-	-
	(c) Others, please specify	-	-	-	-	-	-	-
	Total (1)	80,000	1,00,000	60,000	1,00,000	1,00,000	60,000	40,000
2	Other Non Executive Directors							
	(a) Fee for attending board committee meetings	-	-	-	-	-	-	-
	(b) Commission	-	-	-	-	-	-	-
	(c) Others, please specify.	-	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-	-
	Total (B)=(1+2)	80,000	1,00,000	60,000	1,00,000	1,00,000	60,000	40,000
	Total Managerial Remuneration	NA	NA	NA	NA	NA	NA	NA
	Overall Ceiling as per the Act.	NA	NA	NA	NA	NA	NA	NA

*Mr. Pradeep Gupta resigned w.e.f December 5, 2017

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

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
1	Gross Salary	CEO	CFO	CS	Total
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	N.A	71,17,537.00	23,81,167.00	94,98,704.00
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961		44,259.00	39,600.00	83,859.00
	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		-	-	- -
2	Stock Option		-	-	-
3	Sweat Equity		-	-	-
4	Commission				
	as % of profit				
	others, specify				
5	Others		-	-	-
	Total (c) #		71,61,796.00	24,20,767.00	95,82,563.00

Total includes the amount of stock options calculated by multiplying the number of stock options by the face value of the equity shares of the Company

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES

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

INDEPENDENT AUDITOR'S REPORT

To The Members of Lemon Tree Hotels Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Lemon Tree Hotels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing 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 standalone Ind AS financial statements are free from material misstatement.

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

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

(a) We did not audit the financial statements of Krizm Hotel Private Limited Employee Welfare Trust (the "Trust") whose financial statements reflect total revenues of ₹ Nil, total assets of ₹ 1,710.90 lacs and net cash inflows of ₹ 11.32 lacs for the year ended March 31, 2018, as considered in the standalone financial statements. These financial statements have been audited by other auditor whose report have been furnished to us by the management and our opinion on the standalone Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of such trust, is based solely on the report of other auditor.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit,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 purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

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

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 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 A".Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Vijay Agarwal
(Partner)
(Membership No. 094468)

Place: New Delhi
Date: May 25, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of Lemon Tree Hotels Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone Ind AS 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the"Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained,is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Vijay Agarwal
(Partner)
(Membership No. 094468)

Place: New Delhi
Date: May 25, 2018

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no discrepancies were noticed on such verification.

(c) According to the information, explanations given to us and the records examined by us we report that:

i. based on the examination of the confirmation received by us from Kotak Mahindra Bank Limited, HDFC Bank Limited and VISTRA ITCL (India) Ltd (custodian) on behalf of Yes Bank in respect of immovable properties (freehold land and buildings disclosed as fixed asset in the financial statements), whose title deeds have been pledged as security for loans, are held in the name of the Company.

ii. based on the examination of the registered conveyance deed of remaining immovable properties provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of making investments. The Company has not granted any loans, made investments or provide guarantees under Section 185 of the Companies Act 2013. As per Section 186 (11) read with Schedule VI, provisions of Section 186 with respect to grant of loans and providing guarantees would not apply to the Company as the Company is providing infrastructural facilities.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) According to the information and explanations given to us, the maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013, hence reporting under clause (vi) of the Companies (Auditor's Report) Order, 2016 ("CARO 2016") is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has been regular in depositing undisputed statutory dues, including, Income-tax, Sales tax, Service tax, Customs duty, Excise duty, Goods and Services tax, cess and other material statutory dues applicable to it to the appropriate authorities and has generally been regular in depositing Provident Fund, Value added tax and Employees' State Insurance with the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Service tax, Customs duty, Excise duty, Value added tax, Goods and Services tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(c) There are no dues of Income tax, Sales tax, Customs Duty, Value Added tax and Excise duty which have not been deposited as on March 31, 2018 on account of disputes. Details of dues of Service Tax, which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount unpaid (₹ in lacs)
Service Tax Rule, 1994	Service Tax	Central Excise and Service Tax Appellate tribunal	FY 2007-09 to 2012-13	130.06

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loans or borrowings from government and not issued any debentures.

(ix) In our opinion and according to the information and explanation given to us, the term loan have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, wherever applicable, for all transactions with the related parties entered during the year and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has made preferential allotment of shares during the year under review.

In respect of the above issue, we further report that:

a) the requirement of Section 42 and Section 62 of the Companies Act, 2013, as applicable, have been complied with; and

b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and hence reporting under clause (xvi) of CARO 2016 is not applicable to the Company.

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

Vijay Agarwal
(Partner)
(Membership No. 094468)

Place: New Delhi
Date: May 25, 2018

BALANCE SHEET

as at March 31, 2018

	Note	As at March 31, 2018 ₹ in lakhs	As atMarch 31, 2017 ₹ in lakhs
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	44,901.89	43,230.18
(b) Capital work-in-progress	4	756.92	587.23
(c) Investment property	5	245.71	250.10
(d) Intangible assets	6	54.65	51.79
(e) Intangible assets under development	6	280.64	140.40
(f) Financial assets	7		
(i) Investments		71,572.71	69,733.05
(ii) Loans		1,615.50	1,557.44
(iii) Other financial assets		1,393.24	1,252.69
(g) Deferred tax assets (net)	8.1	-	-
(h) Non-Current tax assets (net)	8.2	970.04	1,449.22
(i) Other non-current assets	9	5,701.77	8,354.73
		127,493.07	126,606.83
Current assets			
(a) Inventories	10	199.52	202.96
(b) Financial assets	11		
(i) Trade receivables		2,063.87	1,456.71
(ii) Cash and cash equivalents		571.60	566.38
(iii) Loans		1,622.22	613.54
(iv) Other financial assets		1,640.83	11.83
(c) Other current assets	12	1,092.80	1,162.79
		7,190.84	4,014.21
Total Assets		134,683.91	130,621.04
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	13	78,639.32	78,121.30
(b) Other equity	14	17,471.85	14,601.82
Total Equity		96,111.17	92,723.12
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	26,273.41	25,762.06
(b) Provisions	16	98.02	81.44
(c) Other non-current liabilities	17	1,123.32	977.56
		27,494.75	26,821.06
Current liabilities			
(a) Financial liabilities	18		
(i) Borrowings		3,570.04	4,215.97
(ii) Trade payables		4,527.35	3,686.78
(iii) Other financial liabilities		2,042.90	2,224.65
(b) Provisions	16	118.37	106.23
(c) Other current liabilities	19	819.33	843.23
		11,077.99	11,076.86
Total Liabilities		38,572.74	37,897.92
Total Equity and Liabilities		134,683.91	130,621.04
The accompanying notes are an integral part of the financial statements.	1 to 49		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Vijay Agarwal
Partner

Place : New Delhi
Date : May 25, 2018

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

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

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 25, 2018

STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2018

	Note	Year ended March 31, 2018 ₹ in lakhs	Year ended March 31, 2017 ₹ in lakhs
Revenue from operations	20	23,108.41	21,842.80
Other income	21	705.03	700.48
Total Income (I)		**23,813.44**	**22,543.28**
Expenses			
Cost of food and beverages consumed	22	1,559.03	1,367.03
Employee benefits expense	23	5,093.36	5,030.33
Other expenses	24	9,652.22	9,480.10
Total expenses (II)		**16,304.61**	**15,877.46**
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I-II) (refer note 2.2 (s))		7,508.83	6,665.82
Finance costs	25	3,428.85	4,125.61
Finance income	26	(524.28)	(369.71)
Depreciation and amortization expense	27	1,976.68	2,119.95
Profit before tax		**2,627.58**	**789.97**
Tax expense:			
Current tax	29	413.33	129.22
		413.33	**129.22**
Profit for the year		2,214.25	660.75
Other comprehensive income			
(i) Items that will not be reclassified to profit or loss			
Re-measurement gains/(losses) on defined benefit plans		2.35	14.88
(ii) Income tax effect		(0.50)	(3.03)
		1.85	**11.85**
Total comprehensive income for the year		2,216.10	672.60
Earnings per equity share			
(1) Basic	28	0.28	0.08
(2) Diluted	28	0.28	0.08
The accompanying notes are an integral part of the financial statements.	1 to 49		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Vijay Agarwal
Partner

Place : New Delhi
Date : May 25, 2018

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

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

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 25, 2018

STATEMENT OF CHANGES IN EQUITY

A. Equity Share Capital

Equity shares of INR 10 each issued, subscribed and fully paid	No. of shares	Amount ₹ in lakhs
At April 1, 2016	**778,041,131**	**77,804.11**
Issued during the year - Exercise of ESOP	2,871,902	287.19
Issued during the year - other than ESOP	300,000	30.00
At March 31, 2017	**781,213,033**	**78,121.30**
Issued during the year - Exercise of ESOP	2,318,370	231.84
Issued during the year - other than ESOP	2,820,248	282.02
Change in shares held by ESOP trust	41,600	4.16
At March 31, 2018	**786,393,251**	**78,639.33**

B. Other Equity
For the year ended March 31, 2018

₹ in lakhs

	Reserves and Surplus					Items of OCI	Total equity
	Capital redemption reserve	Securities premium	Share based payments reserve	General reserve	Surplus in the statement of profit & loss	Remeasurement gains /(losses) on defined benefit plans	
Balance at April 1, 2016	45.00	8,699.91	171.82	3,035.24	1,646.93	5.56	13,604.46
Profit for the year	-	-	-	-	660.75	-	660.75
Other Comprehensive Income for the year	-	-	-	-	-	11.85	11.85
Issue of share capital	-	34.50	-	-	-	-	34.50
Share-based payments	-	-	114.13	-	-	-	114.13
Amount transferred from share based payment reserve to securities premium	-	43.83	(43.83)	-	-	-	-
Exercise of share options	-	176.13	-	-	-	-	176.13
Balance at March 31, 2017	**45.00**	**8,954.37**	**242.12**	**3,035.24**	**2,307.68**	**17.41**	**14,601.82**
Profit for the year	-	-	-	-	2,214.25	-	2,214.25
Other Comprehensive Income for the year	-	-	-	-	-	1.85	1.85
Issue of share capital	-	324.33	-	-	-	-	324.33
Share-based payments	-		94.54	-	-	-	94.54
Amount transferred from share based payment reserve to securities premium	-	88.39	(88.39)	-	-	-	-
Change in shares held by ESOP trust	-	(4.16)	-	-	-	-	(4.16)
Exercise of share options	-	239.22		-	-	-	239.22
Balance at March 31, 2018	**45.00**	**9,602.16**	**248.26**	**3,035.24**	**4,521.93**	**19.26**	**17,471.85**

The accompanying notes are an integral part of the financial statements. 1 to 49

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Vijay Agarwal
Partner

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

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

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 25, 2018

Place : New Delhi
Date : May 25, 2018

CASH FLOW STATEMENT

for the year ended March 31, 2018

		For the period ended March 31, 2018 ₹ in lakhs	For the year ended March 31, 2017 ₹ in lakhs
A.	**Cash flow from operating activities**		
	Profit before tax	**2,627.58**	**789.97**
	Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
	Depreciation and amortisation expenses	1,976.68	2,119.95
	Lease equalisation reserve	145.77	145.77
	Finance income (including fair value change in financial instruments)	(524.29)	(369.71)
	Finance costs	3,234.30	3,936.44
	Advance written off	-	1.22
	Provision for gratuity	15.32	18.85
	Provision for leave encashment	6.75	5.41
	Provision for loyalty programme	5.65	(1.41)
	Amortization of prepayment expenses	364.23	68.76
	Share based payments to employees	94.54	114.13
	Excess provision/ credit balances written back	(4.68)	(6.36)
	Profit on relinquishment of rights	(670.00)	(600.00)
	Provision for litigation	9.01	9.01
	Provision for doubtful debts	-	11.56
	Net (gain)/ loss on sale of property plant and equipment	(1.26)	20.16
	Operating profit before working capital changes:*	**7,279.60**	**6,263.75**
	Movements in working capital:		
	Change in trade receivables	(607.16)	238.51
	Change in loans and advances and other current assets	(2,454.83)	445.74
	Change in inventories	3.44	26.19
	Change in liabilities and provisions	811.70	430.33
	Cash Generated from Operations	**5,032.75**	**7,404.53**
	Direct taxes paid (net of refunds)	65.35	(219.06)
	Net cash flow from operating activities (A)	**5,098.10**	**7,185.47**
B.	**Cash flows used in investing activities**		
	Purchase of Property, Plant & Equipment including CWIP, capital advances and capital creditors	(1,306.61)	(2,817.92)
	Proceeds from sale of property plant & equipment	16.81	46.28
	Purchase of investment in subsidiary companies	(19,041.29)	(173.29)
	Sale of investment in subsidiary companies	1.00	-
	Redemption of preference shares in subsidiary companies	6,000.00	-
	Profit on relinquishment of rights	670.00	600.00
	Long term loan repaid by subsidiaries	11,813.02	257.71

		For the period ended March 31, 2018 ₹ in lakhs	For the year ended March 31, 2017 ₹ in lakhs
	Short term loans (given)/repaid (to)/by subsidiaries	(1,009.68)	-
	Interest received	146.67	369.71
	Net Cash flow used in investing activities (B)	**(2,710.08)**	**(1,717.51)**
C	**Cash flows used in financing activities****		
	Proceeds from issuance of share capital	1,077.41	527.83
	Proceeds from long term borrowings	10,648.52	2,240.41
	Repayment of long term borrowings	(10,264.73)	(4,039.83)
	(Repayment)/ availment of short term borrowings	(648.23)	(203.21)
	Interest paid	(3,197.80)	(3,936.44)
	Net Cash flow used in financing activities (C)	(2,384.83)	(5,411.24)
	Net (decrease)/increase in cash and cash equivalents (A + B + C)	**3.19**	**56.72**
	Cash and cash equivalents at the beginning of the year	566.38	509.66
	Cash and cash equivalents acquired on amalgamation (Refer note 43)	2.03	-
	Cash and cash equivalents at the end of the year	**571.60**	**566.38**
	Components of cash and cash equivalents		
	Cash on hand	26.89	19.35
	Balances with scheduled banks in		
	- Current accounts	544.71	547.03
	Total cash and cash equivalents	**571.60**	**566.38**

*Includes working capital movement on account of amalgamation (Refer note 43)
**There are no non-cash changes arising from financing activities.
The accompanying notes are an integral part of the financial statements. 1 to 49

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Vijay Agarwal
Partner

Place : New Delhi
Date : May 25, 2018

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

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

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 25, 2018

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

1. Corporate Information

Lemon Tree Hotels Limited (the Company) is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Asset No. 6, Aerocity Hospitality District, New Delhi-110037.

The principal activities of the Company is to carry out business of developing, owning, acquiring, operating, managing, renovating and promoting hotels, motels, resorts, restaurants, etc. under the brand name of Lemon Tree Hotel, Lemon Tree Premier and Red Fox Hotel.

The financial statements are approved for issue by the Board of directors on May 25, 2018.

2 Basis of preparation of financial statements and Significant accounting policies

2.1 Basis of preparation and Compliance with Ind AS

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), and the provisions of the Companies Act ,2013 ('the Act') (to the extent notified) The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Effective April 1, 2016, the Company has adopted Indian Account Standards (Ind AS) and the adoption was carried out in accordance with Ind AS 101 'First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian GAAP as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The financial statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities which are measured at fair value / amortised cost (refer note 35)

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

2.2 Significant accounting policies

(a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

(b) Foreign currencies

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

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

translation of monetary items are recognised in profit or loss

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(c) Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and unquoted financial assets measured at fair value. External valuers are involved for valuation of significant assets and liabilities. The management selects external valuer on various criteria such as market knowledge, reputation, independence and whether professional standards are maintained by valuer. The management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

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

The management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes:

- Disclosures for valuation methods, significant estimates and assumptions (note 29)
- Quantitative disclosures of fair value measurement hierarchy (note 35)
- Financial instruments (including those carried at amortised cost) (note 35)

(d) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognized.

Sales Tax/ Value Added Tax (VAT)/ Goods and Service Tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Rooms, Restaurant, Banquets and Other Services

Income from guest accommodation is recognized on a day to day basis after the guest checks into the Hotels and are stated net of allowances. Incomes from other services are recognized as and when services are rendered. Sales are stated exclusive of Service Tax, Value Added Taxes (VAT), Goods and Service Tax (GST) and Luxury Tax. Difference of revenue over the billed as at the year-end is carried in financial statement as unbilled revenue separately.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, sale of food and beverage are recognized at the points of serving these items to the guests. Sales are stated exclusive of Sales Tax / VAT/ Goods and Service Tax (GST).

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividends

Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Management Fee

Revenue from management services comprises fixed & variable income. Fixed income is recognised pro-rata over the period of the contract as and when services are rendered. Variable income is recognised on an accrual basis in accordance with the terms of the relevant agreement.

(e) Taxes

Tax expense represents Current income tax and Deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the period/year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits (including MAT credit) and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets (including MAT credit available) is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date.

If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

Sales/ Value Added Taxes/Goods & Service Tax paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable
- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(f) Property, plant and equipment

On transition to IND AS, the Company has elected to continue with the carrying value of all of its property plant and equipment recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment.

Capital work in progress is stated at cost. Plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Freehold land is not depreciated.

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation on fixed assets is provided as per Schedule II of Companies Act, 2013 on Straight Line Method over its economic useful life of fixed assets as follows:

Fixed Assets	Useful life considered
Plant & Machinery	15 Year
Building	60 Years
Electrical equipments and fittings	10 Years
Office Equipments	5 Years
Furniture and Fixtures	8 Years
Crockery, cutlery and soft furnishings	3 Years
Commercial Vehicles	6 Years
Private Vehicles	8 Years
Computers	3 Years

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

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

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

(g) Intangible assets

On transition to IND AS, the Company has elected to continue with the carrying value of all of its property plant and equipment recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as 3 years and the same shall be amortised on Straight line basis over its useful life.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment at each year end either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

(h) **Investment properties**

On transition to IND AS, the Company has elected to continue with the carrying value of all of its Investment properties recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such Investment properties.

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Company depreciates building component of investment property over the remaining estimated useful life on the date of purchase after considering total economic useful life of 60 years.

Though the Company measures investment property using deemed cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an evaluation performed by an accredited external independent valuer.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

(i) **Borrowing costs**

Borrowing cost includes interest expense as per Effective Interest Rate (EIR).

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset until such time that the assets are substantially ready for their intended use. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such current investments is deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the year. Capitalisation of borrowing costs is suspended and charged to profit and loss during the extended periods when the active development on the qualifying assets is interrupted.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortised cost of a financial liability after considering all the contractual terms of the financial instrument.

(j) **Leases**

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

For arrangements entered into prior to April 1, 2015, the Company has determined whether the

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee

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

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

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

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

(a) Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis, or

(b) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Company as a lessor

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

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

(a) Another systematic basis is more representative of the time pattern of the user's benefit even if the receipt from the lessee are not on that basis, or

(b) The receipts from the lessee are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If receipts from the lessee vary because of factors other than general inflation, then this condition is not met.

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

Conversion charges payable to local authorities on conversion of use of industrial plot for hotel purposes, are recognised as prepaid expense and charged off to statement of profit and loss on an equitable basis over the lease term.

(k) **Inventories**

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

(l) **Impairment of non-financial assets**

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the entity operates, or for the market in which the asset is used.

Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(m) **Provisions**

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(n) **Deferred Revenue**

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

(o) **Retirement and other employee benefits**

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

Retirement benefit in the form of gratuity is a defined benefit scheme. Gratuity liability of employees is accounted for on the basis of actuarial valuation on projected unit credit method at the close of the year. Company's contribution made to Life Insurance Corporation is expenses off at the time of payment of premium.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

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

Retirement benefits in the form of Superannuation Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

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

(p) **Financial instruments**

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2018

Debt instruments at amortised cost

A debt instrument is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

Debt instrument at FVTOCI

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

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

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

Debt instrument at FVTPL

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

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

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

Equity instruments

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

Derecognition

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

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

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2018

Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.

b) Financial assets that are debt instruments and are measured as at FVTOCI.

c) Trade receivables or any contractual right to receive cash or another financial asset.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

At each reporting date, for recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109.

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

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

Financial guarantee

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

its insurance liabilities is inadequate in the light of the estimated future cash flows, the entire deficiency is recognised in profit or loss.

If a financial guarantee is an integral element of debts held by the entity, it is not accounted for separately.

Derecognition

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

Offsetting of financial instruments

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

(q) Cash and cash equivalents

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

(r) Share-based payments

Certain employees (including senior executives) of the Company receive part of their remuneration in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over shares ('equity settled transactions').

The cost of equity-settled transactions with employees measured at fair value at the date at which they are granted using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

(s) Measurement of EBITDA

The Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, interest income, finance costs, and tax expense.

(t) Cash Flow Statement

Cash flows are reported using the indirect method, where by profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(u) Recent accounting pronouncements

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 is evaluating the requirements of Ind AS 21 and its effect on the financial statements

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 is evaluating the requirements of Ind AS 115 and its effect on the financial statements

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

3. Property, plant and equipment

₹ in lakhs

Particulars	Freehold land	Building on freehold land	Building on leasehold Land	Plant and Machinery	Electrical fittings	Electrical equipments	Office equipments	Furniture and Fixtures	Crockery, cutlery and soft furnishings	Computers	Vehicles	Total
Gross Carrying Amount												
As at April 1, 2016	8,717.26	16,228.25	11,957.87	4,631.52	1,807.10	907.66	72.59	2,226.40	236.53	99.81	249.55	47,134.54
Additions	-	-	-	27.98	3.49	32.56	7.16	135.47	-	16.98	97.39	321.03
Disposals	-	-	-	2.17	5.10	1.46	25.40	97.03	1.04	3.54	84.40	220.14
As at March 31, 2017	8,717.26	16,228.25	11,957.87	4,657.33	1,805.49	938.76	54.35	2,264.84	235.49	113.25	262.54	47,235.43
Additions	1,796.15	1,182.02	-	104.50	11.89	63.80	15.78	49.71	77.83	41.37	285.46	3,628.51
Acquired on amalgamation (Refer note 43)	-	-	-	-	0.08	-	0.12	0.65	-	1.20	-	2.05
Disposals	-	0.28	-	14.10	0.08	0.87	1.27	5.60	-	2.11	89.33	113.64
As at March 31, 2018	10,513.41	17,409.99	11,957.87	4,747.73	1,817.38	1,001.69	68.98	2,309.60	313.32	153.71	458.67	50,752.35
Depreciation												
As at April 1, 2016	-	243.39	329.51	385.41	315.31	126.03	34.28	479.16	89.20	33.32	40.50	2,076.11
Charge for the year	-	275.74	288.72	425.10	319.45	138.80	18.29	441.92	73.76	30.66	70.40	2,082.84
Disposals	-	-	-	0.75	5.04	0.69	23.99	62.94	1.04	3.15	56.10	153.70
As at March 31, 2017	-	519.13	618.23	809.76	629.72	264.14	28.58	858.14	161.92	60.83	54.80	4,005.25
Charge for the year	-	270.35	277.00	436.30	288.39	158.02	16.09	341.47	40.78	31.14	83.76	1,943.30
Acquired on amalgamation (Refer note 43)	-	-	-	-	-	-	-	-	-	-	-	-
Disposals	-	0.04	-	8.51	-	0.48	1.15	4.70	-	0.91	82.29	98.09
As at March 31, 2018	-	789.44	895.23	1,237.54	918.11	421.68	43.52	1,194.91	202.70	91.06	56.27	5,850.46
Net Book value												
As at March 31, 2018	10,513.41	16,620.55	11,062.64	3,510.19	899.27	580.01	25.46	1,114.69	110.62	62.65	402.40	44,901.89
As at March 31, 2017	8,717.26	15,709.12	11,339.64	3,847.57	1,175.76	674.62	25.77	1,406.70	73.57	52.43	207.74	43,230.18
As at April 1, 2016	8,717.26	15,984.86	11,628.37	4,246.11	1,491.79	781.63	38.31	1,747.24	147.33	66.49	209.05	45,058.43

Net book value	As at March 31, 2018	As at March 31, 2017
Plant, property and equipment Capital work in progress	44,901.89	43,230.18

Notes

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

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

4. Capital work-in-progress

Particulars	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
Hotel at Shimla		
Material	568.53	414.00
Project staff expenses	72.43	60.11
Salary wages & bonus	29.73	29.73
Professional charges	83.57	80.72
Others	2.66	2.67
	756.92	**587.23**
Hotel at Banjara Hills, Hyderabad		
Material	175.78	-
Project staff expenses	20.49	-
Other expenses	7.36	-
	203.63	-
Less:- Capitalised during the year	**203.63**	-
	-	-
	756.92	**587.23**

5. Investment property

Particulars	Total ₹ in lakhs
Gross Carrying Amount	
As at April 1, 2016	258.89
Additions	-
As at March 31, 2017	**258.89**
Additions	-
As at March 31, 2018	**258.89**
Depreciation and Impairment	
As at April 1, 2016	4.40
Charge for the year	4.39
As at March 31, 2017	**8.79**
Charge for the period	4.39
As at March 31, 2018	**13.18**
Net Block	
As at March 31, 2018	**245.71**
As at March 31, 2017	250.10

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

Information regarding income and expenditure of Investment property:

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
Rental income derived from investment property	15.50	14.42
Direct operating expenses (including repairs and maintenance) that did not generate rental income	(0.97)	(0.99)
Profit arising from investment properties before depreciation and indirect expenses	**14.53**	**13.43**
Less – Depreciation	(4.39)	(4.39)
Profit arising from investment properties before indirect expenses	**10.14**	**9.04**

The Company's investment properties consist of a commercial property in Pune, India. The management has determined that the investment property consist of one classes of asset − office space − based on the nature, characteristics and risks of the property.

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

As at March 31, 2018 and March 31, 2017, the fair values of the property is ₹ 258.89 lacs and ₹ 258.89 lacs respectively.

These valuations are based on valuations performed by an external independent valuer at the time of acquisition of property dated March 25, 2014.

The management has considered these valuations on the basis that there is no material change in the value of property since acquired.

Description of valuation techniques used and key inputs to valuation on investment properties:

Valuation technique	Significant unobservable Inputs
Sales comparable method	Location
	Size of building
	Quality of building
	Visibility of unit
	Furnished/unfurnished

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

6. **Intangible assets**

Particulars	Software	Goodwill	Total
Gross Carrying Amount			
As at April 1, 2016	76.38	-	76.38
Additions	47.61	-	47.61
Disposals	41.29	-	41.29
As at March 31, 2017	**82.70**	**-**	**82.70**
Additions	29.23		29.23
Acquired on amalgamation (Refer note 43)		2.63	2.63
Disposals	-	-	-
As at March 31, 2018	**111.93**	**2.63**	**114.56**
Amortisation and impairment			
As at April 1, 2016	39.48	-	39.48
Amortisation	32.72	-	32.72
Disposals	41.29	-	41.29
As at March 31, 2017	**30.91**	**-**	**30.91**
Amortisation	28.99	-	28.99
As at March 31, 2018	**59.90**	**-**	**59.90**
Net Block			
As at March 31, 2018	**52.03**	**2.63**	**54.65**
As at March 31, 2017	51.79	-	51.79

Net book value	As at March 31, 2018	As at March 31, 2017
Intangible assets	54.65	51.79
Intangible assets under development (Software implementation)	280.64	140.40

7. **Financial assets**

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
(i) Investments		
Investments at cost		
Unquoted equity shares of subsidiary companies		
34,374,498 (Previous year 34,374,498) equity shares of Fleur Hotels Private Limited of ₹10 each fully paid.	44,307.20	44,307.20
11,869,100 (Previous year 8,667,000) Equity shares of PSK Resorts & Hotels Private Limited of Re.1 each fully paid	2,691.12	2,659.10
345,945,400 (Previous year 5,945,400) Equity shares of Canary Hotels Private Limited of Re.1 each fully paid.	5,224.28	1,824.28
6,195,000 (Previous year 495,000) Equity shares of Sukhsagar Complexes Private Limited of ₹10 each fully paid.	2,619.63	1,524.66
75,000,000 (Previous year 75,000,000) Equity shares of Nightingale Hotels Private Limited of Re.1 each fully paid.	931.40	931.40

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for the year ended March 31, 2018

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
571,428 (Previous year 571,428) Equity shares of Manakin Resorts Private Limited of ₹10 each fully paid.	390.69	390.69
10,854,592 (Previous year: 10,854,592) Equity shares of Begonia Hotels Private Limited of Re.1 each fully paid.	48.86	48.86
3,700,000 (Previous year 200,000) Equity shares of Oriole Dr Fresh Hotels Private Limited of ₹10 each fully paid.	2,643.97	20.02
934,580 (Previous year 934,580) Equity shares of Carnation Hotels Private Limited of Re.1 each fully paid.	9.35	9.35
45,500,668 (Previous year 375,000) Equity shares of Grey Fox Project Management Company Private Limited of Re.1 each fully paid.	455.01	3.75
Nil (Previous year 100,000) Equity shares of Pelican Facilities Management Private Limited of Re.1 each fully paid.	-	1.00
115,000 (Previous year 100,000) Equity shares of Dandelion Hotels Private Limited of Re.1 each fully paid.	160.54	1.00
350,000 (Previous year 350,000) Equity shares of Lemon Tree Hotel Company Private Limited of Re.1 each fully paid.	3.50	3.50
300,000 (Previous year 100,000) Equity shares of Red Fox Hotel Company Private Limited of Re.1 each fully paid.	3.00	1.00
1,225,209 (Previous year nil) Equity shares of Meringue Hotels Private Limited of Re.1 each fully paid.	11,075.89	-
Unquoted equity shares of associate companies		
340,000 (Previous year nil) Equity shares of Mind Leaders Learning India Private Limited of ₹ 1 each fully paid.	3.40	-
Unquoted compulsory redeemable preference shares of subsidiary companies at fair value through Profit and loss		
Nil (Previous Year: 1,790,000) 5% Redeemable Cumulative Preference Shares of Oriole Dr. Fresh Hotels Private Limited of ₹ 100 each fully paid.*	-	516.43
Nil (Previous year 2,700,000) 10% Redeemable Cumulative Preference shares of Canary Hotels Private Limited of ₹ 100 each fully paid.**	-	2,700.00
Nil (Previous year 320,000) 5% Redeemable Non Cumulative Preference shares of Canary Hotels Private Limited of ₹ 100 each fully paid.#	-	127.43
350,000 (Previous year 350,000) 5% Redeemable Non Cumulative Preference shares of Carnation Hotels Private Limited of ₹ 100 each fully paid.***	173.37	155.75
Nil (Previous year 420,000) 5% Redeemable Non Cumulative Preference shares of Grey Fox Project Management Company Private Limited of ₹ 100 each fully paid.****	-	318.12
Nil (Previous year: 770,000) 5% Redeemable Non Cumulative Preference shares of Sukhsagar Complexes Private Limited of ₹ 100 each fully paid.#	-	324.35
Deemed investment on account of interest free loan to subsidiaries		
Dandelion Hotels Private Limited	4.85	1,015.00
Meringue Hotels Private Limited	59.90	9,552.34
Oriole Dr Fresh Hotels Private Limited	14.46	839.65

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
Deemed investment in redeemable preference shares recognised at fair value through profit and loss		
Sukhsagar Complexes Private Limited	74.89	492.83
Oriole Dr Fresh Hotels Private Limited	145.56	1,376.68
Canary Hotels Private Limited	22.99	204.52
Carnation Hotels Private Limited	224.30	224.30
Grey Fox Project Management Company Private Limited	84.25	159.58
Investments at fair value through profit and loss		
Others		
2,567 (Previous Year: 2,567) equity shares of SEP Energy Private Limited of ₹ 10 each fully paid.	0.26	0.26
9,126 (Previous Year : Nil) equity shares of School of Hospitality India Private Limited of ₹ 10 each fully paid.	200.04	-
	71,572.71	**69,733.05**
Aggregate book value of unquoted investments	71,572.71	69,733.05
Current	-	-
Non-Current	71,572.71	69,733.05
Total	**71,572.71**	**69,733.05**

* The preference shares are redeemed in current financial year ended March 31, 2018. As per the original term the preference shares were to be redeemed on or after August 1, 2020 but not later than 15 years from the date of allotment. During the year, the terms were varied and the preference shares became redeemable any time on or before March 31, 2018.

** The preference shares are redeemed in current financial year ended March 31, 2018. As per the original term the preference shares were to be redeemed either at the option of the Company or at the option of the subsidiary at anytime on or before October 4, 2027.

*** The preference shares will be redeemed either at the option of the Company or at the option of the subsidiary at any-time after the expiry of one year or before expiry of ten years.

**** The preference shares are redeemed in current financial year ended March 31, 2018. As per the original term the preference shares were to be redeemed either at the option of the Company or at the option of the subsidiary at any-time after the expiry of one year or before expiry of five years.

The preference shares are redeemed in current financial year ended March 31, 2018. As per the original term the preference shares were to be redeemed either at the option of the Company or at the option of the subsidiary at any-time after the expiry of one year or before expiry of ten years. The terms of the preference shares issued during the year were varied and the shares became redeemable any time on or before March 31, 2018.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
(ii) Loans		
(unsecured considered good unless otherwise stated)		
Loans to subsidiary companies at amortised cost	-	471.84
Loans to employees at amortised cost	1,615.50	1,085.60
	1,615.50	**1,557.44**

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
(iii) Other financial assets		
Security deposits (unsecured, considered good)	985.58	871.80
Interest accrued on deposits with banks	154.56	127.79
Fixed deposits under lien*	253.10	253.10
	1,393.24	**1,252.69**

* Fixed deposits under lien includes deposits lien marked with banks against guarantees issued in favour of various Government departments.

8.1 **Deferred tax assets (net)**

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
Property, plant and equipment and intangible assets	3,979.09	3,624.70
Deferred tax liability	**3,979.09**	**3,624.70**
Impact of expenditure charged to the statement of profit and loss in the current/ earlier period but allowable for tax purposes on payment basis	(0.80)	82.98
Effect of unabsorbed depreciation and business loss	2,897.63	2,640.39
Gratuity	37.52	32.44
Leave compensation	24.40	21.67
Loyalty program	3.80	1.81
Provision for contingency	12.97	9.68
Provision for slow moving inventory	10.75	10.55
Expense on account of lease equalization reserve created	433.16	332.27
Security deposits	533.46	479.22
Loan to employee	4.52	5.84
Borrowings	15.54	2.54
Provision for doubtful debts and advances	6.14	5.31
Deferred tax asset	**3,979.09**	**3,624.70**
Deferred tax asset (net) *	-	-

* Deferred tax asset on losses and credits has been recognized to the extent of Deferred tax liability.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

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

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
Profit/(loss) before tax	2,627.58	789.97
Tax rate	34.61%	33.99%
Tax at statutory income tax rate	909.35	268.51
Effect of incomes taxable at nil/lower/MAT rate	(348.58)	(121.02)
Income tax charge/ (credit) in respect of earlier year	(103.14)	6.95
Unrecognized tax assets (net) and other adjustments	(44.30)	(25.22)
Net	**413.33**	**129.22**
As per statement of profit and loss	**413.33**	**129.22**

8.2 **Non-Current tax assets (net)**

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
Advance Income Tax (net of provision for taxation)	970.04	1,449.22
	970.04	1,449.22

9. **Other non-current assets**

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
Unsecured, considered good		
Capital advances	28.24	2,781.80
Prepaid stamp duty	286.74	228.29
Prepaid conversion charges (Refer note 39)	502.48	512.55
Prepaid expenses	4.62	3.82
Unamortized portion of security deposits and loans	4,879.69	4,828.27
Total	**5,701.77**	**8,354.73**

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

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
Food and beverages (excluding liquor and wine)	57.64	49.41
Liquor and wine	31.54	29.14
Stores, cutlery, crockery, linen, provisions and others	110.34	124.41
Total	**199.52**	**202.96**

Upto the year ended March 31, 2018 : ₹ 31.05 lakhs (March 31, 2017: ₹ 32.34 lakhs) was recognised as provision for inventories carried at net realisable value Refer footnote to Note 15 for inventories pledged.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

11. Financial assets

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
(i) Trade receivables		
Trade receivables	2,063.87	1,456.71
	2,063.87	**1,456.71**
Break-up for security details:		
Trade receivables		
Unsecured, considered good	2,063.87	1,458.55
Doubtful	15.95	13.78
	2,079.82	**1,472.33**
Impairment Allowance (allowance for bad and doubtful debts)		
Doubtful	15.95	15.62
	15.95	15.62
Total	**2,063.87**	**1,456.71**

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Trade receivables are non interest bearing and are generally on terms of 30 to 90 days from the date of invoice.

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
(ii) Cash and cash equivalents		
Balance with banks		
On current accounts	544.71	547.03
Cash on hand	26.89	19.35
	571.60	**566.38**

Apart from the balance shown above, as on March 31, 2018, the Company has ₹ 32,233.37 lakhs in escrow account maintained with Axis Bank on account of proceeds from IPO. This amount has not been included in the balance with banks shown above as the same has been held in trust on behalf of selling shareholders.

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
(iii) Loans		
Unsecured, considered good		
Loans & advance to subsidiaries	1,622.22	613.54
	1,622.22	**613.54**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
(iv) Other financial assets		
Unsecured, considered good		
Security deposits	311.42	11.42
	311.42	**11.42**
Others		
Commission receivable	1.68	0.41
Expenses recoverable	1,327.73	-
	1,640.83	**11.83**

12. Other current assets

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
Advances recoverable	277.35	114.80
Unbilled revenue	2.32	217.16
Balance with statutory/ government authorities	335.95	303.18
Prepaid stamp duty	13.71	25.51
Prepaid conversion charges (Refer note 39)	10.07	10.07
Prepaid expenses	164.70	176.62
Unamortized portion of security deposits and loans	288.70	315.45
Total	**1,092.80**	**1,162.79**

13. Share capital

Authorised Share Capital	Equity shares	
	No. of shares	₹ in lakhs
As at April 1, 2016	998,550,000	99,855.00
Increase/(decrease) during the year	-	-
As at March 31, 2017	998,550,000	99,855.00
Increase during the year (on amalgamation)	2,890,000	289.00
As at March 31, 2018	1,001,440,000	100,144.00
	5% Redeemable Cumulative Preference Shares	
	No. of shares	₹ in lakhs
As at April 1, 2016	145,000	145.00
Increase/(decrease) during the year	-	-
As at March 31, 2017	145,000	145.00
Increase during the year (on amalgamation)	-	-
As at March 31, 2018	145,000	145.00

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

Terms/rights attached to equity shares

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

Issued equity capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. of shares	₹ in lakhs
As at April 1, 2016	778,041,131	77,804.11
Issued during the year - Exercise of ESOP	2,871,902	287.19
Issued during the year - other than ESOP	300,000	30.00
As at March 31, 2017	781,213,033	78,121.30
Issued during the year - Exercise of ESOP	2,318,370	231.84
Issued during the year - other than ESOP	2,820,248	282.02
Change in shares held by ESOP trust	41,600	4.16
As at March 31, 2018*	786,393,251	78,639.32

* excluding 19,432 equity shares (March 31, 2017: 61,032 shares) held by ESOP trust which has been consolidated in accordance with the requirement of IND AS 110. The movement is explained below :-

	Share capital		Shares held by ESOP trust		Share capital (net)	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
As at April 1, 2016	778,102,163	77,810.22	61,032	6.10	778,041,131	77,804.11
Issued during the year - Exercise of ESOP	2,871,902	287.19	-	-	2,871,902	287.19
Issued during the year - other than ESOP	300,000	30.00	-	-	300,000	30.00
As at March 31, 2017	781,274,065	78,127.41	61,032	6.10	781,213,033	78,121.30
Issued during the year - Exercise of ESOP	2,318,370	231.84	-	-	2,318,370	231.84
Issued during the year - other than ESOP	2,820,248	282.02	-	-	2,820,248	282.02
Change in shares held by ESOP trust	-	-	(41,600)	(4.16)	41,600	4.16
As at March 31, 2018	786,412,683	78,641.27	19,432	1.94	786,393,251	78,639.32

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

Name of the shareholder	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 ₹ 10 each fully paid up				
Maplewood Investment Limited	**192,908,118**	**24.53%**	192,908,118	24.69%
Spank Management Services Private Limited	**207,375,759**	**26.37%**	180,122,627	23.06%
RJ Corp Limited	**78,748,368**	**10.01%**	78,748,368	10.08%
APG Strategic Real Estate Pool N.V.	**118,730,914**	**15.10%**	118,730,914	15.20%

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 33

Aggregate number of bonus share issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

	March 31, 2018	March 31, 2017
	No. of shares	No. of shares
Equity shares allotted as fully paid, pursuant to amalgamations (Refer note 43)	88,997,722	32,486,000
Equity shares allotted as fully paid bonus shares by capitalization of securities premium and capital redemption reserve	646,125,652	646,125,652

In addition, the Company has issued total 6,980,404 shares (March 31, 2017 : 4,884,737) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

14. Other equity

Securities premium	₹ in lakhs
As at April 1, 2016	**8,699.91**
Premium on issue of shares	34.50
Additions on ESOPs excercised	176.13
Transferred from stock options outstanding	43.83
As at March 31, 2017	**8,954.37**
Premium on issue of shares	324.33
Additions on ESOPs excercised (excluding transferred from stock options outstanding)	239.22
Transferred from stock options outstanding	88.39
Change in shares held by ESOP trust	(4.16)
As at March 31, 2018	**9,602.16**

Retained Earnings	₹ in lakhs
As at April 1, 2016	**1,652.49**
Profit for the year	672.60
As at March 31, 2017	**2,325.09**
Profit for the year	2,216.10
As at March 31, 2018	**4,541.19**

General reserve	₹ in lakhs
As at April 1, 2016	**3,035.24**
Increase/(decrease) during the year	-
As at March 31, 2017	**3,035.24**
Increase/(decrease) during the year	-
As at March 31, 2018	**3,035.24**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

Share-based payments	₹ in lakhs
As at April 1, 2016	**171.82**
Add:- Expense for the year (Refer note 33)	114.13
Less:- transferred to securities premium on exercise of stock options	(43.83)
As at March 31, 2017	**242.12**
Add:- Expense for the year (Refer note 33)	94.54
Less:- transferred to securities premium on exercise of stock options	(88.39)
As at March 31, 2018	**248.26**

Capital redemption reserve	₹ in lakhs
As at April 1, 2016	**45.00**
Increase/(decrease) during the year	-
As at March 31, 2017	**45.00**
Increase/(decrease) during the year	-
As at March 31, 2018	**45.00**

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
Other reserves		
Securities premium	**9,602.16**	8,954.37
Retained earnings	**4,541.19**	2,325.09
General reserve	**3,035.24**	3,035.24
Share-based payments	**248.26**	242.12
Capital redemption reserve	**45.00**	45.00
Total	**17,471.85**	14,601.82

Notes:

Securities premium: Securities premium comprises of premium receievd on issue of shares

Retained earnings: Retained earnings represents balances of profit and loss at each period/year end.

General reserve: Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paidup capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn.

Share-based payments: The Company has two share option schemes under which options to subscribe for the Company's shares have been granted to certain executives and senior employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 33 for further details of these plans.

Capital redemption reserve: The Companies Act provides that companies redeeming its preference shares at face value or nominal value is required to transfer an amount into capital redemption reserve. This reserve can be used to issue fully paid-up bonus shares to the shareholders of the Company.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

15. Borrowings

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
Non-current borrowings		
Term Loans		
Indian rupee loans from Banks (Secured)		
Kotak Mahindra Bank Limited (Refer footnote 1, 2, 3 & 4 below)	1,980.80	1,514.00
Andhra Bank (Refer footnote 5 below)	-	2,171.25
The Ratnakar Bank Limited (Refer footnote 6,7 & 8 below)	3,715.98	4,629.47
Yes bank Limited (Refer footnote 9 below)	10,872.66	11,529.97
HDFC Bank Limited (Refer footnote 12 & 13 below)	9,449.53	2,027.38
Vehicle loans (Refer footnote 10 below)	254.44	98.02
Rupee term loans from financial institutions		
Aditya Birla Finance Limited (Refer footnote 11 below)	-	3,791.97
Total non-current borrowings	26,273.41	25,762.06
Current borrowings		
Term Loans		
Current maturity of long term loans		
Kotak Mahindra Bank Limited (Refer footnote 1, 2, 3 & 4 below)	600.20	723.04
Andhra Bank (Refer footnote 5 below)	-	240.00
The Ratnakar Bank Limited (Refer footnote 6,7 & 8 below)	599.95	532.76
Yes bank Limited (Refer footnote 9 below)	687.50	437.50
HDFC Bank Limited (Refer footnote 12 & 13 below)	82.13	42.00
Vehicle loans (Refer footnote 10 below)	66.70	51.18
Rupee term loans from financial institutions		
Aditya Birla Finance Limited (Refer footnote 11 below)	-	100.00
Total current borrowings	2,036.48	2,126.48
Less: Amount clubbed under "other current financial liabilities"	(2,036.48)	(2,126.48)
Net current borrowings	-	-

Footnotes to Note 15 "Borrowings"

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2018

Note	Lender	Amount Sanctioned ₹ in lakhs	Carrying rate of Interest as at March 31, 2018	Carrying rate of Interest as at March 31, 2017	Repayment/ Modification of terms	Security/ Principal terms and conditions
1	Kotak Mahindra Bank Limited	1,000.00	9.40% (interest rate @ 6 months MCLR rate+ 1.00%)	12.3% (interest rate @ 6 months MCLR rate+ 3.65%)	The loan is repayable in 60 monthly installments of ₹ 1,666,667 each along with interest.	The Term Loan is secured by way of: a) Exclusive charge on all existing and future current assets of the borrower's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon. b) Subservient charge over all existing and future current assets of the Company except current assets of the company's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon on which bank has exclusive charge. c) Equitable Mortgage by way of exclusive charge on the plot of Land at Sector-29, Gurgaon owned by the borrower. Also, exclusive charge over Moveable Fixed assets of the Hotel Property at Sector-29, Gurgaon.
2	Kotak Mahindra Bank Limited	2,000.00	9.40% (interest rate @ 6 months MCLR rate+ 0.60%)	11.75% (interest rate @ 6 months MCLR rate+ 3.10%)	The loan is repayable in 60 monthly installments post the end of the moratorium period.	
3	Kotak Mahindra Bank Limited	700.00	9.40% (interest rate @ 6 months MCLR rate+ 0.60%)	11.75% (interest rate @ 6 months MCLR rate+ 3.10%)	The loan is repayable in 60 montly installments.	
4	Kotak Mahindra Bank Limited	5,200.00	8.80% (interest rate @ 6 months MCLR rate+ 0.50%)	NA	The loan is repayable in 28 quarterly installments.	The Term Loan is secured by way of: a) Exclusive charge on all existing and future current assets of the borrower's commercial space at Sector-60, Gurgaon. b) Minimum asset cover of 1.25x to be maintained throughout the tenor of bank's loan as per valuation accepted by bank. c) Subservient charge over all existing and future current assets of the borrower except current assets of the borrower's commercial space at Sector-60, Gurgaon on which bank has exclusive charge. d) Equitable Mortgage by way of exclusive charge on the proportionate share of land and building of commercial space of the borrower at Sector-60, Gurgaon. e) Exclusive charge over Moveable Fixed assets of commercial space at Sector-60, Gurgaon.

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2018

Note	Lender	Amount Sanctioned ₹ in lakhs	Carrying rate of Interest as at March 31, 2018	Carrying rate of Interest as at March 31, 2017	Repayment/ Modification of terms	Security/ Principal terms and conditions
5	Andhra Bank	3,000.00	NA	interest rate @ base rate + 1.25% + 0.50% i.e. 11.45%	The loan was repayable in scattered quarterly installment beginning from March 2014. Interest was payable monthly as and when due.	Below mentioned charge was satisfied on repayment of loan: (i) First pari-passu charge on all the Project's immovable properties (except land), present and future. (ii) First pari-passu charge by way of hypothecation of all the project's movables, including movable plant & machinery, machinery spares, tools & accessories, furniture, fixtures, vehicles and all other movable assets, present and future. (iii) First pari-passu charge on the project's book debts, operating cash flows, receivables, commissions, bank accounts (wherever held), revenues of whatever nature and wherever arising, present and future subject to prior charge of bankers on specified current assets for securing working capital facilities & subject to prior approval of the bank. (iv) First charge by way of assignment or creation of charge in favour of the lender of (a) All the right, title, interest, benefits, claims and demands whatsoever of the borrower in agreements (development agreement, management agreement, construction contract), duly acknowledged and consented to by the counter party; (b) All the rights, title, interest, benefits, claims and demands whatsoever of the borrower in clearances; (c) All the rights, title, interest, benefits, claims and demands whatsoever of the borrower in any letter of credit, guarantee, performance bond provided by any party to the project documents and ; (d) All insurance contracts/insurance proceeds; (v) Pari-passu charge along with the other lenders on the letter of credit/ escrow account, trust and retention account, debt service reserve account and other reserves and any other bank accounts of the company wherever maintained; (vi) Right of substitution and other rights under the substitution agreement, on pari-passu basis with other lenders.

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2018

Note	Lender	Amount Sanctioned ₹ in lakhs	Carrying rate of Interest as at March 31, 2018	Carrying rate of Interest as at March 31, 2017	Repayment/ Modification of terms	Security/ Principal terms and conditions
6	The Ratnakar Bank Limited	3,000.00	10.25%	interest rate @ 1 year MCLR rate+ 0.40% (Currently 10.25%).	The loan is repayable in scattered quarterly installment beginning from March 2014. Interest is payable monthly as and when due.	"It is secured by : (i) Exclusive charge on all the Project's immovable properties (except land), present and future. (ii) Exclusive charge by way of hypothecation of all the project's movables including movable plant & machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future. (iii) Exclusive charge on the project's book debts, operating cash flows, receivables, commissions, bank accounts (wherever held), revenues of whatever nature and wherever arising, present and future subject to prior charge of bankers on specified current assets for securing working capital facilities and subject to prior approval of bank. (iv) Exclusive charge by way of assignment or creation of charge in favour of the lender of - All the right, title, interest,benefits, claims and demands whatsoever of the borrower in agreements (developement agreement, management agreement, construction contract), duly acknowledged and consented to by the counter party; - All the rights,title, interest,benefits, claims and demands whatsoever of the borrower in clearances; - All the rights,title, interest,benefits, claims and demands whatsoever of the borrower in any letter of credit, guarantee, performance bond provided by any party to the project documents - All insurance contracts/insurance proceeds; (v) All Cash Flow routing to be done through Collection account maintained with bank. (vi) Right of substitution and other rights under the Substituition Agreement, on pari passu basis with other lenders. (Project implies to Red Fox Hotel at Property No. 6, Hospitality District, Delhi International Airport, New Delhi)"
7	The Ratnakar Bank Limited	2,420.00	"9.8% (interest rate @ 1 year MCLR rate+ 0.55%)"	NA	The loan is repayable in scattered quarterly installment. Interest is payable monthly as and when due.	

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2018

Note	Lender	Amount Sanctioned ₹ in lakhs	Carrying rate of Interest as at March 31, 2018	Carrying rate of Interest as at March 31, 2017	Repayment/ Modification of terms	Security/ Principal terms and conditions
8	The Ratnakar Bank Limited	3,000.00	NA	interest rate @ 1 year MCLR rate+ 0.40% i.e, 10.25%.	The loan was repayable in scattered quarterly installment beginning from June 2016. Interest was payable monthly as and when due.	Below mentioned charge was satisfied on repayment of loan: a) First pari passu charge on the current assets, entire movable fixed assets and immovable assets of the Hotel Lemon Tree, Udyog Vihar; Hotel Lemon Tree, Pune; Hotel Lemon Tree, Ahmedabad; Hotel Lemon Tree, Chennai; Hotel Lemon Tree, Bangalore and Red Fox Hotel, Hyderabad.
9	Yes Bank Limited	12,500.00	9.40%	interest rate @ 6 month's MCLR + 0.90% (Currently 9.50%)	The loan is repayable in scattered quarterly installment beginning from December 2015. Interest is payable monthly as and when due	It is secured by : a) First pari passu charge on the current assets, entire movable fixed assets and immovable assets of the Hotel Lemon Tree, Udyog Vihar, Hotel Lemon Tree, Pune, Hotel Lemon Tree, Ahmedabad, Hotel Lemon Tree, Chennai, Hotel Lemon Tree, Bangalore and Red Fox Hotel, Hyderabad. The charge for assets at Red Fox Hotel, Hyderabad has been removed
10	Vehicle loan (different banks)	-	Rate of interest of these loans ranges from 8.00 % to 14.00 %	Rate of interest of these loans ranges from 8.00 % to 14.00 %	These loans are repaid on agreed monthly installments.	Vehicle loan is secured by hypothecation of underlying motor vehicle acquired out of such loans
11	Aditya Birla Finance Limited	4,000.00	NA	interest rate @ benchmark rate + 2.30% i.e. 11.55%	The loan was repayable in scattered quarterly installment beginning from December 2016. Interest was payable monthly as and when due.	Below mentioned charge was satisfied on repayment of loan: a) First pari passu charge on all immovable fixed assets, movable fixed assets and current assets (both present and future) including land and building of the Hotel Lemon Tree, Udyog Vihar, Hotel Lemon Tree, Pune, Hotel Lemon Tree, Ahmedabad, Hotel Lemon Tree, Chennai, Hotel Lemon Tree, Bangalore, Red Fox Hotel, Hyderabad

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2018

Note	Lender	Amount Sanctioned ₹ in lakhs	Carrying rate of Interest as at March 31, 2018	Carrying rate of Interest as at March 31, 2017	Repayment/ Modification of terms	Security/ Principal terms and conditions
12	HDFC Bank Limited	2,100.00	9.00% (linked with 1 year MCLR)	interest rate @ for first year (MCLR for 3 years + 0.65 basis points) & 11.15% for remaining tenure of loan (MCLR for 3 years + 1.80 basis points) (Currently 9.70%)	The loan is repayable in 40 step-up quarterly installments.	It is secured by : a) First charge on all the fixed assets, both present and future, of the hotel "Lemon Tree" at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh, including hypothecation of all movables and mortgage of leasehold rights on land admeasuring 0.46 acres and buildling thereon. b) A first & exclusive charge on Projects (Lemon Tree at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh) unencumbered-book debts,operating cash flows,receivables,comissions, banks accounts (whenever held) if any-present & future all revenues c) Mortgage of leasehold rights of the projects (Lemon Tree at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh) land admeasuring 0.46 acre (2241.38 sq yrd) and building thereon.
13	HDFC Bank Limited	10,000.00	9.00% (linked with 1 year MCLR)	NA	The loan is repayable in 44 consecutive quarterly installments after a moratorium of 1 year.	It is secured by : a) First pari passu charge by way of mortgage on below mentioned select properties. The borrower shall ensure asset cover ratio should not be less than 1.50x (based on market value of security) at all times. b) First pari passu charge by way of hypothecation in favor of the lender on all current assets and movable fixed assets including movable plant and machinery, machinery spares, tools and accessories, furniture and fixtures, vehicles and all other movable assets, present and future of Select Properties. Properties:- - Hotel Lemon Tree, Udyog Vihar - Hotel Lemon Tree, Pune, - Hotel Lemon Tree, Ahmedabad - Hotel Lemon Tree, Chennai - Hotel Lemon Tree, Bangalore

(i) The Company has not defaulted in the repayment of loans and interest as at Balance Sheet date.
(ii) Bank loans availed by the Company are subject to certain covenants relating to interest coverage ratio, debt service coverage ratio, capital gearing ratio.
(iii) The Company has complied with the covenants as per the terms of the loan agreement.

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2018

16. Provisions

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
Provision for gratuity	108.41	95.44
Current	10.39	14.00
Non-current	98.02	81.44
Provision for leave benefits	70.50	63.75
Current	70.50	63.75
Non-current	-	-
Provision for litigations (Refer note 31)	37.49	28.48
Current	37.49	28.48
Non-current	-	-
Total current	**118.37**	**106.23**
Total non-current	**98.02**	**81.44**

17. Other non-current liabilities

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
Reserve for lease equalisation	1123.32	977.56
Total	**1123.32**	**977.56**

18. Financial liabilities

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
(i) Short term borrowings		
Cash credit from banks (Secured)	**3,570.04**	3,215.97
Working capital loan (Secured)	-	1,000.00
	3,570.04	4,215.97

A The Cash credit facility and working capital loan from Kotak Mahindra Bank is repayable on demand and carries interest rate of 9.30% p.a. (March 31, 2017: 12.00% p.a.) and is secured by way of:

a.) Exclusive charge on all existing and future current assets of the borrower's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon.

b.) Subservient charge over all existing and future current assets of the Company except current assets of the Company's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon on which bank has exclusive charge.

c) Equitable Mortgage by way of exclusive charge on the plot of Land at Sector-29, Gurgaon owned by the borrower. Also, exclusive charge over Moveable Fixed assets of the Hotel Property at Sector-29, Gurgaon.

B The Cash credit facility from Yes Bank is repayable on demand and carries interest rate of 9.40% p.a.(March 31, 2017: 10.70% p.a.) and is secured by way of:

a) First pari passu charge on all immovable fixed assets, movable fixed assets and current assets (both present and future) including land and building of Hotel Lemon Tree, Udyog Vihar, Hotel Lemon Tree, Pune, Hotel Lemon

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2018

Tree, Ahmedabad, Hotel Lemon Tree, Chennai, Hotel Lemon Tree, Bangalore and Red Fox Hotel, Hyderabad. The charge for assets at Red Fox Hotel, Hyderabad has been removed before March 31, 2018.

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
(ii) Trade payables		
Trade Payables		
-Other than Micro, small and medium enterprises	4,527.35	3,686.78
	4,527.35	3,686.78

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
(iii) Other financial liabilities		
Current maturities of long-term borrowings	2,036.48	2,126.48
Interest accrued but not due on borrowings	1.16	2.22
Book overdraft	2.37	-
Other payables		
-Payable for capital goods	2.89	95.39
Others	-	0.56
Total	2,042.90	2,224.65

19. Other current liabilities

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
Advance from customers	400.16	549.64
Deferred revenue- loyalty programme	10.97	5.32
Statutory dues	408.20	288.27
Total	819.33	843.23

20. Revenue from operations

	For the year ended March 31, 2018 ₹ in lakhs	For the year ended March 31, 2017 ₹ in lakhs
Revenue from operations		
Sale of products and services		
- Room rental	14,931.18	13,121.19
- Food and beverage (excluding liquor and wine)	2,570.30	3,097.87
- Liquor and wine	239.21	323.40
- Banquet rentals	45.16	43.02
- Telephone and telex	31.10	25.47
- Other Services (including service charge income)	1,633.23	1,594.58
Other Operating Revenue		
- Management fee	3,658.23	3,637.27
Revenue from operations	23,108.41	21,842.80

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2018

21. Other Income

	For the year ended March 31, 2018 ₹ in lakhs	For the year ended March 31, 2017 ₹ in lakhs
Income from serve for India scheme	-	69.69
Profit on relinquishment of rights (refer note 42)	670.00	600.00
Profit on sale of Property, plant and equipment	1.26	-
Rent received	15.50	14.42
Excess provision/ credit balances written back	4.68	6.36
Miscellaneous income	13.59	10.01
Total	705.03	700.48

22. Cost of food & beverages consumed

	For the year ended March 31, 2018 ₹ in lakhs	For the year ended March 31, 2017 ₹ in lakhs
(a) Consumption of food & beverages excluding liquor & wine		
Inventory at the beginning of the year	49.41	48.03
Add: Purchases	1,464.07	1,242.43
	1,513.48	1,290.46
Less: Inventory at the end of the year	57.64	49.41
Cost of food and beverage consumed	1,455.84	1,241.05
(b) Consumption of liquor & wine		
Inventory at the beginning of the year	29.14	38.14
Add: Purchases	105.59	116.98
	134.73	155.12
Less: Inventory at the end of the year	31.54	29.14
Cost of liquor and wine consumed	103.19	125.98
Total	1,559.03	1,367.03

23. Employee benefits expense

	For the year ended March 31, 2018 ₹ in lakhs	For the year ended March 31, 2017 ₹ in lakhs
Salaries, wages and bonus	4,287.28	4,101.45
Contribution to provident fund and other funds	186.57	173.58
Share based payments to employees	94.54	114.13
Gratuity expense	31.03	28.81
Leave compensation expenses	9.52	14.99
Staff welfare expenses	484.42	597.37
Total	5,093.36	5,030.33

24. Other expenses

	For the year ended March 31, 2018 ₹ in lakhs	For the year ended March 31, 2017 ₹ in lakhs
Consumption of stores, cutlery, crockery, linen, provisions and others	653.11	618.17
Power and fuel	1,909.03	1,799.77
Guest transportation	379.73	392.49
Spa expenses	42.21	41.66
Subscription charges	43.29	35.86
Repair and maintenance		

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

	For the year ended March 31, 2018 ₹ in lakhs	For the year ended March 31, 2017 ₹ in lakhs
- Buildings	262.55	285.46
- Plant and machinery	405.30	348.73
- Others	167.56	298.41
Rent	1,763.54	1,629.29
License fees	174.74	166.46
Rates and taxes	307.43	398.93
Insurance	41.41	51.31
Communication costs	539.23	515.94
Printing and stationery	122.93	115.30
Traveling and conveyance	101.54	94.72
Vehicle running and maintenance	81.85	81.97
Advertisement and business promotion	150.12	172.98
Architect and design fee (Also refer Note 45)	839.07	1,140.74
Commission -other than sole selling agent	611.22	232.36
Security and cleaning expenses	418.19	401.47
Membership and subscriptions	18.95	33.48
Legal and professional fees	475.24	465.84
Advances written off	-	1.22
Freight and cartage	13.57	14.96
Donations	0.07	0.33
Loss on sale of property, plant & equipment	-	20.16
Provision for doubtful debts	-	11.56
Loss on sale of Investment	0.00	-
Payment to auditor (Refer note below)	42.00	42.04
Miscellaneous expenses	88.34	68.50
Total	**9,652.22**	**9,480.10**
Payment to auditor		
for statutory audit fees	41.00	34.00
for tax audit	1.00	1.00
for other services	-	5.00
Reimbursement of expenses	-	2.04
Total	**42.00**	**42.04**

25. Finance costs

	For the year ended March 31, 2018 ₹ in lakhs	For the year ended March 31, 2017 ₹ in lakhs
Interest		
- on term loans from banks	2,708.39	2,974.70
- on loans from others	283.55	472.47
- on vehicle loans	16.73	14.26
- on other credit facilities from banks	225.63	475.01
- on income tax	0.03	0.04
Prepayment charges	4.03	42.23
Bank charges (including commission on credit card collection)	190.49	146.90
Total	3,428.85	4,125.61

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

26. Finance income

	For the year ended March 31, 2018 ₹ in lakhs	For the year ended March 31, 2017 ₹ in lakhs
Interest Income from financial assets at amortised cost :		
- Bank Deposits	28.64	31.32
- Interest others	495.64	338.39
Total	524.28	369.71

27. Depreciation and amortization expense

	For the year ended March 31, 2018 ₹ in lakhs	For the year ended March 31, 2017 ₹ in lakhs
Depreciation of tangible assets	1,943.30	2,082.84
Amortization of intangible assets	28.99	32.72
Depreciation on investment properties	4.39	4.39
Total	1,976.68	2,119.95

28. Earnings per share (Basic and Diluted)

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

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended March 31, 2018 ₹ in lakhs	For the year ended March 31, 2017 ₹ in lakhs
Profit attributable to equity holders (for basic and diluted) (₹ in lakhs)	2,214.25	660.75
Weighted Average Number of Equity Shares (for basic and diluted)*	784,588,452	779,627,716
Basic & Diluted EPS	0.28	0.08

* The weighted average number of shares takes into account the weighted average effect of changes in share transactions during the year. The shares of the company has been listed on BSE Limited and National Stock Exchange of India Limited with effect from April 9, 2018.

29. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

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

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

Operating lease commitments – Company as lessee

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

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Fair value measurement of financial instruments

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

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

In case there is a change in original estimated repayment period, amount received over book value of such loans or advances is adjusted from Deemed Investment.

Taxes

Considering that nature of the Company's operations and history of past tax losses, deferred tax assets (including MAT credit) are recognized to the extent that it is probable that taxable profit will be generated in future against which the deductible temporary differences, carry forward of unabsorbed depreciation and tax losses can be utilised. Accordingly, it is considered prudent to recognize the deferred tax assets only to the extent of deferred tax liabilities and the Company has not recognised deferred tax assets of ₹ 1,526.24 lakhs, ₹ 3,043.92 lakhs as of March 31, 2018 and March 31, 2017 respectively. Breakup of current tax shown in Statement of Profit and Loss is as given below:-

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

Tax expense:	March 31, 2018	March 31, 2017
Current tax	516.46	122.27
Adjustment of tax relating to earlier periods	(103.13)	6.95
Total	**413.33**	**129.22**

30. Gratuity

The Company has a defined benefit gratuity plan (funded). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the Board of Trustees, which consists of an equal number of employer and employee representatives. The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. The Trust Fund has taken a Scheme of Insurance, whereby these contributions are transferred to the insurer. The Company makes provision of such gratuity liability in the books of accounts on the basis of actuarial valuation as per the Projected unit credit method.

Benefit Liability	March 31, 2018	March 31, 2017
Gratuity plan	108.41	95.44
Total	**108.41**	**95.44**

Risk analysis

The Company is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefits plans and management estimation of the impact of these risks are as follows:

- Investment risk

  The most of the Indian defined benefit plans are funded with Life Insurance Corporation of India. Company does not have any liberty to manage the fund provided to Life Insurance Corporation of India.

  The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government of India bonds for Company's Indian operations. If the return on plan asset is below this rate, it will create a plan deficit.

- Interest risk

  A decrease in the interest rate on plan assets will increase the plan liability.

- Longevity risk/life expectancy

  The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. Increases in the life expectancy of the plan participants will increase the plan liability.

- Salary growth risk

  The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

Each year, the Board of Trustees reviews the level of funding in the Gratuity plan. Such a review includes the asset – liability matching strategy and investment risk management policy. The Board of Trustees decides its contribution based on the result of this annual review.

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2018

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2018:

₹ in lakhs

	Opening Balance	Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							
	April 1, 2017	Service cost	Net interest expense/ income	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Remeasurement changes arising from changes in demographic assumptions	Remeasurement changes arising from changes in financial assumptions	Experience adjustment	Sub-total included in OCI	Contributions by employer	March 31, 2018
Defined benefit obligation	219.14	24.67	14.24	38.91	(3.75)	-	-	(2.48)	1.46	(1.02)	-	253.28
Fair value of plan assets	123.70	-	8.04	8.04	(3.75)	1.33	-	-	-	1.33	15.55	144.87
Benefit liability	**95.44**	**24.67**	**6.20**	**30.87**	**-**	**(1.33)**	**-**	**(2.48)**	**1.46**	**(2.35)**	**(15.55)**	**108.41**

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

	Opening Balance	Cost charged to profit or loss			Remeasurement gains/(losses) in other comprehensive income							
	April 1, 2016	Service cost	Net interest expense/ income	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustment	Sub-total included in OCI	Contributions by employer	March 31, 2018
Defined benefit obligation	205.00	21.98	14.97	36.95	(8.17)	-	-	3.81	(18.46)	(14.65)	-	219.14
Fair value of plan assets	113.52	-	8.28	8.28	(6.84)	0.24	-	-	-	0.24	8.48	123.70
Benefit liability	**91.48**	**21.98**	**6.69**	**28.67**	**(1.33)**	**(0.24)**	**-**	**3.81**	**(18.46)**	**(14.89)**	**(8.48)**	**95.44**

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

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
Unquoted investments:		
Asset invested in insurance scheme with the LIC	100%	100%
Total	**100%**	**100%**

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

	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
Discount rate:		
Pension plan	7.00%	6.50%
Future salary increases:		
Pension plan	5.00%	5.00%
Life expectation for pensioners:		
Pension plan	**Years**	**Years**
Male	60	60
Female	60	60

A quantitative sensitivity analysis for significant assumption as at March 31, 2018 is as shown below:

India gratuity plan:

₹ in lakhs

	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	4.76	5.03	5.08	4.89

	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
Assumptions	Discount rate		Future salary increases	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	4.74	5.00	5.02	4.85

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

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

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

₹ in lakhs

Duration (Years)	For the year ended March 31, 2018	For the year ended March 31, 2017
1	159.80	58.31
2	28.65	111.87
3	25.04	18.83
4	20.19	15.90
5	14.13	13.26
Above 5	48.05	39.33
Total expected payments	**295.86**	**257.50**

The average duration of the defined benefit plan obligation at the end of the reporting period is 3 years (March 31, 2017: 3 years).

31. Commitments and contingencies

a. Leases

Operating lease commitments — Company as lessee

The Company has entered into operating leases on hotel buildings, office premises, staff hostels and others. These are generally cancellable and are renewable by mutual consent on mutually agreed terms except for few properties (including hotel properties at Indore, Aurangabad, Gurgaon, New Delhi, Hyderabad (Banjara Hills) and Chandigarh.) The lease for the hotel property at Indore, Aurangabad, Gurgaon, New Delhi, Hyderabad(Banjara Hills) and Chandigarh are non-cancellable for a period of twenty-nine, twenty-two, twenty two, thirty and sixty years respectively.

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

₹ in lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Lease Rent on Hotel Properties	1,777.29	1,493.48
Rent on Office Premises	39.17	36.81
Rent of staff hostel/Others	121.82	119.68
Total	**1,938.28**	**1,649.97**

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

Particulars	As at March 31, 2018	As at March 31, 2017
Minimum Lease Payments :		
Not later than one year	1,372.27	1,070.29
Later than one year but not later than five years	5,789.60	4,565.00
Later than five years	**48,941.83**	**35,709.15**
Total	**56,103.70**	**41,344.44**

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

b. **Commitments**

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

Estimated amount of contracts remaining to be executed and not provided for March 31, 2018 ₹ 3,171.57 lakhs (March 31, 2017 ₹ 2,564.29 lakhs)

c. **Contingent liabilities**

	As at March 31, 2018	As at March 31, 2017
Service tax	130.06	260.80
Luxury tax	36.00	36.00
Income tax	-	68.00
Total	**166.06**	**364.80**

The Company's pending litigations above pertains to proceedings pending with Service tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

(d) During the previous years, the Company had received a show cause notice dated April 25, 2014 from Collector of Stamps, Delhi ('Department'), wherein the Department was of the view that prima facie the Company has not paid stamp duty as per Indian Stamp Act, 1899 on right to use the land given by Delhi International Airport (P) Ltd. (DIAL) under the Development Agreement dated May 25, 2009 ('DA'). The Company contested the matter and the department pursuant to the response received from all the developers of area where the Company's project is located, and arguments thereon, passed a common order on July 14, 2014 ("Order") and subsequently, the Company and its directors received show cause notice dated August 14, 2014 from the Department as to why criminal prosecution for non- payment of requisite stamp duty should not be initiated against them. The Company along with certain other developers had filed a writ petition before the Honorable High Court of Delhi (HC) and the HC vide its order dated August 25, 2014 has granted ex- parte interim stay from all proceedings under the Order including the said show cause notice dated August 14, 2014. The next date of hearing before the HC is scheduled for October 11, 2018. The Company, based on advice from legal experts, is of the view that there is no likelihood of any liability devolving on the Company on this ground.

(e) One of the subsidiary company, Hyacinth Hotels Private Limited, has received a demand from South Delhi Municipal Corporation ('the Authority') wherein the Authority has called upon the subsidiary company to pay an amount of ₹ 68.20 lakhs (for the financial Years 2010-11 to financial years 2013-2014) towards annual value in respect of the hotel property situated in Hospitality District, Aerocity. The subsidiary company filed a writ petition in the high court against the said order. Pending adjudication, the High Court had given interim stay directing the subsidiary company to deposit ₹ 25 lakhs. The management based upon its assessment and expert's advice believes that no further liability will arise against the matter. The Company has made a provision of ₹ 37.48 lakhs in this regard based on area occupied of the above hotel property.

(f) **Financial guarantees**

The Company has issued financial guarantees to banks on behalf of and in respect of term loan facilities availed by its group companies for construction of new hotel project. In accordance with the policy of the Company (refer note 2.2(p)) the Company has designated such guarantees as 'Insurance Contracts'. The Company has classified financial guarantees as contingent liabilities. These financial guarantees are an integral element of debts held by entities, hence has not been accounted for separately.

Accordingly, there are no assets and liabilities recognized in the balance sheet under these contracts. Refer below for details of the financial guarantees issued:

NOTES TO FINANCIAL STATEMENTS
for the year ended March 31, 2018

Financial guarantees	As at March 31, 2018	As at March 31, 2017
Canary Hotels Private Limited	2,500.00	2,500.00
Hyacinth Hotels Private Limited	8,605.00	8,605.00
Sukhsagar Complexes Private Limited	4,300.00	4,500.00
Oriole Dr. Fresh Hotels Private Limited	2,500.00	2,500.00
Nightingale Hotels Private Limited	6,000.00	6,000.00
Fleur Hotels Private Limited	18,000.00	13,500.00
Meringue Hotels Private Limited	22,000.00	22,000.00
Total	**63,905.00**	**59,605.00**

(g) Counter guarantees issued in respect of guarantees issued by company's bankers - ₹ 738.68 lakhs (Previous year – Nil)

32. Events after the reporting period:

The shares of the Company has been listed on BSE Limited and National Stock Exchange of India Limited with effect from April 9, 2018.

33. Employee Stock Option Plans:

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

The Company has provided various share-based payment schemes to its employees. During the year ended March 31, 2018 the following schemes were in operation:

	Plan 1 (2005)	Plan 2 (2006)
Date of grant	November 15, 2005 and April 1, 2006	September 1, 2006, April 1,2007, October 1, 2007, April 1, 2008, January 12, 2009, April 1, 2009, April 1, 2010, October 1, 2010, April 1, 2011, April 1, 2012, April 1, 2015, January 1, 2018
Date of Board Approval of plan	September 23, 2005	July 18, 2006
Date of Shareholder's approval of plan	November 15, 2005	August 25, 2006
Number of options granted	387,300	13,249,207
Method of Settlement	Equity	Equity
Vesting Period	12-48 months	12-48 months & 15-39 months
Exercise Period	5 years from the date of vesting	5 years from the date of vesting
Vesting Conditions	Employee remaining in the employment of the enterprise during the vesting period.	Employee remaining in the employment of the enterprise during the vesting period.

Details of vesting:

Vesting period from the grant date	Vesting Schedule	
	Plan 1 (2005)	Plan 2 (2006) *
On completion of 12 months	30%	10%
On completion of 24 months	20%	20%
On completion of 36 months	20%	30%
On completion of 48 months	30%	40%

* All ESOP's under ESOP Plan 2006 are granted as per general vesting schedule defined in the scheme except for ESOP's granted on January 12, 2009, 328,008 ESOP's granted on April 1, 2012 and 487,000 ESOP's granted on January 1, 2018 for which specific vesting schedule was decided.

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

	April'17 to March'18		April'16 to March'17	
	Number of options	Weighted average exercise price (₹)	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	-	-	9,000	3.38
Granted during the year	-	-	-	-
Forfeited during the year	-	-	9,000	3.38
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-
Weighted average fair value of options granted during the year	-	-	-	-

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

	April'17 to March'18		April'16 to March'17	
	Number of Options	Weighted Average Exercise Price(₹)	Number of Options	Weighted Average Exercise Price(₹)
Outstanding at the beginning of the year	**7,814,678**	**20.53**	11,069,974	19.26
Granted during the year	**487,000**	**21.50**	-	-
Forfeited during the year	**149,527**	**21.37**	383,394	20.84
Exercised during the year	**2,318,370**	**20.32**	2,871,902	15.74
Expired during the year	-	-	-	-
Outstanding at the end of the year	**5,833,781**	**21.50**	7,814,678	20.53
Exercisable at the end of the year	**2,293,134**	**21.50**	2,341,593	20.32
Weighted average remaining contractual life (in years)	**5.70**	-	6.03	-

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

	Range of exercise prices (₹)		Number of options outstanding		Weighted average remaining contractual life of options (in years)		Weighted average exercise price (₹)	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2018	**As at March 31, 2018**	As at March 31, 2017
Plan 1	-	-	-	-	-	-	-	-
Plan 2	**10.57-21.50**	10.00-21.50	**5,833,781**	7,814,678	**5.70**	6.03	**21.50**	20.53

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

Stock Options granted

The weighted average fair value of stock options granted during the year was ₹ 13.75 (Previous year Nil). The Black Scholes model has been used for computing the weighted average fair value considering the following inputs:

	Plan 1 (2005)		Plan 2 (2006)	
	2018	2017	**2018**	2017
Weighted average share price	-	-	**22.92**	-
Exercise Price	-	-	**21.50**	-
Volatility	-	-	**42.15%**	-
Life of the options granted in years	-	-	**5**	-
Expected dividends	-	-	**-**	-
Average risk-free interest rate	-	-	**7.47%**	-
Expected dividend rate	-	-	**-**	-

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

34. Related Party Transactions

Names of related parties	
Subsidiary Company	- Begonia Hotels Private Limited
	- Carnation Hotels Private Limited
	- Celsia Hotels Private Limited
	- Fleur Hotels Private Limited
	- Dandelion Hotels Private Limited
	- Hyacinth Hotels Private Limited
	- Lemon Tree Hotel Company Private Limited
	- Manakin Resorts Private Limited
	- Meringue Hotels Private Limited
	- PSK Resorts & Hotels Private Limited
	- Nightingale Hotels Private Limited
	- Oriole Dr. Fresh Hotels Private Limited
	- Red Fox Hotel Company Private Limited
	- Sukhsagar Complexes Private Limited
	- Pelican Facilities Management Private Limited (upto 20th June 2017)
	- Grey Fox Project Management Company Private Limited
	- Canary Hotels Private Limited
	- Valerian Management Services Private Limited
	- Ophrys Hotels Private Limited
	- Iora Hotels Private Limited
	- Inovoa Hotels And Resorts Limited
	- Bandhav Resorts Private Limited
Key Management Personnel	- Mr. Patanjali Govind Keswani (Chairman and Managing Director)
	- Mr. Rattan Keswani (Deputy Managing Director)
	- Mr. Sanjeev Kaul Duggal (Independent Director) (upto April 1, 2017)

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

Names of related parties	
	- Mr. Gopal Sitaram Jiwarajka (Independent Director)
	- Mr. Ravi Kant Jaipuria (Director)
	- Mr. Niten Malhan (Director)
	- Mr. Sachin Doshi (Director) (upto August 1, 2017)
	- Mr. Pradeep Gupta (Director) (from June 15, 2017 to December 5, 2017)
	- Mr. Willem Albertus Hazeleger (Director) (from August 9, 2017)
	- Ms. Ila Dubey (Director) (upto May 31, 2017)
	- Mr. Aditya Madhav Keswani (Director)
	- Mr. Pradeep Mathur (Independent Director) (from December 5, 2017)
	- Mr Paramartha Saikia (Independent Director) (from June 15, 2017)
	- Ms. Freyan Jamshed Desai (Independent Director) (from June 15, 2017)
	- Mr. Ashish Kumar Guha (Independent Director) (from June 15, 2017)
	- Mr. Arvind Singhania (Independent Director) (from June 15, 2017)
Relatives of key management personnel	- Mrs. Sharanita Keswani relative of Mr. Aditya Madhav Keswani
Enterprises owned or significantly influenced by key management personnel or their relatives	- Spank Management Services Private Limited - Toucan Real Estates Private Limited
Associate	- Mind Leaders Learning India Private Limited (w.e.f June 6, 2017)
	- Pelican Facilities Management Private Limited (w.e.f. June 21, 2017)

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

Chief Financial Officer : Mr. Kapil Sharma

Company Secretary : Mr. Nikhil Sethi

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 year

₹ in lakhs

Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate
Reimbursement of expenses paid on behalf of party						
Fleur Hotels Private Limited	31-Mar-18	**2.73**	-	-	-	-
	31-Mar-17	5.73	-	-	-	-
Hyacinth Hotels Private Limited	31-Mar-18	**2.95**	-	-	-	-
	31-Mar-17	0.20	-	-	-	-
Begonia Hotels Private Limited	31-Mar-18	**9.23**	-	-	-	-
	31-Mar-17	0.85	-	-	-	-
Carnation Hotels Private Limited	31-Mar-18	**7.83**	-	-	-	-
	31-Mar-17	8.41	-	-	-	-
Oriole Dr. Fresh Hotels Private Limited	31-Mar-18	-	-	-	-	-
	31-Mar-17	10.86	-	-	-	-
Others	31-Mar-18	**1.75**	-	-	-	-
	31-Mar-17	5.05	-	-	0.17	
Amount Received by the Party on behalf of the company						
Sukhsagar Complexes Private Limited	31-Mar-18	-	-	-	-	-
	31-Mar-17	0.59	-	-	-	-
Nightingale Hotels Private Limited	31-Mar-18	-	-	-	-	-
	31-Mar-17	7.99	-	-	-	-
Others	31-Mar-18	-	-	-	-	-
	31-Mar-17	0.59	-	-	-	-
Loans (given)						
Meringue Hotels Private Limited	31-Mar-18	**800.00**	-	-	-	-
	31-Mar-17	-	-	-	-	-
Canary Hotels Private Limited	31-Mar-18	**381.00**	-	-	-	-
	31-Mar-17	140.00	-	-	-	-
Carnation Hotels Private Limited	31-Mar-18	**118.00**	-	-	-	-
	31-Mar-17	820.50	-	-	-	-
Sukhsagar Complexes Private Limited	31-Mar-18	**288.00**	-	-	-	-
	31-Mar-17	104.00	-	-	-	-

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2018

₹ in lakhs

Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate
Dandelion Hotels Private Limited	31-Mar-18	**49.61**	-	-	-	-
	31-Mar-17	725.00	-	-	-	-
Others	31-Mar-18	**80.22**	-	-	-	-
	31-Mar-17	-	-	-	-	-
Repayment of Loan Given						
Dandelion Hotels Private Limited	31-Mar-18	**1,099.61**	-	-	-	-
	31-Mar-17	-	-	-	-	-
Meringue Hotels Private Limited.	31-Mar-18	**9,639.65**	-	-	-	-
	31-Mar-17	-	-	-	-	-
Oriole Dr. Fresh Hotels Private Limited	31-Mar-18	**857.95**	-	-	-	-
	31-Mar-17	2,470.00	-	-	-	-
Others	31-Mar-18	**921.24**	-	-	-	-
	31-Mar-17	209.00	-	-	-	-
Repayment of Loan taken						
Patanjali Govind Keswani	31-Mar-18	-	**589.97**	-	-	-
	31-Mar-17	-	-	-	-	-
Services obtained(Net of TDS)						
Spank Management Services Private Limited	31-Mar-18	-	-	-	**240.13**	-
	31-Mar-17	-	-	-	710.64	-
Grey Fox Project Management Company Private Limited	31-Mar-18	**230.55**	-	-	-	-
	31-Mar-17	240.45	-	-	-	-
Valerian Management services Private Limited	31-Mar-18	**47.84**	-	-	-	-
	31-Mar-17	67.25	-	-	-	-
Lease Rent Paid						
Hyacinth Hotels Private Limited	31-Mar-18	**174.74**	-	-	-	-
	31-Mar-17	173.08	-	-	-	-
Reimbursement of expenses incurred on company's behalf						
Fleur Hotels Private Limited	31-Mar-18	-	-	-	-	-
	31-Mar-17	17.10	-	-	-	-

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2018

₹ in lakhs

Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate
Hyacinth Hotels Private Limited.	31-Mar-18	**281.13**	-	-	-	-
	31-Mar-17	276.25	-	-	-	-
Celsia Hotels Private Limited	31-Mar-18	**0.88**	-	-	-	-
	31-Mar-17	-	-	-	-	-
Remuneration paid						
Mr. Patanjali G Keswani	31-Mar-18	-	**284.13**	-	-	-
	31-Mar-17	-	332.00	-	-	-
Mr. Rattan Keswani	31-Mar-18	-	-	-	-	-
	31-Mar-17	-	20.22	-	-	-
Mr. Kapil Sharma	31-Mar-18	-	**75.93**	-	-	-
	31-Mar-17	-	65.28	-	-	-
Mrs. Suman Singh	31-Mar-18	-	-	-	-	-
	31-Mar-17	-	4.68	-	-	-
Mr. Nikhil Sethi	31-Mar-18	-	**29.95**	-	-	-
	31-Mar-17	-	8.80	-	-	-
Sitting Fee paid						
Mr. Arvind Singhania	31-Mar-18	-	**0.60**	-	-	-
	31-Mar-17	-	-	-	-	-
Mr. Ashish Kumar Guha	31-Mar-18	-	**1.00**	-	-	-
	31-Mar-17	-	-	-	-	-
Ms. Freyan Jamshed Desai	31-Mar-18	-	**1.00**	-	-	-
	31-Mar-17	-	-	-	-	-
Mr. Gopal Sitaram Jiwarajka	31-Mar-18	-	**0.80**	-	-	-
	31-Mar-17	-	-	-	-	-
Mr Paramartha Saikia	31-Mar-18	-	**1.00**	-	-	-
	31-Mar-17	-	-	-	-	-
Mr. Pradeep Mathur	31-Mar-18	-	**0.60**	-	-	-
	31-Mar-17	-	-	-	-	-
Mr. Pradeep Gupta	31-Mar-18	-	**0.40**	-	-	-
	31-Mar-17	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2018

₹ in lakhs

Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate
Fees for professional services						
Mrs. Sharanita Keswani	31-Mar-18	-	-	**21.00**	-	-
	31-Mar-17	-	-	42.00	-	-
Capital Advance						
Toucan Real Estates Private Limited	31-Mar-18	-	-	-	-	-
	31-Mar-17	-	-	-	1,866.96	-
Interest Received						
Grey Fox Project Management Company Private Limited	31-Mar-18	**0.81**	-	-	-	-
	31-Mar-17	-	-	-	-	-
Carnation Hotels Private Limited	31-Mar-18	**57.50**	-	-	-	-
	31-Mar-17	-	-	-	-	-
Guarantees given for Loan Taken By						
Fleur Hotels Private Limited	31-Mar-18	**18,000.00**	-	-	-	-
	31-Mar-17	13,500.00	-	-	-	-
Canary Hotels Private Limited	31-Mar-18	**2,500.00**	-	-	-	-
	31-Mar-17	2,500.00	-	-	-	-
Hyacinth Hotels Private Limited	31-Mar-18	**8,605.00**	-	-	-	-
	31-Mar-17	8,605.00	-	-	-	-
Sukhsagar Complexes Private Limited	31-Mar-18	**4,300.00**	-	-	-	-
	31-Mar-17	4,500.00	-	-	-	-
Oriole Dr. Fresh Hotels Private Limited	31-Mar-18	**2,500.00**	-	-	-	-
	31-Mar-17	2,500.00	-	-	-	-
Nightingale Hotels Private Limited	31-Mar-18	**6,000.00**	-	-	-	-
	31-Mar-17	6,000.00	-	-	-	-
Meringue Hotels Private Limited	31-Mar-18	**22,000.00**	-	-	-	-
	31-Mar-17	22,000.00	-	-	-	-
Subscription to Share Capital						
Meringue Hotels Private Limited in Equity Shares	31-Mar-18	**11,075.89**	-	-	-	-
	31-Mar-17	-	-	-	-	-

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2018

₹ in lakhs

Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate
Oriole Dr Fresh Hotels Private Limited in Equity Shares	31-Mar-18	**2,623.95**	-	-	-	-
	31-Mar-17	-	-	-	-	-
Sukhsagar Complexes Private Limited in Equity Shares	31-Mar-18	**1,094.97**	-	-	-	-
	31-Mar-17	-	-	-	-	-
Canary Hotels Private Limited in Preference Shares	31-Mar-18	-	-	-	-	-
	31-Mar-17	80.00	-	-	-	-
Sukhsager Complexes Private Limited in Preference Shares	31-Mar-18	-	-	-	-	-
	31-Mar-17	90.00	-	-	-	-
Canary Hotels Private Limited in Equity Shares	31-Mar-18	**3400.00**	-	-	-	-
	31-Mar-17	-	-	-	-	-
Others	31-Mar-18	**644.82**	-	-	-	**3.40**
	31-Mar-17	3.85	-	-	-	-
Sale of Investment						
Mind Leaders Learning India Private Limited	31-Mar-18	-	-	-	-	**1.00**
	31-Mar-17	-	-	-	-	
Redemption of Preference Shares						
Canary Hotels Private Limited	31-Mar-18	**3,020.00**	-	-	-	-
	31-Mar-17	-	-	-	-	-
Sukhsagar Complexes Private Limited	31-Mar-18	**770.00**	-	-	-	-
	31-Mar-17	-	-	-	-	-
Grey Fox Project Management Company Private Limited	31-Mar-18	**420.00**	-	-	-	-
	31-Mar-17	-	-	-	-	-
Oriole Dr Fresh Hotels Private Limited	31-Mar-18	**1,791.79**	-	-	-	-
	31-Mar-17	-	-	-	-	-
Management Fees Received (including Service Tax/GST)						
Celsia Hotels Private Limited	31-Mar-18	**261.81**	-	-	-	-
	31-Mar-17	237.88	-	-	-	-
Fleur Hotels Private Limited.	31-Mar-18	**1,806.25**	-	-	-	-
	31-Mar-17	2,269.43	-	-	-	-

NOTES TO FINANCIAL STATEMENTS for the year ended March 31, 2018

₹ in lakhs

Transactions with Related Party	Year Ended	Subsidiaries	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate
Hyacinth Hotels Private Limited.	31-Mar-18	**540.33**	-	-	-	-
	31-Mar-17	445.69	-	-	-	-
Iora Hotels Private Limited.	31-Mar-18	**755.20**	-	-	-	-
	31-Mar-17	977.50	-	-	-	-
Nightingale Hotels Private Limited	31-Mar-18	**224.12**	-	-	-	-
	31-Mar-17	210.91	-	-	-	-
Others	31-Mar-18	**502.77**	-	-	-	-
	31-Mar-17	292.27	-	-	-	-
Training Fees Paid(Net of TDS)						
Mind Leaders Learning India Private Limited	31-Mar-18	-	-	-	-	**101.27**
	31-Mar-17	-	-	-	-	
Balances outstanding at the year end						
Meringue Hotels Private Limited	31-Mar-18	**800.00**	-	-	-	-
	31-Mar-17	9,639.65	-	-	-	-
Oriole Dr. Fresh Hotels Private Limited	31-Mar-18	**4.39**	-	-	-	-
	31-Mar-17	848.34	-	-	-	-
Carnation Hotels Private Limited	31-Mar-18	**696.47**	-	-	-	-
	31-Mar-17	612.43	-	-	-	-
Hyacinth Hotels Private Limited.	31-Mar-18	**3,828.83**	-	-	-	-
	31-Mar-17	3,853.70	-	-	-	-
Others	31-Mar-18	**206.17**	**2.92**	-	-	**13.85**
	31-Mar-17	1,209.14	0.61	3.68	-	-

Terms and conditions of transactions with related parties

Outstanding balances with related parties at the year-end are unsecure and settlement occurs in cash. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Commitments with related parties

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

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

35. **Fair value measurement**

This section gives an overview of the significance of financial instruments for the Company and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument

a. **Financial Assets (other than equity investment/ deemed investment in subsidiaries and associates carried at cost)**

₹ in lakhs

	March 31, 2018		March 31, 2017	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Assets				
Trade Receivables	-	2,063.87	-	1,456.71
Security Deposits (non-current)	-	985.58	-	871.80
Security Deposits (current)		311.42		11.42
Fixed Deposits under Lien	-	253.10	-	253.10
Commission receivable		1.68		
Other current financial assets	-	1,327.73	-	0.41
Cash and Cash Equivalents	-	571.60	-	566.38
Interest accrued on deposit with banks	-	154.56	-	127.79
Loans (non-current)	-	1,615.50	-	1,557.44
Loans (current)		1,622.22		613.54
Investments	373.67	-	4,142.34	-
Total Financial Assets (other than equity investment/ deemed investment in subsidiaries carried at cost)	**373.67**	**8,907.26**	**4,142.34**	**5,458.59**

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

b. **Financial Liabilities**

₹ in lakhs

	March 31, 2018		March 31, 2017	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Liabilities				
Borrowings(Non Current)	-	26,273.41	-	25,762.06
Borrowings(Current)		3,570.04		4,215.97
Trade Payables	-	4,527.35	-	3,686.78
Other Current Financial Liabilities	-	2,042.90	-	2,224.65
Total Financial Liabilities	-	36,413.70	-	35,889.47

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

Fair value measurement

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

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

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

i) Level 1

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

ii) Level 2

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

iii) Level 3

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

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

Financial assets and liabilities measured at fair value

₹ in lakhs

	March 31, 2018			
	Level 1	Level 2	Level 3	**Total**
Financial investments as FVTPL		-	-	
Unquoted equity instruments	-	-	200.30	200.30
Investment in compulsorily redeemable preference shares of subsidiaries	-	-	173.37	173.37
Total	-	-	**373.67**	**373.67**

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

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

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

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at March 31, 2018 and 31 March 2017 are as shown below:

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

Description of significant unobservable inputs to valuation:

	Valuation technique	Significant unobservable inputs	Range (weighted average)
FVTPL fair values of compulsorily redeemable preference shares of subsidiaries	DCF method	Discount Rate	**31 March 2018:** 11.22% - 12.12%
			31 March 2017: 11.22% - 12.12%
		Expected dividends	**31 March 2018:** 0% - 5%
			31 March 2017: 0% - 5%

36. **Financial risk management objectives and policies**

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's financial assets include loans, trade and other receivables, and cash & cash equivalents that derive directly from its operations.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks. The Company's senior management advises on financial risks and the appropriate financial risk governance framework for the Company.The Company's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each risk, which are summarised as below:

Market risk

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

Interest rate risk

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

₹ In lakhs

	March 31, 2018	March 31, 2017
Variable rate borrowings	**31,558.78**	31,955.33
Fixed rate borrowings	**321.14**	149.20

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/decrease in basis points	Effect on profit before tax ₹ In lakhs
31-March-18		
₹	50	171.44
₹	-50	(171.44)
31-March-17		
₹	50	147.30
₹	-50	(147.30)

Foreign currency risk

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

Credit risk

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

(a) Trade receivables

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

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

₹ in lakhs

Ageing	31-March-18	31-March-17
Not due	-	-
0-60 days past due	1,130.09	947.36
61-120 days past due	317.87	192.29
121-180 days past due	161.68	86.80
180-365 days past due	307.95	154.20
365-730 days past due	97.20	54.65
more than 730 days	49.08	21.41
	2,063.87	**1,456.71**

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

₹ in lakhs

Ageing	31-March-18	31-March-17
Not due	-	-
0-60 days past due	-	1.84
61-120 days past due	-	-
121-180 days past due	-	-
180-365 days past due	-	-
more than 365 days	15.95	13.78

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

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

₹ in lakhs

Particulars	March 31, 2018	March 31, 2017
Provision at beginning	**15.62**	**9.03**
Addition during the year	0.33	8.62
Reversal during the year	-	2.03
Utilised during the year	-	-
Provision at closing	**15.95**	**15.62**

(b) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investment of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2018 and March 31,2017 is the carrying amount as given in Note 11

Liquidity risk

The Company monitors its risk of a shortage of funds by estimating the future cash flows. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, cash credit facilities and bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturity within 12 months can be rolled over with existing lenders. As at March 31, 2018,the company had available ₹ 2,430 lakhs(March 31, 2017: Nil) of undrawn committed borrowing facilities.

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

₹ In lakhs

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended March 31, 2018						
Borrowings	3,570.04	321.24	1,776.83	17,121.25	9,090.57	31,879.93
Trade and other payables	4,527.35	-	-	-	-	4,527.35
Other Financial Liabilities	6.42	-	-	-	-	6.42
	8,103.81	**321.24**	**1,776.83**	**17,121.25**	**9,090.56**	**36,413.70**
Year ended March 31, 2017						
Borrowings	4,215.97	262.20	1,864.27	15,597.81	10,164.27	32,104.52
Trade and other payables	3,686.79	-	-	-	-	3,686.79
Other Financial Liabilities	98.18	-	-	-	-	98.18
	8000.94	**262.20**	**1,864.27**	**15,597.81**	**10,164.27**	**35,889.49**

37. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt.The Company includes within net debt, interest bearing loans and borrowings, trade payables, less cash and cash equivalents.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

₹ In lakhs

	March 31, 2018	March31, 2017
Borrowings (other than preference share)	31,879.93	32,104.51
Trade payables (Note 18)	4,527.35	3,686.79
Less: cash and cash equivalents (Note 11)	571.60	566.38
Net debt	**35,835.68**	**35,224.92**
Total capital	96,111.17	92,723.12
Capital and net debt	131,946.85	127,948.04
Gearing ratio	**27%**	**28%**

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

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

No changes were made in the objectives, policies or processes for managing capital during the yearended March 31, 2018 and March 31, 2017.

38. Segment Reporting

The Company is into Hoteliering business. The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore there is no reportable segment for the Company as per the requirements of Ind AS 108 – "Operating Segments".

Information about geographical areas

The Company has only domestic operations and hence no information required for the Company as per the requirements of Ind AS 108 – "Operating Segments".

Information about major customers

No customer individually accounted for more than 10% of the revenue

39. The Company in the earlier years paid conversion charges of ₹ 603.98 lakhs in respect of land taken for lease of 60 years for construction of hotel building. The Company has amortized ₹ 10.07 lakhs (Previous year:March 31, 2017: ₹ 10.07 lakhs) during the year in accordance with its accounting policy of amortizing the conversion charges over the period of lease as mentioned in Note 2.2 (j) above. The balance amount of ₹ 512.55 lakhs (March 31, 2017: ₹522.61 lakhs) has been shown in note 9 and note 12 as 'Prepaid conversion charges.'

40. During an earlier year, the Company had issued equity shares to APG Strategic Real Estate Pool N.V. ('the investor') and the investor had also acquired 42.02% (March 31, 2017 42.02%) stake of Fleur Hotels Private Limited (a subsidiary Company). As per the Shareholder's agreement, all new hotel projects will first be offered to the subsidiary. There are no other significant commitments to the investor.

41. During earlier years, the Company had entered into a sub license agreement with M/s Hyacinth Hotels Private Limited (a subsidiary of the Company) as part of Infrastructure development and services agreement entered between M/s Hyacinth Hotels Private Limited and Delhi International Airport Limited (DIAL) to develop a hotel at Aero City, New Delhi for an initial term of 27 years, extendable at the option of the Company for an additional period of 30 years provided DIAL gets the extension from Airport Authority of India. DIAL is committed to take over the building at 'Book values', as defined in the aforesaid agreement in case the agreement is not extended further.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

42. During an earlier year, the Company had entered into an agreement to sell with developer to purchase certain parts of built-up structure along with proportionate interest in the land to establish and operate a four star hotel at Jaipur and had given an advance to developer of ₹ 3,519.39 lakhs (including other expenses of ₹ 375.39 lakhs). Due to the delays in the construction, the Developer earlier had also agreed to return the aforesaid amount along with interest through various communications and receipt of such amount from developer would lead to the cancellation of agreement to sell.

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

During theyear, the company has received₹ 670 lakhs (previous year:₹ 600 lakhs)towards relinquishment of right in the said property and recognized the same as other income. The balance amount would be recorded when the uncertainty of ultimate collectability is settled.

43. Scheme of Amalgamation

During the year ended March 31, 2018, the National Company Law Tribunal approved the order of scheme of amalgamation dated December 22, 2017 in respect of amalgamation of Aster Hotels & Resorts Private Limited, HeadStart Institute Private Limited and PRN Management Services Private Limited(the Transferor Companies) with Lemon Tree Hotels Limited and the scheme is effective from December 28, 2017. Investment has been nullified w.e.f. the Appointed date i.e. April 01, 2017.The Company has made the allotment of 56,511,722 equity shares to the shareholders of the Transferor Companies on January 22, 2018. The assets, liabilities and reserves of the Transferor Companies as at April 01, 2017 have been taken over at their fair values

Name of the Company	Principal Activity	Date of Acquisition	Proportion of voting equity interest acquired	Consideration transferred
Aster Hotels & Resorts Private Limited	Hotel Business	April 1,2017	100%	34,030,554 shares of the Company held by Aster Hotels & Resorts Private Limited before amalgamation stands cancelled and the same number of shares have been issued to the shareholders of Aster Hotelsfor consideration other than cash.
HeadStart Institute Private Limited	Vocational Training & Education	April 1, 2017	100%	7,367,360 shares of the Company held by Head Start Institute Private Limited before amalgamation stands cancelled and the same number of shares have been issued to the shareholders of Head Start Institute for consideration other than cash.
PRN Management Services Private Limited	Management Business	April 1, 2017	100%	15,113,808 shares of the Company held by PRN Management Services Private Limited before amalgamation stands cancelled and the same number of shares have been issued to the shareholders of PRN Management for consideration other than cash.

Asset Acquired and liabilities recognised at the date of acquisition

₹ In lakhs

Particulars	Aster Hotels & Resorts Private Limited	HeadStart Institute Private Limited	PRN Management Services Private Limited
Current Assets			
Cash and cash equivalents	0.90	0.82	0.31
Other Assets	-	23.10	-
Non-current assets			
Plant and equipment	-	2.05	-
Current liabilities			
Short Term Loans	2.30	-	587.35
Other Liabilities	4.00	0.41	1.39
Total	(5.40)	25.56	(588.43)

Goodwill arising on acquisition

A qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of the acquiree and the acquirer, intangible assets that do not qualify for separate recognition or other factors.

₹ In lakhs

Particulars	Aster Hotels & Resorts Private Limited	HeadStart Institute Private Limited	PRN Management Services Private Limited	Total
Consideration transferred through issue of equity shares	7,316.58	1,583.98	3,249.47	12,150.03
Less : Fair Value of net assets acquired	7,311.16	1,586.69	3,249.55	12,147.40
Goodwill/(Capital Reserve) Arising on acquisition	5.42	(2.71)	(0.08)	2.63

Impact of acquisitions on the results of the Company

Since the acquired companies were not in operations there has been negligible impact on the Profits & Revenue of the Company.

NOTES TO FINANCIAL STATEMENTS

for the year ended March 31, 2018

44. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006.

₹ In lakhs

	March31, 2018	March31, 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	0.05
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

45. During the year, the Company has incurred ₹ 839.07 lakhs (March 31, 2017: ₹ 1,140.74 lakhs) on architect and design fees. The management has confirmed that the same has been at arm's length and for business purpose.

46. The Company does not have any long term contracts including derivative contracts for which there are any material foreseeable losses.

47. There has been no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

48. Previous period's figures in the financial statements, including the notes thereto, have been reclassified wherever required to confirm to the current period's presentation/classification. These are not material and do not affect the previously reported net profit or equity.

49. Amounts for year ended March 31, 2017 and as at March 31, 2017 were audited by previous auditors – S.R. Batliboi & Co. LLP.

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

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

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 25, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LEMON TREE HOTELS LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of Lemon Tree Hotels Limited (hereinafter referred to as "the Parent"), its subsidiaries and Limited Liability Partnership Firm (the Parent, its subsidiaries and Limited Liability Partnership Firm together referred to as "the Group"),which includes Group's share of profit in its associates comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its Associates in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

The respective Board of Directors/ Partners of the companies/firm included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; the 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting 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 in accordance with the Standards on Auditing 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 consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated 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 the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries, Limited Liability Partnership Firm and associates referred to below in the Other Matters paragraph, the aforesaid consolidated 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 Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit,consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of 19 subsidiaries and 1 Limited Liability Partnership Firm (as mentioned below), whose financial statements reflect total assets of ₹106,631.91 lacs as at March 31, 2018, total revenues of ₹ 14,056.63 lacs and net cash inflows amounting to ₹ 159.65 lacs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 57.67 lacs for the year ended March 31, 2018, as considered in the consolidated Ind AS financial statements, in respect of 2 associates viz., Mind Leaders Learning India Private Limited and Pelican Facilities Management Private Limited, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-section (3) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and associates is based solely on the reports of the other auditors.

Subsidiaries and Limited Liability Partnership Firm included in consolidated Ind AS financial statements are as below:

A. Subsidiaries -

1. PSK Resorts and Hotels Private Limited
2. Canary Hotels Private Limited
3. Sukhsagar Complexes Private Limited
4. Nightingale Hotels Private Limited
5. Manakin Resorts Private Limited
6. Begonia Hotels Private Limited
7. Oriole Dr. Fresh Hotels Private Limited
8. Carnation Hotels Private Limited
9. Grey Fox Project Management Company Private Limited
10. Dandelion Hotels Private Limited
11. Lemon Tree Hotel Company Private Limited
12. Red Fox Hotel Company Private Limited
13. Meringue Hotels Private Limited
14. Valerian Management Services Private Limited
15. Inovoa Hotels and Resorts Limited
16. Iora Hotels Private Limited
17. Ophrys Hotels Private Limited
18. Bandhav Resorts (P) Limited
19. Celsia Hotels Private Limited

B. Limited liability partnership firm -

1. Mezereon Hotels LLP

(b) We did not audit the financial statements of Krizm Hotel Private Limited Employee Welfare Trust (the "Trust") whose financial statements reflect total revenues of ₹ Nil, total assets of ₹ 1,710.90 lacs and net cash inflows of ₹ 11.32 lacs for the year ended March 31, 2018, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose report have been furnished to us by the management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of such trust, is based solely on the report of other auditor.

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

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries, and associates companies incorporated in India, referred in the Other Matters paragraph above we report, to the extent applicable, that:

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

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

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

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on March 31, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies and associate companies incorporated in India, none of the directors of the Group companies and its associate companies incorporated in India is disqualified as on March 31, 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent, subsidiary companies and associate companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein

(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 Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associates.

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

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

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

Vijay Agarwal
(Partner)
(Membership No. 094468)

Place: New Delhi
Date: May 25, 2018

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Lemon Tree Hotels Limited (hereinafter referred to as "Parent"), its subsidiary companies and its associates.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies and its associate companies, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies and associate companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies and its associate companies, which are companies incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies and its associate companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 19 subsidiary companies and 2 associate companies, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

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

Vijay Agarwal
(Partner)
(Membership No. 094468)

Place: New Delhi
Date: May 25, 2018

CONSOLIDATED BALANCE SHEET

as at March 31, 2018

	Note	As at March 31, 2018 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	1,44,889.23	1,40,723.06
(b) Capital work-in-progress	4	55,590.95	34,940.66
(c) Investment Property	5	245.71	250.10
(d) Intangible assets	6	848.65	860.93
(e) Intangible assets under development	6	316.95	140.40
(f) Financial assets	7		
(i) Investments		261.20	0.26
(ii) Loans		1,615.50	1,085.60
(iii) Other non- current financial assets		4,699.70	3,970.16
(g) Non-current tax assets (net)	17.2	1,873.41	2,100.78
(h) Other non-current assets	8	21,660.75	28,743.03
		2,32,002.05	2,12,814.98
Current assets			
(a) Inventories	9	538.83	493.67
(b) Financial assets	10		
(i) Trade receivables		5,252.37	3,144.53
(ii) Cash and Cash equivalents		2,102.96	1,759.21
(iii) Investments	7	1,195.30	633.89
(iv) Loans		26.55	46.86
(v) Other current financial assets		1,661.52	31.51
(c) Other current assets	11	3,037.72	2,249.54
		13,815.25	8,359.21
Total Assets		2,45,817.30	2,21,174.19
EQUITY AND LIABILITIES			
Equity			
(a) Share capital	12	78,639.32	78,121.30
(b) Other Equity	13	2,844.81	2,735.90
Equity attributable to owners of the parent		81,484.13	80,857.20
(c) Non-controlling interests	14	42,864.35	42,836.28
Total Equity		1,24,348.48	1,23,693.48
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	15	93,131.37	69,070.26
(ii) Other non- current financial liabilities		136.55	48.49
(b) Provisions	16	161.62	135.64
(c) Deferred tax liabilities (net)	17.1	425.21	674.18
(d) Other non-current liabilities	18	2,720.53	2,082.74
		96,575.28	72,011.31
Current liabilities			
(a) Financial liabilities	19		
(i) Borrowings		3,570.04	6,745.98
(ii) Trade payables		8,112.65	6,044.51
(iii) Other current financial liabilities		11,171.07	10,583.83
(b) Provisions	16	266.30	226.46
(c) Other current liabilities	20	1,773.48	1,868.62
		24,893.54	25,469.40
Total Liabilities		1,21,468.82	97,480.71
Total Equity and Liabilities		2,45,817.30	2,21,174.19

See accompanying notes forming part of the financial statements. 1 to 50

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Vijay Agarwal
Partner

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

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

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 25, 2018

Place : New Delhi
Date : May 25, 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended March 31, 2018

	Note	Year ended March 31, 2018 ₹ in lakhs	Year ended March 31, 2017 ₹ in lakhs
Revenue from operations	21	48,426.15	41,208.07
Other Income	22	780.68	822.72
Total Income (I)		**49,206.83**	**42,030.79**
Expenses			
Cost of food and beverages consumed	23	4,358.52	3,532.67
Employee benefits expense	24	10,957.49	9,688.92
Other expenses	25	19,492.69	16,339.75
Total Expenses (II)		**34,808.70**	**29,561.34**
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I-II)		**14,398.13**	**12,469.45**
Finance costs	26	7,836.90	7,757.41
Finance income	27	(476.19)	(356.25)
Depreciation and amortization expense	28	5,261.74	5,101.24
Profit/(Loss) before exceptional items and tax		**1,775.68**	**(32.95)**
Share of profit of associate		57.51	-
Profit/(Loss) before tax		**1,833.19**	**(32.95)**
Tax expense:			
(1) Current tax	30	627.59	318.67
(2) Deferred tax		(249.76)	160.39
		377.83	**479.06**
Profit/(Loss) for the year		**1,455.36**	**(512.01)**
Other comprehensive income/(loss)			
Items that will not be reclassified to profit and loss			
(i) Remeasurements of defined benefit plans		(1.91)	10.38
(ii) Income tax effect		0.10	(2.88)
		(1.81)	**7.50**
Total comprehensive Income/ (loss) for the year		1,453.55	(504.51)
Profit/(Loss) for the year		1,455.36	(512.01)
Attributable to:			
Equity holders of the parent		1,419.43	(616.58)
Non-controlling interests		35.93	104.57
Total comprehensive Income/ (loss) for the year		1,453.55	(504.51)
Attributable to:			
Equity holders of the parent		1,419.08	(624.29)
Non-controlling interests		34.47	119.78
Earnings per equity share			
(1) Basic	29	0.18	(0.08)
(2) Diluted	29	0.18	(0.08)

See accompanying notes forming part of the financial statements. 1 to 50

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Vijay Agarwal
Partner

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

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

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 25, 2018

Place : New Delhi
Date : May 25, 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

as at March 31, 2018

A. **Equity Share Capital**

Equity shares of INR 10 each issued, subscribed and fully paid	No. of shares	Amount (₹ in lakhs)
As at April 1, 2016	77,80,41,131	77,804.11
Issued during the year - Exercise of ESOP	28,71,902	287.19
Issued during the year - other than ESOP	3,00,000	30.00
As at March 31, 2017	78,12,13,033	78,121.30
Issued during the year - Exercise of ESOP	23,18,370	231.84
Issued during the year - other than ESOP	28,20,248	282.02
Change in shares held by ESOP trust	41,600	4.16
As at March 31, 2018	78,63,93,251	78,639.33

B. **Other Equity**
For the year ended March 31, 2018

₹ in lakhs

	Reserves and Surplus						Items of Other Comprehensive Income		Other equity
	Capital reserve	Capital redemption reserve	Securities premium	Share based payments reserve	General reserve	Surplus in the statement of profit & loss	Remeasurement gains /(losses) on defined benefit plans and income tax effect	Non-controlling interests	
As at April 1, 2016	8,145.59	45.00	8,699.91	171.82	3,035.24	(17,122.51)	5.77	42,773.46	45,754.27
Profit/(Loss) for the yar	-	-	-	-	-	(512.01)	-	-	(512.01)
Other Comprehensive Income for the year	-	-	-	-	-	-	7.50	-	7.50
Total Comprehensive Income for the year attributable to non-controlling interests	-	-	-	-	-	(119.78)	-	119.78	-
Issue of share capital	-	-	34.50	-	-	-	-	-	34.50
Share-based payments	-	-	-	114.13	-	-	-	-	114.13
Exercise of share options	-	-	176.13	-	-	-	-	-	176.13
Gain on deemed disposal of subsidiary (also refer note 42)	54.61				-				54.61
Movement during the year due to non-controlling interest		-	-	-	-	-	-	(56.96)	(56.96)
As at March 31, 2017	8,200.20	45.00	8,954.37	242.12	3,035.24	(17,754.30)	13.27	42,836.28	45,572.18
Profit/(Loss) for the year	-	-	-	-	-	1,455.36	-	-	1,455.36
Other Comprehensive Income for the year	-	-	-	-	-	-	(1.81)	-	(1.81)
Total Comprehensive Income for the year attributable to non-controlling interests	-	-	-	-	-	(34.47)	-	34.47	-
Issue of share capital	-	-	324.33	-	-	-	-	-	324.33
Share-based payments	-	-	-	94.54	-	-	-	-	94.54
Amount transferred from share based payment reserve to securities premium	-	-	88.39	(88.39)	-	-	-	-	-
Exercise of share options	-	-	239.22	-	-	-	-	-	239.22
Amount on acquisition of additional interest in subsidiary (also refer note 42)	(1,965.58)	-	-	-	-	1.48	-	-	(1,964.10)
Change in shares held by ESOP trust	-	-	(4.16)	-	-	-	-	-	(4.16)
Movement during the year	-	-	-	-	-	-	-	(6.40)	(6.40)
As at March 31, 2018	6,234.62	45.00	9,602.15	248.27	3,035.24	(16,331.93)	11.46	42,864.35	45,709.16

See accompanying notes forming part of the financial statements. 1 to 50
As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Vijay Agarwal
Partner

Place : New Delhi
Date : May 25, 2018

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

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

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 25, 2018

CONSOLIDATED CASH FLOW STATEMENT

for the year ended March 31, 2018

		For the year ended March 31, 2018 ₹ in lakhs	For the year ended March 31, 2017 ₹ in lakhs
A.	**Cash flow from operating activities**		
	Profit /(loss) before tax	**1,833.19**	**(32.95)**
	Non-cash adjustments to reconcile profit/(loss) before tax to net cash flows:		
	Depreciation and amortisation expenses	5,261.74	5,101.24
	Lease equalisation reserve	637.78	648.75
	Finance income (including fair value change in financial instruments)	(461.93)	(319.76)
	Finance costs	7,370.62	6,731.10
	Advance written off	0.35	5.19
	Provision for gratuity	25.60	37.92
	Provision for leave encashment	16.33	21.18
	Share based payments to employees	94.54	114.13
	Excess provision/ credit balances written back	(6.06)	(57.33)
	Profit on relinquishment of rights	(670.00)	(600.00)
	Provision for litigations	21.98	21.98
	Provision for doubtful debts	5.18	22.44
	Net loss on sale of property, plant and equipment	8.63	21.59
	Net gain on sale of current investments	(8.99)	(26.55)
	Operating profit before working capital changes:*	14,128.96	11,688.93
	Movements in working capital:		
	Increase in trade receivables	(2,113.02)	(718.44)
	Increase in loans and advances and other current assets	(2,191.04)	(991.69)
	(Increase) / Decrease in inventories	(45.16)	44.84
	Increase in liabilities and provisions	1,989.03	2,560.64
	Cash Generated from Operations	11,768.77	12,584.28
	Direct taxes paid (net of refunds)	**(317.18)**	**(419.51)**
	Net cash flow from operating activities (A)	11,451.59	12,164.77
B.	**Cash flows used in investing activities**		
	Purchase of property, plant and equipment including CWIP, capital advances and capital creditors	(24,323.27)	(23,042.89)
	Proceeds from sale of property, plant and equipment	28.27	70.66
	Profit on relinquishment of rights	670.00	600.00
	Acquisition of shares in subsidiaries	(1,965.58)	(836.38)
	(Purchase)/sale of other non current investments	(260.94)	0.88
	Purchase of current investments	(504.00)	(30.78)
	Interest received	348.94	319.76
	Net Cash flow used in investing activities (B)	**(26,006.58)**	**(22,918.75)**

		For the year ended March 31, 2018 ₹ in lakhs	For the year ended March 31, 2017 ₹ in lakhs
C	**Cash flows from financing activities****		
	Proceeds from issuance of share capital	1,077.40	476.24
	Proceeds from Minority Interest (issuance of share capital by Subsidiaries)	(6.39)	-
	Proceeds from long term borrowings	64,039.60	23,572.35
	Repayment of long term borrowings	(39,625.77)	(5,981.74)
	Repayment of short term borrowings	(3,178.24)	(203.21)
	Interest paid	(7,409.89)	(6,731.10)
	Net Cash flow from financing activities (C)	**14,896.71**	**11,132.54**
	Net increase/(decrease) in cash and cash equivalents (A + B + C)	341.72	378.56
	Cash and cash equivalents at the beginning of the year	1,759.21	1,380.65
	Cash and cash equivalents acquired on amalgamation (Refer note 43)	2.03	-
	Cash and cash equivalents at the end of the year	**2,102.96**	**1,759.21**
	Components of cash and cash equivalents		
	Cash on Hand	70.17	39.46
	Balances with Scheduled Banks in		
	- Current accounts	2,032.79	1,719.75
	Total cash and cash equivalents	**2,102.96**	**1,759.21**

*Includes working capital movement on account of amalgamation (Refer note 43)

**There are no non-cash changes arising from financing activities.

See accompanying notes forming part of the financial statements. 1 to 50

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Vijay Agarwal
Partner

Place : New Delhi
Date : May 25, 2018

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

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

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 25, 2018

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

1. Corporate Information

Lemon Tree Hotels Limited (the Company) is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Asset No. 6, Aerocity Hospitality District, New Delhi-110037.

The Company, its subsidiaries, associates and limited liability partnership (together referred as ("The Group") intend to carry out business of developing, owning, acquiring, renovating, operating, managing and promoting hotels, motels, resorts, restaurants, etc. under the brand name of Lemon Tree Hotel, Lemon Tree Premier and Red Fox Hotel. Also, some of the Group companies provide Project Management Services and Learning & Development services.

The consolidated financial statements are approved for issue by the Board of directors on May 25, 2018.

2 Basis of preparation of financial statements and Significant accounting policies

2.1 Basis of preparation

These financial statements are prepared in accordance with Indian Accounting Standard (Ind AS), and the provisions of the Companies Act ,2013 ('the Act') (to the extent notified) The Ind AS are prescribed under Section 133 of the Act read with Rule3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Effective April 1, 2016, the Group has adopted Indian Account Standards (Ind AS) and the adoption was carried out in accordance with Ind AS 101 'First time adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian GAAP as prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

The consolidated financial statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities which are measured at fair value/ amortised cost (refer note 37).

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

2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company , its subsidiaries, associates and limited liability partnership (together referred as "The Group") as at March 31, 2018.The Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its return

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

like transactions and events in similar circumstances, appropriate adjustments are made to that Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31st March.

On transition to IND AS, the Group has elected to continue with the carrying value of all of its property plant and equipment recognised as at April 1, 2015 in the consolidated financial statements, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment.

Consolidation procedure:

(a) Combine like items of assets, liabilities, equity, income and expenses of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiaries are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

(b) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

(c) Eliminate in full intragroup assets and liabilities, equity, income and expenses relating to transactions between entities of the Group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary (including deemed acquisition/ deemed disposal), without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained
- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

2.3 Summary of significant accounting policies

(a) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
- Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. At the end of subsequent reporting periods, such contingent liabilities are measured at the higher of the amount that would be recognised in accordance with Ind AS 37 and the amount initially recognised less cumulative amortisation recognised in accordance with Ind AS 18 Revenue.

Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. Distributions received from an associate reduce the carrying amount of the investment. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate . On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there any is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount, Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive

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income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

(b) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The Group classifies all other liabilities as non-current.

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

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

(c) Foreign currencies

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Group uses an average rate if the average approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(d) Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Group determines the policies and procedures for both recurring fair value measurement, and unquoted financial assets measured at fair value. External valuers are involved for valuation of significant assets and liabilities. The management selects external valuer on various criteria such as market knowledge, reputation, independence and whether professional standards are maintained by valuer. The management decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

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

The management, in conjunction with the Group's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Disclosures for valuation methods, significant estimates and assumptions (note 30)
- Quantitative disclosures of fair value measurement hierarchy (note 37)
- Financial instruments (including those carried at amortised cost) (note 37)

(e) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements against specific criteria to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The specific recognition criteria described below must also be met before revenue is recognized.

Sales tax/ value added tax (VAT)/Goods & service tax(GST) is not received by the Group on its own account. Rather, it is tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

Rooms, Restaurant, Banquets and Other Services

Income from guest accommodation is recognized on a day to day basis after the guest checks into the Hotels and are stated net of allowances. Incomes from other services are recognized as and when services are rendered. Sales are stated exclusive of Service Tax, Value Added Taxes (VAT), GST and Luxury Tax. Difference of revenue over the billed as at the period-end is carried in financial statement as unbilled revenue separately.

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Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, sale of food and beverage are recognized at the points of serving these items to the guests. Sales are stated exclusive of Sales Tax / VAT/GST.

Interest income

For all financial instruments measured at amortized cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in finance income in the income statement.

Dividends

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Management Fee

Revenue from management services comprises fixed & variable income. Fixed income is recognised pro-rata over the period of the contract as and when services are rendered. Variable income is recognised on an accrual basis in accordance with the terms of the relevant agreement.

(f) Taxes

Taxexpense represents current income tax and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. 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 Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits (including MAT credit) and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither

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the accounting profit nor taxable profit or loss

- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

The carrying amount of deferred tax assets (including MAT credit available) is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date.

If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realised are recognised in profit or loss.

Sales/ value added taxes/GST paid on acquisition of assets or on incurring expenses

Expenses and assets are recognised net of the amount of sales/ value added taxes/GST paid, except:

- When the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the tax paid is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of tax included

The net amount of tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

(g) Property, plant and equipment

On transition to IND AS, the Company has elected to continue with the carrying value of all of its property plant and equipment recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment.

Capital work in progress is stated at cost, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use. Freehold land is not depreciated.

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition

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criteria for a provision are met.

Depreciation on fixed assets is provided as per Schedule II of Companies Act, 2013 on Straight Line Method over its economic useful life of fixed assets as follows:

Fixed Assets	Useful life considered
Plant & Machinery	15 Year
Building	60 Years
Electrical installations and fittings	10 Years
Office Equipments	5 Years
Furniture and Fixtures	8 Years
Crockery, cutlery and soft furnishings	3 Years
Commercial Vehicles	6 Years
Private Vehicles	8 Years
Computers	3 Years

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

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

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

(h) Intangible assets

On transition to IND AS, the Company has elected to continue with the carrying value of all of its property plant and equipment recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property plant and equipment.

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as 3 years and the same shall be amortised on Straight line basis over its useful life.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually at each year end either individually or at the cash generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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

(i) Investment properties

On transition to IND AS, the Company has elected to continue with the carrying value of all of its Investment properties recognised as at April 1, 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such Investment properties.

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The Group depreciates building component of investment property over 60 years from the date of original purchase.

Though the Groupmeasures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair

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values are determined based on an annual evaluation performed by an accredited external independent valuer

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

(j) Borrowing costs

Borrowing cost includes interest expense as per Effective Interest Rate (EIR).

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalised as part of the cost of the asset until such time that the assets are substantially ready for their intended use. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such current investments is deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the company during the year. Capitalisation of borrowing costs is suspended and charged to profit and loss during the extended periods when the active development on the qualifying assets is interrupted.

Effective interest rate(EIR) is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortised cost of a financial liability after considering all the contractual terms of the financial instrument.

(k) Leases

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

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

Group as a lessee

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

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

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

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

(a) Another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis, or

(b) The payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

Group as a lessor

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

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

(a) Another systematic basis is more representative of the time pattern of the user's benefit even if the receipt from the lessee are not on that basis, or

(b) The receipts from the lessee are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If receipts from the lessee vary because of factors other than general inflation, then this condition is not met.

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

Conversion charges payable to local authorities on conversion of use of industrial plot for hotel purposes, are recognised as prepaid expense and charged off to statement of profit and loss on an equitable basis over the lease term.

(l) Inventories

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

(m) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair valueless costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/ forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country in which the entity operates, or for the market in which the asset is used.

Impairment losses including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

(n) Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(o) Deferred Revenue

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

(p) Retirement and other employee benefits

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

Retirement benefit in the form of gratuity is a defined benefit scheme.Gratuity liability of employees is accounted for on the basis of actuarial valuation on projected unit credit method at the close of the year. Group's contribution made to Life Insurance Corporation is expenses off at the time of payment of premium.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

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

Retirement benefits in the form of Superannuation Fund is a defined contribution scheme and the contributions are charged to the statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective trusts.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be

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made by the Group in respect of services provided by employees up to the reporting date.

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

(q) Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

A debt instrument is measured at the amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Group. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables etc. For more information on receivables, refer to Note 10.

Debt instrument at FVTOCI

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

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

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

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt

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for the year ended March 31, 2018

instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

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

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments included within the FVTPL or FVTOCI category are measured at fair value with all changes recognized in the P&L or OCI.

Derecognition

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

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

Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Financial assets that are debt instruments and are measured as at FVTOCI

c) Trade receivables or any contractual right to receive cash or another financial asset

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables:

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

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

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

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

This is the category most relevant to the Group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

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

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

If a financial guarantee is an integral element of a debt instrument held by the entity, it should not be accounted for separately.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

Derecognition

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

Offsetting of financial instruments

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

(r) Cash and cash equivalents

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

(s) Share-based payments

Certain employees (including senior executives) of the Group receive part of their remuneration in the form of share based payment transactions, whereby employees render services in exchange for shares or rights over share (equity-settled transactions).

The cost of equity-settled transactions with employees is determined measured at fair value at the date at which they are granted using an appropriate valuation model. That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(t) Cash Flow Statement

Cash flows are reported using the indirect method, where by profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

(u) Measurement of EBITDA

The Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA)

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as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Group does not include depreciation and amortization expense, interest income, finance costs, and tax expense.

(v) Recent accounting pronouncements

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 Group is evaluating the requirements of Ind AS 21 and its effect on the financial statements.

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 Group is evaluating the requirements of Ind AS 115 and its effect on the financial statements.

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for the year ended March 31, 2018

3. Property, plant and equipment

₹ in lakhs

Particulars	Tangible Assets											
	Freehold land	Building on freehold land	Building on leasehold land	"Plant and Machinery"	Electrical fittings	Electrical equipments	Office equipments	Furniture and Fixtures	Crockery, cutlery and soft furnishings	Computers	Vehicles	"Total (Tangible Assets)"
Gross Carrying amount												
As at April 1, 2016	28,075.27	46,723.30	27,796.52	11,958.97	4,101.99	2,345.43	317.03	5,099.65	718.72	200.63	424.72	127,762.23
Additions	8,665.34	10,019.65	-	2,276.39	16.15	68.78	41.52	871.59	376.40	77.34	165.61	22,578.77
Additions on inclusion of new subsidiary	110.00	353.11	-	17.85	-	20.19	1.88	12.52	-	0.41	18.40	534.36
Disposals	-	-	-	3.53	5.10	1.46	25.40	116.97	1.04	3.54	99.01	256.05
As at March 31, 2017	36,850.61	57,096.06	27,796.52	14,249.68	4,113.04	2,432.94	335.03	5,866.79	1,094.08	274.84	509.72	150,619.31
Additions	6,025.90	2,045.19	1.68	264.08	129.58	129.18	23.23	192.82	108.69	55.78	421.09	9,397.22
Acquired on amalgamation (Refer note 43)	-	-	-	-	0.08	-	0.12	0.65	-	1.20	-	2.05
Disposals	-	0.28	-	19.36	0.08	0.87	1.27	5.60	-	2.11	125.39	154.96
As at March 31, 2018	42,876.51	59,140.97	27,798.20	14,494.41	4,242.62	2,561.25	357.11	6,054.66	1,202.77	329.71	805.42	159,863.62
Depreciation												
As at April 1, 2016	-	782.20	586.56	1,058.84	650.87	345.95	89.75	1,021.97	322.82	77.26	70.84	5,007.08
Charge for the year	-	821.32	545.08	1,138.59	665.09	362.11	8.58	1,047.67	273.71	68.67	111.72	5,042.55
On account of inclusion of new subsidiary	-	4.11	-	1.20	-	1.37	0.12	1.29	-	0.15	3.23	11.46
Disposals	-	-	-	1.21	5.03	0.69	23.98	69.70	1.04	3.16	60.03	164.84
As at March 31, 2017	-	1,606.63	1,131.64	2,197.42	1,310.93	709.74	74.47	2,001.23	595.49	142.92	125.76	9,896.25
Charge for the year	-	953.68	533.37	1,304.42	623.84	378.39	45.54	931.60	220.81	70.85	133.70	5,196.19
Disposals	-	0.04	-	9.90	-	0.48	1.15	4.70	-	0.91	100.87	118.05
As at March 31, 2018	-	2,560.26	1,665.01	3,491.94	1,934.77	1,087.64	118.86	2,928.14	816.31	212.86	158.59	14,974.39
Net Block												
As at March 31, 2018	42,876.51	56,580.71	26,133.19	11,002.47	2,307.86	1,473.61	238.26	3,126.52	386.46	116.85	646.83	144,889.23
As at March 31, 2017	36,850.61	55,489.43	26,664.88	12,052.27	2,802.11	1,723.20	260.56	3,865.55	498.59	131.93	383.96	140,723.06

Net book value	As at March 31, 2018	As at March 31, 2017
Plant, property and equipment	144,889.23	140,723.06

Notes

a) Certain property, plant and equipments are pledged as collateral against borrowings, the details related to which have been described in Note no. 15 on "Borrowings".

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for the year ended March 31, 2018

4. **Capital work-in-progress**

	As at March 31, 2018 (₹ in lakhs)	As at March 31, 2017 (₹ in lakhs)
Hotel at Shimla		
Material	568.53	414.00
Project staff expenses	72.43	60.11
-Salary wages & bonus	29.73	29.73
Professional charges	83.57	80.72
Others	2.66	2.67
	756.92	587.23
Hotel at Guragon Sector 60 (Lemon Tree)		
Material	-	4,125.57
Professional charges	-	827.33
Borrowing cost	-	368.10
-Salary wages & bonus	-	150.78
Project staff expenses other then salary	-	81.13
Rates and Taxes	-	477.36
Others	-	237.53
	-	6,267.80
Less Capitalised during the year	-	6,267.80
	-	-
Hotel at Guragon Sector 60 (Red Fox)		
Material	-	1,931.95
Professional charges	-	407.77
Borrowing cost	-	119.83
Rates and Taxes	-	393.89
-Salary wages & bonus	-	124.99
Project staff expenses other then salary	-	45.54
Others	-	128.95
	-	3,152.92
Less Capitalised during the year	-	3,152.92
	-	-
Hotel at City Center Pune		
Material	7,096.25	4,200.43
Professional charges	1,538.34	1,242.39
Borrowing cost	1,072.29	782.00
-Salary wages & bonus	155.74	129.54
Project staff expenses other then salary	89.00	47.61
Travelling	12.26	8.92
Rates and taxes	1,666.51	571.12
Others	21.04	11.10
	11,651.43	6,993.11

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for the year ended March 31, 2018

	As at March 31, 2018 (₹ in lakhs)	As at March 31, 2017 (₹ in lakhs)
Hotel at Mumbai		
Material	9,677.34	6,347.79
Professional charges	2,093.51	1,541.80
Borrowing cost	966.47	231.29
-Salary wages & bonus	271.56	186.94
Project staff expenses other then salary	272.55	226.31
Travelling	41.93	36.28
Rates and taxes	5,161.16	4,274.86
Others	182.54	181.85
	18,667.06	13,027.12
Hotel at Udaipur		
Material	9,728.08	5,268.15
Professional charges	1,249.02	936.02
Borrowing cost	680.56	240.72
-Salary wages & bonus	168.64	85.47
Project staff expenses other then salary	49.35	28.14
Travelling	16.62	12.22
Rates and taxes	46.89	30.55
Others	0.26	0.26
	11,939.42	6,601.53
Hotel at Kolkata		
Material	2,768.79	1,293.55
Professional charges	659.42	522.39
Borrowing cost	204.11	34.10
-Salary wages & bonus	90.73	52.28
Project staff expenses other then salary	62.95	39.22
Travelling	5.33	4.20
Others	1.35	1.06
	3,792.68	1,946.80
Hotel at MIAL Aerocity, Mumbai		
Material	71.12	4.12
Professional charges	3,168.92	2,436.97
Lease rent	4,006.00	2,723.29
-Salary wages & bonus	23.93	5.97
Project staff expenses other then salary	8.52	4.14
Travelling	25.98	16.22
Rates and taxes	1,280.37	345.83
Others	31.87	24.49
	8,616.71	5,561.03

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for the year ended March 31, 2018

	As at March 31, 2018 (₹ in lakhs)	As at March 31, 2017 (₹ in lakhs)
Hotel at Bandhavgarh, Madhya Pradesh		
Material	740.95	206.53
Professional charges	213.54	2.28
-Salary wages & bonus	18.46	8.46
Project staff expenses other than salary	0.10	0.05
Travelling	4.41	3.38
Rates and taxes	0.66	0.66
Others	6.31	2.48
	984.43	223.84
Less:- Capitalised during the year	(984.43)	-
	-	223.84
Hotel at Dehradun		
Material	157.01	-
Project staff expenses other then salary	1.10	-
Rates and Taxes	0.82	-
Others	7.80	
	166.73	-
Hotel at Banjara Hills		
Material	175.78	-
Project staff expenses other than salary	20.49	-
Miscellaneous government expenses/fees	7.36	-
	203.63	-
Less:- Capitalised during the year	203.63	-
	-	-
Total	55,590.95	34,940.66

5. **Investment property**

₹ In lakhs

Particulars	Total
Cost or valuation	
As at April 1, 2016	258.89
Additions	-
As at March 31, 2017	**258.89**
Additions	-
As at March 31, 2018	**258.89**
Depreciation and Impairment	
As at April 1, 2016	4.40
Charge for the year	4.39
As at March 31, 2017	**8.79**
Charge for the year	4.39
As at March 31, 2018	**13.18**

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for the year ended March 31, 2018

₹ In lakhs

Particulars	Total
Net Block	
As at March 31, 2018	**245.71**
As at March 31, 2017	250.10

Information regarding income and expenditure of Investment property:

	March 31, 2018 ₹ in lakhs	March 31, 2017 ₹ in lakhs
Rental income derived from investment property	**11.62**	14.42
Direct operating expenses (including repairs and maintenance) generating rental income	**-**	-
Direct operating expenses (including repairs and maintenance) that did not generate rental income	**(0.99)**	(0.99)
Profit arising from investment properties before depreciation and indirect expenses	**10.63**	13.43
Less – Depreciation	**(4.39)**	(4.39)
Profit arising from investment properties before indirect expenses	**6.24**	**9.04**

The Group's investment properties consist of a commercial property in India. The management has determined that the investment property consist of one classes of asset − office space − based on the nature, characteristics and risks of the property. The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties.

As at March 31, 2018 and March 31, 2017, the fair values of the property is ₹ 258.89 lacs and ₹ 258.89 lacs respectively. These valuations are based on valuations performed by an external independent valuer at the time of acquisition of property. The management has considered these valuations on the basis that there is no material change in the value of property since acquired.

Reconciliation of fair value:

Particulars	₹ in lakhs
Opening balance as at 1 April 2016	**258.89**
Fair value difference	-
Purchases	-
Closing balance as at March 31, 2017	**258.89**
Fair value difference	-
Purchases	-
Closing balance as at March 31, 2018	**258.89**

Description of valuation techniques used and key inputs to valuation on investment properties

Valuation technique	Significant unobservable Inputs
Sales comparable method	Location
	Size of building
	Quality of building
	Visibility of unit
	Furnished/unfurnished

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for the year ended March 31, 2018

6. Intangible assets

₹ In lakhs

Particulars	Software	Goodwill	Total
Cost or valuation			
As at April 1, 2016	198.26	-	198.26
Additions (refer note 43)	109.76	673.42	783.19
Disposals	41.29	-	41.29
As at March 31, 2017	**266.73**	**673.42**	**940.16**
Additions	47.84	-	47.84
Acquired on Amalgamation (Refer note 43)	-	2.63	2.63
Disposals	-	-	-
As at March 31, 2018	**314.57**	**676.05**	**990.62**
Amortisation and impairment			
As at April 1, 2016	65.15	-	65.15
Amortisation	55.37	-	55.37
Disposals	41.29	-	41.29
As at March 31, 2017	**79.23**	**-**	**79.23**
Amortisation	62.75	-	62.75
Disposals	-	-	-
As at March 31, 2018	**141.97**	**-**	**141.97**
Net Block			
As at March 31, 2018	**172.59**	**676.05**	**848.65**
As at March 31, 2017	187.50	673.42	860.93

Net book value	As at March 31, 2018	As at March 31, 2017
Intangible assets	**848.65**	860.93
Intangible assets under development (Software implementation)	**316.95**	140.40

7. Financial assets

	March 31, 2018 ₹ In lakhs	March 31, 2017 ₹ In lakhs
(i) Investments		
Unquoted equity shares of associate companies (at cost)		
340,000 (March 31, 2017: nil) equity shares of Mindleaders Learning India Private Limited of Re.1 each fully paid.	**60.91**	-
Quoted investments at fair value through Profit & Loss		
Mutual funds		
9,633.444 (March 31, 2017: 10,422) units of Reliance Money Manager Fund-Direct Plan-Growth Option	**340.99**	237.26
15,084.926 (March 31, 2017: 11,016.85) units of Reliance Money Manager Fund-Direct Growth Plan Growth Option	**583.84**	250.80

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

	March 31, 2018 ₹ In lakhs	March 31, 2017 ₹ In lakhs
3,788.341 (March 31, 2017: 5,648) units of Reliance liquid fund treasury plan	173.31	128.59
389.747 (Previous year Nil) Units of Reliance Liquid Fund-Cash Plan-Direct Growth Plan	10.94	-
1599.181 (Previous year Nil) Units of Reliance Treasury Plan-Direct Growth Plan	67.80	-
703 (March 31, 2017: 703) units of Reliance liquid fund direct plan	18.41	17.24
Other unquoted investments at fair value through Profit and Loss		
2,567 (March 31, 2017: 2,567) equity shares of SEP Energy Private Limited of ₹10 each fully paid.	0.26	0.26
3,184 (March 31, 2017: Nil) equity shares of School of Hospitality India Private Limited of ₹10 each fully paid.	200.04	-
	1,456.50	634.15
Aggregate book value of quoted investments	1,195.30	633.89
Aggregate market value of quoted investments	1,195.30	633.89
Current	1,195.30	633.89
Non-Current	261.20	0.26
	1,456.50	634.15

	March 31, 2018 ₹ In lakhs	March 31, 2017 ₹ In lakhs
(ii) Loans		
Unsecured, considered good	1,615.50	1,085.60
Loans to employees at amortised cost		
	1,615.50	1,085.60

	March 31, 2018 ₹ In lakhs	March 31, 2017 ₹ In lakhs
(iii) Other Non- current financial assets		
Unsecured, considered good		
Security deposits at amortised cost	3,525.88	2,904.65
Interest accrued on deposits with banks	341.15	276.58
Fixed deposits under lien*	832.67	788.93
	4,699.70	3,970.16

* Fixed deposits under lien includes deposits lien marked with banks against guarantees issued in favour of various Government departments.

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8. Other non-current assets

	As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
Unsecured, considered good		
Capital advances	1,369.12	6,968.13
Balance with statutory/ government authorities	48.81	66.83
Prepaid stamp duty	286.74	228.29
Prepaid conversion charges (Also refer note 41)	502.48	512.55
Prepaid expenses	317.37	304.46
Unamortized portion of security deposits and loans	19,136.23	20,662.77
Total	21,660.75	28,743.03

9. Inventories

	As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
(Valued at lower of cost or net realisable value)		
Food and beverages (excluding liquor and wine)	154.12	102.47
Liquor and wine	105.43	111.86
Stores, cutlery, crockery, linen, provisions and others	279.28	279.34
Total	538.83	493.67

As at March 31, 2018: ₹ 36.14 lakhs, (March 31, 2017: ₹ 44.50 lakhs) was recognised as an expense for inventories carried at net realisable value

Refer footnote to Note 15 for inventories pledged.

10. Financial assets

	As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
(i) Trade receivables		
Trade receivables	5,252.37	3,144.53
	5,252.37	3,144.53
Break-up for security details:		
Secured, considered good	-	1.18
Secured, considered doubtful	-	1.18
Unsecured, considered good	5,252.37	3,143.35
Unsecured, considered doubtful	40.50	35.47
	5,292.87	3,181.18
"Impairment Allowance (allowance for bad and doubtful debts)"		
Secured, considered doubtful	-	1.18
Unsecured, considered doubtful	40.50	35.47
	40.50	36.65
Total Trade receivables	5,252.37	3,144.53

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

"No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and are generally on terms of 30 to 90 days from the date of invoice."

	As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
(ii) Cash and cash equivalents		
Balance with banks	2,032.79	1,719.75
On current accounts	70.17	39.46
Cash on hand	2,102.96	1,759.21

Apart from the balance shown above, as on March 31, 2018, the Company has ₹ 32,233.37 lakhs in escrow account maintained with Axis Bank on account of proceeds from IPO. This amount has not been included in the balance with banks shown above as the same has been held in trust on behalf of selling shareholders.

	As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
(iii) Loans		
Loans and advances to employees	26.55	46.86
	26.55	46.86

	As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
(iv) Other current financial assets		
Other bank balances - fixed deposits	0.35	2.00
Security deposits	331.76	29.10
Commission receivable	1.68	0.41
Expenses recoverable	1,327.73	-
	1,661.52	31.51

11. Other current assets

	As At March 31, 2018 ₹ In lakhs	As At March 31, 2017 ₹ In lakhs
Advances recoverable		
- Employee advance	1.04	1.77
- Others, considered good	485.49	366.88
- Others, considered doubtful	8.76	8.75
	495.29	377.40
Provision for doubtful advances	8.76	8.75
	486.53	368.65
Accrued revenue	13.75	308.49
Balance with statutory/ government authorities	859.91	653.41
Prepaid stamp duty	13.71	25.51
Prepaid conversion charges (Also refer note 41)	10.07	10.07
Prepaid expenses	417.35	564.83
Unamortized portion of security deposits and loans	1,236.40	318.58
Total	3,037.72	2,249.54

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

12. Share capital

Authorised Share Capital	Equity shares	
	No. of shares	₹ in lakhs
As at April 1, 2016	998,550,000	99,855.00
Increase/(decrease) during the year	-	-
As at March 31, 2017	998,550,000	99,855.00
Increase during the year (on amalgamation)	2,890,000	289.00
As at March 31, 2018	1,001,440,000	100,144.00

	5% Redeemable Cumulative Preference Shares	
	No. of shares	₹ in lakhs
As at April 1, 2016	145,000	145.00
Increase/(decrease) during the year	-	-
As at March 31, 2017	145,000	145.00
Increase during the year (on amalgamation)	-	-
As at March 31, 2018	145,000	145.00

Terms/rights attached to equity shares

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

Issued equity capital

Equity shares of ₹ 10 each issued, subscribed and fully paid	No. of shares	₹ in lakhs
As at April 1, 2016	778,041,131	77,804.11
Issued during the year - Exercise of ESOP	2,871,902	287.19
Issued during the year - other than ESOP	300,000	30.00
As at March 31, 2017	781,213,033	78,121.30
Issued during the year - Exercise of ESOP	2,318,370	231.84
Issued during the year - other than ESOP	2,820,248	282.02
Change in shares held by ESOP trust	41,600	4.16
As at March 31, 2018*	786,393,251	78,639.32

* excluding 19,432 equity shares (March 31, 2017: 61,032 shares) held by ESOP trust which has been consolidated in accordance with the requirement of IND AS 110. The movement is explained below :-

	Share capital		Shares held by ESOP trust		Share capital (net)	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
As at April 1, 2016	778,102,163	77,810.22	61,032	6.10	778,041,131	77,804.11
Issued during the year - Exercise of ESOP	2,871,902	287.19	-	-	2,871,902	287.19
Issued during the year - other than ESOP	300,000	30.00	-	-	300,000	30.00
As at March 31, 2017	781,274,065	78,127.41	61,032	6.10	781,213,033	78,121.30

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

	Share capital		Shares held by ESOP trust		Share capital (net)	
	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs	No. of shares	₹ in lakhs
Issued during the year - Exercise of ESOP	2,318,370	231.84	-	-	2,318,370	231.84
Issued during the year - other than ESOP	2,820,248	282.02	-	-	2,820,248	282.02
Change in shares held by ESOP trust	-	-	(41,600)	(4.16)	41,600	4.16
As at March 31, 2018	786,412,683	78,641.27	19,432	1.94	786,393,251	78,639.32

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

Name of the shareholder	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 ₹ 10 each fully paid up				
Maplewood Investment Limited	192,908,118	24.53%	192,908,118	24.69%
Spank Management Services Private Limited	207,375,759	26.37%	180,122,627	23.06%
RJ Corp Limited	78,748,368	10.01%	78,748,368	10.08%
APG Strategic Real Estate Pool N.V.	118,730,914	15.10%	118,730,914	15.20%

Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 33

Aggregate number of bonus share issued, share issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

	March 31, 2018	March 31, 2017
	No. of shares	No. of shares
Equity shares allotted as fully paid, pursuant to amalgamations (Refer note 43)	88,997,722	32,486,000
Equity shares allotted as fully paid bonus shares by capitalization of securities premium and capital redemption reserve	646,125,652	646,125,652

In addition, the Company has issued total 6,980,404 shares (March 31, 2017 : 4,884,737) during the period of five years immediately preceding the reporting date on exercise of options granted under the employee stock option plan (ESOP) wherein part consideration was received in form of employee services.

13. Other equity

Securities Premium	₹ In lakhs
As at April 1, 2016	8,699.91
Add: On issue of shares	34.50
Add: additions on ESOPs excercised (excluding transferred from stock options outstanding)	176.13
Add: transferred from stock options outstanding	43.83
Less: amounts utilized toward issue of fully paid bonus shares	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

Securities Premium	₹ In lakhs
As at March 31, 2017	8,954.37
Add: premium on issue of shares	324.33
Add: additions on ESOPs excercised	239.22
Add: transferred from stock options outstanding	88.39
Change in shares held by ESOP trust	(4.16)
As at March 31, 2018	9,602.15

Retained Earnings	₹ In lakhs
As at April 1, 2016	(17,116.74)
Profit/(loss) for the year	(624.29)
As at March 31, 2017	(17,741.03)
On disposal of subsidiary	1.48
Profit for the year	1,419.08
As at March 31, 2018	(16,320.47)

Capital Reserve	₹ In lakhs
As at April 1, 2016	8,145.59
Increase/(decrease) during the year	54.61
As at March 31, 2017	8,200.20
Gain on acquisition of additional interest in subsidiary (Refer note 42)	(1,965.58)
As at March 31, 2018	6,234.62

General Reserve	₹ In lakhs
As at April 1, 2016	3,035.24
Increase/(decrease) during the year	-
As at March 31, 2017	3,035.24
Increase/(decrease) during the year	-
As at March 31, 2018	3,035.24

Share-based payments	₹ In lakhs
As at April 1, 2016	171.82
Add:- Expense for the year (Refer note 35)	114.13
Less:- transferred to securities premium on exercise of stock options	(43.83)
As at March 31, 2017	242.12
Add:- Expense for the year (Refer note 35)	94.54
Less:- transferred to securities premium on exercise of stock options	(88.39)
As at March 31, 2018	248.27

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

Share-based payments	₹ In lakhs
Capital redemption reserve	₹ In lakhs
As at April 1, 2016	45.00
Increase/(decrease) during the year	-
As at March 31, 2017	45.00
Increase/(decrease) during the year	-
As at March 31, 2018	45.00

	As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
Other reserves		
Securities Premium	9,602.15	8,954.37
Retained Earnings	(16,320.47)	(17,741.03)
Capital Reserve	6,234.62	8,200.20
General Reserve	3,035.24	3,035.24
Share-based payments	248.27	242.12
Capital redemption reserve	45.00	45.00
	2,844.81	2,735.90

Notes:

Capital reserve: Capital reserve represents reserve on consolidation of subsidiary.

General reserve: Under the erstwhile Companies Act 1956, general reserve was created through an annual transfer of net income at a specified percentage in accordance with applicable regulations. The purpose of these transfers was to ensure that if a dividend distribution in a given year is more than 10% of the paid up capital of the Company for that year, then the total dividend distribution is less than the total distributable results for that year. Consequent to introduction of Companies Act 2013, the requirement to mandatorily transfer a specified percentage of the net profit to general reserve has been withdrawn.

Share-based payments: The Group has two share option schemes under which options to subscribe for the Group's shares have been granted to certain executives and senior employees. The share-based payment reserve is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 34 for further details of these plans.

Capital redemption reserve: The Companies Act provides that companies redeeming its preference shares at face value or nominal value is required to transfer an amount into capital redemption reserve. This reserve can be used to issue fully paid-up bonus shares to the shareholders of the Company.

Securities premium: Securities premium comprises premium received on issue of shares

Retained earnings: Retained earnings comprise balances of profit and loss at each year end.

14. Non-controlling interest

	As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
Non-controlling interest	42,864.35	42,836.28

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

15 (i) Borrowings

	As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
Non-current borrowings		
Term Loans		
Indian rupee loans from Banks (Secured)		
Kotak Mahindra Bank Limited (Refer footnote 1 to 6 below)	12,471.73	6,647.53
Andhra Bank (Refer footnote 7 below)	-	2,171.25
The Ratnakar Bank Limited (Refer footnote 8 to 12 below)	3,715.98	10,593.45
Yes Bank Limited (Refer footnote 13 to 18 below)	39,686.57	31,966.34
HDFC Bank Limited (Refer footnote 23 to 25 below)	12,984.26	2,027.38
Vehicle loans (Refer footnote 19 below)	368.40	159.95
Axis Bank Limited (Refer footnote 26 & 27 below)	16,554.76	6,414.37
Rupee term loans from financial institutions (Secured)		
Aditya Birla Finance Limited (Refer footnote 20 to 22 below)	7,349.67	9,089.99
Total non-current borrowings	93,131.37	69,070.26
Current borrowings		
Term Loans		
Current maturity of long term loans		
Kotak Mahindra Bank Limited (Refer footnote 1 to 6 below)	1,182.63	1,218.96
Andhra Bank (Refer footnote 7 below)	-	240.00
The Ratnakar Bank Limited (Refer footnote 8 to 12 below)	915.95	1,023.76
Yes bank Limited (Refer footnote 13 to 18 below)	1,043.50	544.00
HDFC Bank Limited (Refer footnote 23 to 25 below)	82.13	42.00
Vehicle loans (Refer footnote 19 below)	108.83	73.86
Axis Bank Limited (Refer footnote 26 & 27 below)	916.25	720.00
Rupee term loans from financial institutions		
Aditya Birla Finance Limited (Refer footnote 20 to 22 below)	154.00	188.00
Total current borrowings	4,403.29	4,050.58
Less: Amount clubbed under "other current financial liabilities"	(4,403.29)	(4,050.58)
Net current borrowings	-	-
	97,534.66	73,120.84

Footnotes to Note 15 "Borrowings"

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2018

Note	Lender	Amount Sanctioned ₹ in lakh	Carrying rate of Interest as at March 31, 2018	Carrying rate of Interest as at March 31, 2017	Repayment/ Modification of terms	Security/ Principal terms and conditions
1	Kotak Mahindra Bank Limited	1,000.00	9.40% (interest rate @ 6 months MCLR rate+ 0.60%)	12.3% (interest rate @ 6 months MCLR rate+ 3.65%)	The loan is repayable in 60 monthly installments of ₹ 1,666,667 each along with interest.	The Term Loan is secured by way of: a) Exclusive charge on all existing and future current assets of the borrower's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon. b) Subservient charge over all existing and future current assets of the Company except current assets of the company's hotels lactated at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon on which bank has exclusive charge. c) Equitable Mortgage by way of exclusive charge on the plot of Land at Sector-29, Gurgaon owned by the borrower. Also, exclusive charge over Moveable Fixed assets of the Hotel Property at Sector-29, Gurgaon.
2	Kotak Mahindra Bank Limited	2,000.00	9.40% (interest rate @ 6 months MCLR rate+ 0.60%)	11.75% (interest rate @ 6 months MCLR rate+ 3.10%)	The loan is repayable in 20 quarterly installments.	
3	Kotak Mahindra Bank Limited	1,000.00	9.40% (interest rate @ 6 months MCLR rate+ 0.60%)	11.75% (interest rate @ 6 months MCLR rate+ 3.10%)	The loan is repayable in 60 monthly installments.	
4	Kotak Mahindra Bank Limited	5,200.00	8.80%	Nil	The loan is repayable in 28 quarterly installments.	The Term Loan is secured by way of: a) Exclusive charge on all existing and future current assets of the borrower's commercial space at Sector-60, Gurgaon. b) Minimum asset cover of 1.25x to be maintained throughout the tenor of bank's loan as per valuation accepted by bank.
						c) Subservient charge over all existing and future current assets of the borrower except current assets of the borrower's commercial space at Sector-60, Gurgaon on which bank has exclusive charge. d) Equitable Mortgage by way of exclusive charge on the on the proportionate share of land and building of commercial space of the borrower at Sector-60, Gurgaon. e) Exclusive charge over Moveable Fixed assets of commercial space at Sector-60, Gurgaon.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2018

Note	Lender	Amount Sanctioned ₹ in lakh	Carrying rate of Interest as at March 31, 2018	Carrying rate of Interest as at March 31, 2017	Repayment/ Modification of terms	Security/ Principal terms and conditions
5	Kotak Mahindra Bank Limited	6,030.00	9.40%	11.30%	Loan shall be repaid by way of 120 equal monthly installments starting from month following the month of first disbursement of loan i.e. December 2015.	The loan is secured by: • First and exclusive charge on all existing and future current assets and moveable fixed assets of the company • First and exclusive equitable charge on immoveable properties being land and building situated at 54B/55A Hosur Main road Electronic city Phase 1 Bangalore Karnataka • Corporate guarantee of Fleur Hotels Pvt Ltd.
6	Kotak Mahindra Bank Limited	6,000.00	8.90% (6 months MCLR plus 50 bps)	Nil	The loan is repayable in 48 quarterly installments starting from 39th month following the month of first disbursement.	The loan is secured by: • First and exclusive charge on all existing and future current assets, movable and immovable fixed assets of the hotel - Red Fox Sector - 60, Gurgaon. • Subservient charge on all existing and future current assets of the Borrower except current assets of the hotel - Red Fox Sector - 60, Gurgaon.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2018

Note	Lender	Amount Sanctioned ₹ in lakh	Carrying rate of Interest as at March 31, 2018	Carrying rate of Interest as at March 31, 2017	Repayment/ Modification of terms	Security/ Principal terms and conditions
7	Andhra Bank	3,000.00	NA	interest rate @ base rate + 1.25% + 0.50% i.e. 11.45%	The loan was repayable in scattered quarterly installment beginning from March 2014. Interest was payable monthly as and when due.	Below mentioned charge was satisfied on repayment of loan: (i) First pari-passu charge on all the Project's immovable properties (except land), present and future. (ii) First pari-passu charge by way of hypothecation of all the project's movables, including movable plant & machinery, machinery spares, tools & accessories, furniture, fixtures, vehicles and all other movable assets, present and future. (iii) First pari-passu charge on the project's book debts, operating cash flows, receivables, commissions, bank accounts (wherever held), revenues of whatever nature and wherever arising, present and future subject to prior charge of bankers on specified current assets for securing working capital facilities & subject to prior approval of the bank. (iv) First charge by way of assignment or creation of charge in favour of the lender of (a) All the right, title, interest, benefits, claims and demands whatsoever of the borrower in agreements (development agreement, management agreement, construction contract), duly acknowledged and consented to by the counter party; (b) All the rights, title, interest, benefits, claims and demands whatsoever of the borrower in clearances; (c) All the rights, title, interest, benefits, claims and demands whatsoever of the borrower in any letter of credit, guarantee, performance bond provided by any party to the project documents and ; (d) All insurance contracts/insurance proceeds;

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2018

Note	Lender	Amount Sanctioned ₹ in lakh	Carrying rate of Interest as at March 31, 2018	Carrying rate of Interest as at March 31, 2017	Repayment/ Modification of terms	Security/ Principal terms and conditions
						(v) Pari-passu charge along with the other lenders on the letter of credit/ escrow account, trust and retention account, debt service reserve account and other reserves and any other bank accounts of the company wherever maintained; (vi) Right of substitution and other rights under the substitution agreement, on pari-passu basis with other lenders."
8	The Ratnakar Bank Limited	3,000.00	10.25%	interest rate @ 1 year MCLR rate+ 0.40% (Currently 10.25%).	The loan is repayable in scattered quarterly installment beginning from March 2014. Interest is payable monthly as and when due.	It is secured by : (i) Exclusive charge on all the Project's immovable properties (except land), present and future. (ii) Exclusive charge by way of hypothecation of all the project's movables including movable plant & machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future. (iii) Exclusive charge on the project's book debts, operating cash flows, receivables, commissions, bank accounts (wherever held), revenues of whatever nature and wherever arising, present and future subject to prior charge of bankers on specified current assets for securing working capital facilities and subject to prior approval of bank. (iv) Exclusive charge by way of assignment or creation of charge in favour of the lender of • All the right, title, interest,benefits, claims and demands whatsoever of the borrower in agreements (developement agreement, management agreement, construction contract), duly acknowledged and consented to by the counter party;

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2018

Note	Lender	Amount Sanctioned ₹ in lakh	Carrying rate of Interest as at March 31, 2018	Carrying rate of Interest as at March 31, 2017	Repayment/ Modification of terms	Security/ Principal terms and conditions
9	The Ratnakar Bank Limited	2,420.00	9.8% (interest rate @ 1 year MCLR rate+ 0.55%)	Nil	The loan is repayable in scattered quarterly installment. Interest is payable monthly as and when due.	• All the rights,title, interest,benefits, claims and demands whatsoever of the borrower in clearances; • All the rights,title, interest,benefits, claims and demands whatsoever of the borrower in any letter of credit, guarantee, performance bond provided by any party to the project documents • All insurance contracts/insurance proceeds; (v) All Cash Flow routing to be done through Collection account maintained with bank. (vi) Right of substitution and other rights under the Substituition Agreement, on pari passu basis with other lenders. (Project implies to Red Fox Hotel at Property No. 6, Hospitality District, Delhi International Airport, New Delhi)"
10	The Ratnakar Bank Limited	3,000.00	NA	interest rate @ 1 year MCLR rate+ 0.40% (i.e. 10.25%).	The loan was repayable in scattered quarterly installment beginning from June 2016. Interest is payable monthly as and when due.	Below mentioned charge was satisfied on repayment of loan: a) First pari passu charge on the current assets, entire movable fixed assets and immovable assets of the Hotel Lemon Tree, Udyog Vihar; Hotel Lemon Tree, Pune; Hotel Lemon Tree, Ahemdabad; Hotel Lemon Tree, Chennai; Hotel Lemon Tree, Bangalore and Red Fox Hotel, Hyderabad.
11	The Ratnakar Bank Limited	4,500.00	NA	10.25%	The Loan is repayable in 32 quarterly installments starting from Dec'15. Interest is payable monthly as and when due.	Below mentioned charge was satisfied on repayment of loan: • Exclusive charge on all the movable fixed assets of the company's hotel situated at Khasra No.102/103/433, Village Jhalana , J.L.N. Marg , Jaipur. • Exclusive charge on the current assets of Company's hotel including book debts, operating cash flows, intagible revenues both present and future.
						• -Exclusive charge by way of equitable mortgage over land and building of company's hotel (cross collateralised with the exposure granted to Canary Hotels Pvt. Ltd). • Exclusive charge on the property at EDM mall, East Delhi, built on Plot no. 1, Kaushambi, Ghaziabad, Uttar Pradesh. (cross collateralised with the exposure granted to Canary Hotels Pvt. Ltd). • Further it is secured by Coporate Guarantee of parent company."

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2018

Note	Lender	Amount Sanctioned ₹ in lakh	Carrying rate of Interest as at March 31, 2018	Carrying rate of Interest as at March 31, 2017	Repayment/ Modification of terms	Security/ Principal terms and conditions
12	The Ratnakar Bank Limited	2,500.00	NA	10.25%	The Loan is repayable in 32 quarterly installments starting from Dec'15. Interest is payable monthly as and when due.	Below mentioned charge was satisfied on repayment of loan: • An exclusive charge on all the movable fixed assets of the company situated at EDM mall, East Delhi, built on Plot no. 1, Kaushambi, Ghaziabad, Uttar Pradesh. • Exclusive charge on all the current assets of Company's hotel including book debts, operating cash flows, intagible revenues both present and future, and, • Exclusive charge by way of equitable mortgage over land and building of company's hotel (cross collateralised with the exposure granted to Sukhsagar Complexes Pvt. Ltd) and exclusive charge on the property at Khasra No.102/103/433, Village Jhalana , J.L.N. Marg , Jaipur (cross collateralised with the exposure granted to Sukhsagar Complexes Pvt. Ltd). • Further it is secured by Corporate Guarantee of parent company.
13	Yes Bank Limited	12,500.00	9.40%	interest rate @ 6 month's MCLR + 0.90% (Currently 9.50%)	The loan is repayable in scattered quarterly installment beginning from February 2016. Interest is payable monthly as and when due	It is secured by : a) First pari passu charge on the current assets, entire movable fixed assets and immovable assets of the Hotel Lemon Tree, Udyog Vihar, Hotel Lemon Tree, Pune, Hotel Lemon Tree, Ahemdabad, Hotel Lemon Tree, Chennai, Hotel Lemon Tree, Bangalore and Red Fox Hotel, Hyderabad. The charge for assets at Red Fox Hotel, Hyderabad has been removed before December 31, 2017.
14	Yes Bank Limited	12,000.00	9.40%	interest rate @ 6 month's MCLR + 0.90%, Currently 9.50%	The loan is repayable in scattered quarterly installment beginning from April 2017.	It is secured by: a) Exclusive charge on all immoveable fixed assets of Lemon tree hotels Premier, Hyderabad. b) Exclusive charge on all moveable fixed assets and current assets both present and future of LTP, Hyderabad. c) Corporate guarantee of Lemon Tree Hotels Limited.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2018

Note	Lender	Amount Sanctioned ₹ in lakh	Carrying rate of Interest as at March 31, 2018	Carrying rate of Interest as at March 31, 2017	Repayment/ Modification of terms	Security/ Principal terms and conditions
15	Yes Bank Limited	4,500.00	9.40%	interest rate @ 6 month's MCLR + 1.15%, Currently 9.75%	The loan is repayable 44 structured quarterly installment after a moratorium period of 36 months from the date of first disbursement.	It is secured by : a) Exclusive charge on all immoveable fixed assets, moveable fixed assets and current assets of Lemon tree Sector 60 Gurgaon, and covention centre within Hotel premises of 20,000 sq.ft (appox.). b) Corporate guarantee of Lemon Tree Hotels Limited.
16	Yes Bank Limited	2,500.00	9.40%	interest rate @ 6 month's MCLR + 0.90%, Currently 9.50%	The loan is repayable 48 structured quarterly installment after a moratorium period of 12 months from the date of first disbursement.	It is secured by: a) First charge on all present and future immoveable fixed assets of Red Fox Hotel, Kundli New Delhi. b) First charge on all moveable fixed assets and current assets both present and future of Red Fox Hotel, Kundli New Delhi. c) Corporate guarantee of Lemon Tree Hotels Limited.
17	Yes Bank Limited	3,500.00	9.40%	interest rate @ 6 month's MCLR + 0.90%, Currently 9.50%	The loan is repayable 48 structured quarterly installment after a moratorium period of 12 months from the date of first disbursement.	It is secured by: a) First charge on all present and future immoveable fixed assets of the project (including land and building) Lemon Tree Hotel, Whitefield Bangalore. b) First charge on all moveable fixed assets and current assets both present and future of Lemon Tree Hotel, Whitefield Bangalore. c) Corporate guarantee of Fleur Hotels Private Limited.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2018

Note	Lender	Amount Sanctioned ₹ in lakh	Carrying rate of Interest as at March 31, 2018	Carrying rate of Interest as at March 31, 2017	Repayment/ Modification of terms	Security/ Principal terms and conditions
18	Yes Bank Limited	12,500.00	9.65%	interest rate @ 6 month's MCLR + 1.15%, Currently 9.75%	The loan is repayable 60 structured quarterly installment after a moratorium period of 60 months from the date of first disbursement.	It is secured by: a) Equitable mortgage over 80% share of Land and building (except 2nd basement, ground floor and first floor) on pari passu basis with other lenders for the project, Lemon Tree Premier Hotel, Andheri Mumbai. b) First charge (on pari passu basis) on ther movable fixed assets and all current assets, both present and future of the project, Lemon Tree Premier Hotel, Andheri Mumbai. c) Corporate guarantee of Lemon Tree Hotels Limited.
19	Vehicle loan (different banks)	-	Rate of interest of these loans ranges from 8.00 % to 14.00 %	Rate of interest of these loans ranges from 8.00 % to 14.00 %	These loans are repaid on agreed monthly installments.	Vehicle loan is secured by hypothecation of underlying motor vehicle acquired out of such loans
20	Aditya Birla Finance Limited	4,000.00	NA	interest rate @ benchmark rate + 2.30% i.e. 11.55%	The loan was repayable in scattered quarterly installment beginning from December 2016. Interest was payable monthly as and when due.	Below mentioned charge was satisfied on repayment of loan: a) First pari passu charge on all immovable fixed assets, movable fixed assets and current assets (both present and future) including land and building of the Hotel Lemon Tree, Udyog Vihar, Hotel Lemon Tree, Pune, Hotel Lemon Tree, Ahemdabad, Hotel Lemon Tree, Chennai, Hotel Lemon Tree, Bangalore, Red Fox Hotel, Hyderabad
21	Aditya Birla Finance Limited	6,000.00	9.85%	Base Rate Plus 2.15%	The Loan is repayable in 56 Structured Quarterly Installments payable after moratorium period of 12 months from the date of first disbursement.	a) first exclusive charge of all immovables fixed assets (both present and future) of the LTH Gachibowli Hyderabad Hotel b) first exclusive charge on all the movable fixed assets (both present and future) of LT Gachibowli Hyderabad Hotel. c) first exclusive charge on escrow account of entire cash flow of LT Gachibowli Hyderabad Hotel. d) Corporate guarantee of the Company.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2018

Note	Lender	Amount Sanctioned ₹ in lakh	Carrying rate of Interest as at March 31, 2018	Carrying rate of Interest as at March 31, 2017	Repayment/ Modification of terms	Security/ Principal terms and conditions
22	Aditya Birla Finance Limited	2,350.00	11.4% (Benchmark rate + Spread)	NA	The Loan is repayable in 44 Structured Quarterly Installments payable after moratorium period of 12 months from the date of first disbursement.	It is secured by: a) First exclusive charge on all the immovable fixed assets(both current and future) of the Lemon Tree Hotel EDM to provide minimum cover of 2.00x cover all the times during the tenure of loan, b) First exclusive charge on all the movable fixed assets(both current and future) of the Lemon Tree Hotel EDM, c) First exclusive charge on the escrow account of entire cash flow of Lemon Tree Hotel EDM, d) Unconditional & irrevocable Guarantee by Lemon Tree Hotels Limited, DPN
23	HDFC Bank Limited	2,100.00	9.00% (linked with 1 year MCLR)	interest rate @ for first year (MCLR for 3 years + 0.65 basis points) & 11.15% for remaing tenure of loan (MCLR for 3 years + 1.80 basis points) (Currently 9.70%)	The loan is repayable in 40 step-up quarterly installments.	It is secured by : a) First charge on all the fixed assets, both present and future, of the hotel "Lemon Tree" at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh, including hypothecation of all movables and mortgage of leasehold rights on land admeasuring 0.46 acres and building thereon. b) A first & exclusive charge on Projects (Lemon Tree at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh) unencumbered-book debts,operating cash flows,receivables,comissions, banks accounts (whenever held) if any-present & future all revenues c) Mortgage of leasehold rights of the projects (Lemon Tree at Plot No. 3 MW, Phase-I, Industrial Area, Chandigarh) land admeasuring 0.46 acre (2241.38 sq yrd) and building thereon.
24	HDFC Bank Limited	10,000.00	9.00% (linked with 1 year MCLR)	NA	The loan is repayable in 44 consecutive quarterly installments after a moratorium of 1 year.	It is secured by : a) First pari passu charge by way of mortgage on Select properties. The borrower shall ensure asset cover ratio should not be less than 1.50x (based on market value of security) at all times.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2018

Note	Lender	Amount Sanctioned ₹ in lakh	Carrying rate of Interest as at March 31, 2018	Carrying rate of Interest as at March 31, 2017	Repayment/ Modification of terms	Security/ Principal terms and conditions
						b) First pari passu charge by way of hypothecation in favor of the lender on all current assets and movable fixed assets including movable plant and machinery, machinery spares, tools and accessories, furniture and fixtures, vehicles and all other movable assets, present and future of Select Properties. Properties:- • Hotel Lemon Tree, Udyog Vihar • Hotel Lemon Tree, Pune • Hotel Lemon Tree, Ahemdabad • Hotel Lemon Tree, Chennai • Hotel Lemon Tree, Bangalore
25	HDFC Bank Limited	4,300.00	9.00% (linked with 1 year MCLR)	Nil	The Loan is repayable in 26 quarterly installments.	It is secured by: • Exclusive charge on all of the Project's (Red Fox Hotel situated at Khasra No.102/103/433, Village Jhalana , J.L.N. Marg , Jaipur) land and building. • Exclusive charge on Company's hotel movables, including movable plant and machinery, machinery spares, furniture and fixtures and all other movable assets, present and future. • Exclusive charge on Project's current assets - book debts, operating cash flows, receivables, commissions, bank accounts both present and future, all revenue. • Further it is secured by Coporate Guarantee of parent company.

Note	Lender	Amount Sanctioned ₹ in lakh	Carrying rate of Interest as at March 31, 2018	Carrying rate of Interest as at March 31, 2017	Repayment/ Modification of terms	Security/ Principal terms and conditions
26	Axis Bank Limited	14,914.00	9.00%	base rate + 2.35% (Currently 11.60%)	The Loan is repayable in 40 quarterly instalments with first installment falling due after a period of 3 years from first disbursement. Term Loan III is repayable in 59 quarterly installments commencing 6 months after first disbursement.	It is secured by way of : (a) A first pari passu charge on the Borrower's properties & assets, both present & future, pertaining to the Lemon Tree Hotel project of the Company at Delhi Aerocity Hospitality District (Except Project Land). (b) A first pari passu charge on Company's bank accounts and all revenues of the Company. (c) Right of substitution provided by DIAL under tripartite agreement between DIAL, Hyacinth Hotels and the Lender (d) Pledge of 51% equity shares of the Company in favour of security trustee i.e. Axis Trustee. (e) Corporate guarantee of Lemon Tree Hotels Limited and Fleur Hotels Private Limited. A non fund based facility of ₹3.00 crores from Axis Bank Ltd. is secured by second charge, ceded by the term loan lenders, on the aforementioned entire properties, assets, bank accounts, revenues, right of substitution pertaining to Lemon Tree Hotel project at Delhi Aerocity (except Project land) including pledge of 30% equity shares and guarantee of the Fleur Hotels Private Limited, the maturity date of the TL1 loan is February 2024 & for TL-2 loan of Axis Bank is September 2024.
27	Axis Bank Limited	9,500.00	9.5% (linked with 1 year MCLR plus 1.25%)	NA	The Loan is repayable in 60 quarterly instalments after a moratorium period of 5 years.	It is secured by: a) Equitable mortgage over 80% share of Land and building (except 2nd basement, ground floor and first floor) on pari passu basis with other lenders for the project, Lemon Tree Premier Hotel, Andheri Mumbai. b) First charge (on pari passu basis) on ther movable fixed assets and all current assets, both present and future of the project, Lemon Tree Premier Hotel, Andheri Mumbai. c) Corporate guarantee of Lemon Tree Hotels Limited.

(i) The Group has not defaulted in the repayment of loans and interest as at Balance Sheet date.

(ii) Bank loans availed by the Group are subject to certain covenants relating to interest coverage ratio, debt service coverage ratio, capital gearing ratio, fixed assets coverage ratio.

(iii) The Group has complied with the covenants as per the terms of the loan agreement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

ii. Other financial liabilities

	As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
Security deposits	136.55	48.49
	136.55	48.49

16 Provisions

	As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
Provision for gratuity	199.04	171.54
Current	37.42	35.90
Non-current	161.62	135.64
Provision for leave benefits	137.45	121.12
Current	137.45	121.12
Non-current	-	-
Provision for litigations (Refer note 33)	91.43	69.45
Current	91.43	69.45
Non-current	-	-
Total current	266.30	226.46
Total non-current	161.62	135.64

17.1 Deferred tax liability (net)

	As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
Property, plant and equipments and intangible assets	9,572.25	5,545.46
Fair value of investments	2.13	0.60
Revaluation of land	377.64	401.77
Deferred tax liability	9,952.02	5,947.83
Impact of expenditure charged to the statement of profit and loss in the current/ earlier period but allowable for tax purposes on payment basis	86.39	120.15
Provision for doubtful debts and advances	7.12	-
Effect of unabsorbed depreciation and business loss	6,415.37	3,125.40
Provision for gratuity	49.89	35.70
Provision for leave compensation	37.11	26.43
Loyalty program	3.80	1.81
Provision for litigation	12.97	9.68
Provision for slow moving inventory	12.56	10.55
Expense on account of lease equalization reserve created	433.16	332.27
Security deposits	972.27	222.98
Provision for contingency	17.83	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

	As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
Loan to employee recorded at amortized cost	4.52	5.84
Borrowings	5.89	0.40
Prepaid expenses	3.69	1.85
Provision for expected credit losses	6.38	5.67
MAT credit entitlement receivable	1,457.86	1,374.92
Deferred tax asset	9,526.81	5,273.65
Deferred tax liability (net)	425.21	674.18

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

	As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
Profit/(loss) before tax	1,833.19	(32.95)
Tax rate	34.61%	33.99%
Tax at statutory income tax rate	614.36	(11.20)
Effect of incomes taxable at nil/lower/MAT rate	(430.40)	(161.86)
Effect of non-deductible expenses	84.70	(100.08)
Income tax charge/ (credit) in respect of earlier year	(117.22)	(24.65)
Impact of change in tax rate	3.13	-
Unrecognized tax assets (net) and other adjustments	324.61	776.85
Other adjustments	(101.35)	-
Net	377.83	479.06
As per profit and loss account	377.83	479.06

17.2 Non-current tax assets (net)

	As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
Advance Income Tax (net of provision for taxation)	1,873.41	2,100.78
	1,873.41	2,100.78

18 Other Non-current liabilities

	As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
Reserve for lease equalisation	2,720.53	2,082.74
	2,720.53	2,082.74

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

19 Financial liabilities

		As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
(i)	**Borrowings**		
	Cash credit from banks (Secured)	3,570.04	3,215.97
	Working capital loan (Secured)	-	1,000.00
	0% loan from shareholders and directors repayable on demand (Unsecured)	-	2,530.01
		3,570.04	6,745.98

A The Cash credit facility and working capital loan from Kotak Mahindra Bank is repayable on demand and carries interest rate of 9.30% p.a. (March 31, 2017: 12.00% p.a.) and is secured by way of:

a.) Exclusive charge on all existing and future current assets of the borrower's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon.

b.) Subservient charge over all existing and future current assets of the Company except current assets of the company's hotels located at Gurgaon (city centre new), Aurangabad, Indore, and Sector-29, Gurgaon on which bank has exclusive charge.

c) Equitable Mortgage by way of exclusive charge on the plot of Land at Sector-29, Gurgaon owned by the borrower. Also, exclusive charge over Moveable Fixed assets of the Hotel Property at Sector-29, Gurgaon.

B The Cash credit facility from Yes Bank is repayable on demand and carries interest rate of 9.40% p.a.(March 31, 2017: 10.70% p.a.) and is secured by way of:

a) First pari passu charge on all immovable fixed assets, movable fixed assets and current assets (both present and future) including land and building of Hotel Lemon Tree, Udyog Vihar, Hotel Lemon Tree, Pune, Hotel Lemon Tree, Ahemdabad, Hotel Lemon Tree, Chennai, Hotel Lemon Tree, Bangalore and Red Fox Hotel, Hyderabad. The charge for assets at Red Fox Hotel, Hyderabad has been removed before March 31, 2018.

		As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
(ii)	**Trade payables**		
	Trade Payables		
	-Other than Micro and small enterprises	8,112.65	6,044.51
		8,112.65	6,044.51

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

		As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
(iii)	**Other financial liabilities**		
	Current maturities of long-term borrowings	4,403.29	4,050.58
	Interest accrued but not due on borrowings	2.12	41.39
	Book overdraft	411.29	468.65
	Other payables		
	-Payable for capital goods	2,363.53	2,013.57
	-Sundry deposits	0.75	0.75
	-Payable to employees	16.97	15.10
	Outstanding dues of other creditors	3,973.12	3,993.79
		11,171.07	10,583.83

20 Other current liabilities

	As at March 31, 2018 ₹ In lakhs	As at March 31, 2017 ₹ In lakhs
Advance from customers	856.45	949.97
Deferred revenue- loyalty programme	10.97	5.32
Statutory dues	906.06	913.33
	1,773.48	1,868.62

21 Revenue From Operations

	For the year ended March 31,2018 ₹ In lakhs	For the year ended March 31, 2017 ₹ In lakhs
Revenue from operations		
Sale of products and services		
- Room rental	34,161.11	27,168.83
- Food and beverage (excluding liquor and wine)	7,564.07	7,856.93
- Liquor and wine	963.61	966.30
- Banquet rentals	107.32	168.32
- Telephone and telex	41.62	103.14
- Other Services (including service charge income)	4,946.86	4,395.57
Other Operating Revenue		
- Management fee	637.79	543.76
- Commission income	3.77	5.22
Revenue from operations	48,426.15	41,208.07

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

22 Other income

	For the year ended March 31, 2018 ₹ In lakhs	For the year ended March 31, 2017 ₹ In lakhs
Income from serve for India scheme	-	73.93
Profit on relinquishment of rights (refer note 45)	670.00	600.00
Rent received	60.59	54.31
Excess provision/ credit balances written back	6.06	57.33
Exchange difference (net)	0.12	0.60
Miscellaneous income	43.92	36.55
	780.68	822.72

23 Cost of food and beverages consumed

		For the year ended March 31, 2018 ₹ In lakhs	For the year ended March 31, 2017 ₹ In lakhs
(a)	**Consumption of food & beverages excluding liquor & wine**		
	Inventory at the beginning of the year	102.47	100.07
	Add: Purchases	4,060.11	3,188.02
		4,162.58	3,288.09
	Less: Inventory at the end of the year	154.12	102.47
	Cost of food and beverage consumed	4,008.46	3,185.62
(b)	**Consumption of liquor & wine**		
	Inventory at the beginning of the year	111.86	115.86
	Add: Purchases	343.63	343.05
		455.49	458.91
	Less: Inventory at the end of the year	105.43	111.86
	Cost of liquor and wine consumed	350.06	347.05
		4,358.52	3,532.67

24 Employee benefit expense

	For the year ended March 31, 2018 ₹ In lakhs	For the year ended March 31, 2017 ₹ In lakhs
Salaries, wages and bonus	9,241.63	7,998.47
Contribution to provident fund and other funds	383.47	322.28
Share based payments to employees	94.54	114.13
Gratuity expense	52.05	50.24
Leave compensation expenses	23.34	35.17
Staff welfare expenses	1,162.45	1,168.63
Total	10,957.49	9,688.92

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

25. Other expenses

	For the year ended March 31, 2018 ₹ in lakhs	For the year ended March 31, 2017 ₹ in lakhs
Consumption of stores, cutlery, crockery, linen, provisions and others	1,165.69	1,048.37
Lease rent	3,064.40	2,346.60
License fee	623.65	403.97
Power and fuel	4,845.96	3,840.87
Linen & uniform washing and laundry expenses	265.59	252.17
Guest transportation	1,109.16	882.20
Spa expenses	161.53	151.51
Subscription charges	98.12	99.52
Repair and maintenance		
- Buildings	469.77	633.68
- Plant and machinery	750.53	648.19
- Others	578.18	719.30
Rates and taxes	888.58	871.30
Insurance	99.40	96.63
Communication costs	862.95	828.71
Printing and stationery	276.85	220.49
Traveling and conveyance	175.84	206.41
Vehicle running and maintenance	188.43	172.23
Advertisement and business promotion	207.79	302.45
Commission -other than sole selling agent	1,354.06	556.89
Security and cleaning expenses	898.23	717.24
Membership and subscriptions	24.56	41.70
Legal and professional fees	865.78	857.91
Advances written off	0.35	5.19
Freight and cartage	14.51	15.35
Exchange difference (net)	0.06	-
Donations	4.75	8.93
Loss on sale of property, plant & equipment (net)	8.63	21.58
Provision for doubtful debts	5.18	22.44
Payment to auditor (Refer note below)	75.00	83.90
Miscellaneous expenses	409.16	284.02
	19,492.69	16,339.75
Payment to auditor		
Audit fee	64.00	56.90
Tax audit fee	3.00	2.58
Other services	8.00	21.43
Reimbursement of expenses	-	3.00
	75.00	83.90

26. Finance costs

	For the year ended March 31, 2018 ₹ in lakhs	For the year ended March 31, 2017 ₹ in lakhs
Interest		
- on term loans from banks	6,342.39	6,223.17
- on loans from financial institutions	554.26	639.33
- on loans from others	217.96	7.81
- on vehicle loans	28.12	21.03
- on other credit facilities from banks	225.63	475.01
- on income tax	2.67	2.95
- on others	2.25	4.08
Prepayment charges	4.03	42.23
Bank charges (including commission on credit card collection)	459.59	341.80
	7,836.90	7,757.41

27. Finance income

	For the year ended March 31, 2018 ₹ in lakhs	For the year ended March 31, 2017 ₹ in lakhs
Profit on sale of investment	8.99	26.55
Interest Income on :		
-Bank Deposits	78.41	81.96
- Interest on income tax refund	5.27	0.68
-Others	335.10	237.81
Fair value profit on financial instruments at fair value through profit or loss	48.42	9.25
	476.19	356.25

28. Depreciation and amortization expense

	For the year ended March 31, 2018 ₹ in lakhs	For the year ended March 31, 2017 ₹ in lakhs
Depreciation on tangible assets	5,196.17	5,042.55
Amortization of intangible assets	62.28	55.36
Depreciation on investment properties	4.39	4.39
Depreciation capitalized	(1.09)	(1.06)
Total	5,261.74	5,101.24

29 Earnings per share (Basic and Diluted)

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

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

The earnings and weighted average number of ordinary shares used in the calculation of Basic and Diluted EPS are as follows:

	March 31, 2018	March 31, 2017
Profit/(Loss) attributable to equity holders (for basic and diluted)	1,419.43	(616.58)
Weighted average number of equity Shares (for basic and diluted earnings per share)*	784,588,452	779,627,716
Basic and Diluted earnings per share	0.18	(0.08)

* The weighted average number of shares takes into account the weighted average effect of changes in share transactions during the year. The shares of the company has been listed on BSE Limited and National Stock Exchange of India Limited with effect from April 9, 2018.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

30. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

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

Operating lease commitments – Group as lessee

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

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

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group 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 Group. Such changes are reflected in the assumptions when they occur.The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only the period of the revision and future periods if the revision affects both current and future periods.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using other valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 37 for further disclosures.

Taxes

Considering that nature of the Group's operations and history of past tax losses, deferred tax assets (including MAT credit) are recognized to the extent that it is probable that taxable profit will be generated in future against which the deductible temporary differences, carry forward of unabsorbed depreciation and tax losses can be utilised. Accordingly, it is considered prudent to recognize the deferred tax assets only to the extent of deferred tax liabilities and the Group has not recognised deferred tax assets on remaining unused tax losses/credits of Rs7,295.64 lakhs and

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

₹ 8,405.60 lakhs as of March 31, 2018 and March 31, 2017 respectively. Breakup of current tax shown in Statement of Profit and Loss is as given below:-

Tax expense:	March 31, 2018 ₹ in lakhs	March 31, 2017 ₹ in lakhs
Current tax	138.56	170.27
Minimum Alternate Tax (MAT)	489.09	173.05
Adjustment of tax relating to earlier periods	(0.06)	(24.65)
Total	**627.59**	**318.67**

31. Group information

The consolidated financial statements of the Group include subsidiaries, associates and limited liability partnership listed in the table below:

a) Subsidiaries under Direct Control

S. No.	Name of the Company	Principal activities	Country of Incorporation	% of equity interest	
				March 31, 2018	March 31, 2017
1.	Begonia Hotels Private Limited	Hotel Business	India	**74.11%**	74.11%
2.	Carnation Hotels Private Limited	Hotel Business	India	**100%**	100%
3.	Fleur Hotels Private Limited	Hotel Business	India	**57.98%**	57.98%
4.	Dandelion Hotels Private Limited	Hotel Business	India	**100%**	100%
5.	Lemon Tree Hotel Company Private Limited	Hotel Business	India	**100%**	100%
6.	PSK Resorts & Hotels Private Limited	Hotel Business	India	**100%**	100%
7.	Canary Hotels Private Limited	Hotel Business	India	**100%**	100%
8.	Grey Fox Project Management Company Private Limited	Project management services	India	**100%**	74.90%
9.	Nightingale Hotels Private Limited	Hotel Business	India	**57.53%**	57.53%
10.	Oriole Dr Fresh Hotels Private Limited	Hotel Business	India	**100%**	100%
11.	Red Fox Hotel Company Private Limited	Hotel Business	India	**100%**	100%
12.	Sukhsagar Complexes Private Limited	Hotel Business	India	**100%**	100%
13.	Manakin Resorts Private Limited (Subsidiary of PSK Resorts & Hotels Private Limited)	Hotel Business	India	**10%**	10%
14.	Pelican Facilities Management Private Limited	Facilities Management Services	India	**-**	100%
15.	Meringue Hotels Private Limited	Hotel Business	India	**58.42%**	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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b) **Subsidiaries under Indirect Control**

S. No.	Name of the Company	Principal activities	Country of Incorporation	% of equity interest	
				March 31, 2018	March 31, 2017
1.	Manakin Resorts Private Limited (Subsidiary of PSK Resorts & Hotels Private Limited)	Hotel Business	India	**90%**	90%
2.	Celsia Hotels Private Limited (Subsidiary of Fleur Hotels Private Limited)	Hotel Business	India	**57.98%**	57.98%
3.	Inovoa Hotels & Resorts Limited (Subsidiary of Fleur Hotels Private Limited)	Hotel Business	India	**57.98%**	57.98%
4.	IORA Hotels Private Limited(Subsidiary of Fleur Hotels Private Limited)	Hotel Business	India	**57.98%**	57.98%
5.	Hyacinth Hotels Private Limited (Subsidiary of Fleur Hotels Private Limited))	Hotel Business	India	**57.98%**	57.98%
6.	Bandhav Resorts Private Limited (Subsidiary of Fleur Hotels Private Limited))	Hotel Business	India	**57.98%**	57.98%
7.	Ophrys Hotels Private Limited(Subsidiary of Fleur Hotels Private Limited)	Hotel Business	India	**57.98%**	57.98%
8.	Valerian Management Services Private Limited (Subsidiary of Grey Fox Project Management Company Private Limited)	Project Designing Services	India	**100%**	74.90%
9.	Meringue Hotels Private Limited (Subsidiary of Dandelion Hotels Private Limited up to September 1, 2017)	Hotel Business	India	**41.58%**	80%

c) **Associate**

S. No.	Name of the Company	Principal activities	Country of Incorporation	% of equity interest	
				March 31, 2018	March 31, 2017
1.	Mind Leaders Learning India Private Limited	Learning & Development	India	36.56%	-
2.	Pelican Facilities Management Private Limited (Subsidiary of Mind Leaders Learning India Private Limited)	Facilities Management Services	India	36.56%	-

d) **Limited Liability Partnership**

S. No.	Name of the LLP	Principal activities	Country of Incorporation	% interest	
				March 31, 2018	March 31, 2017
1.	Mezereon Hotels LLP (Capital contribution by Fleur Hotels Private Limited & Celsia Hotels Private Limited)	Hotel Business	India	57.98%	57.98%

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2018

(e) Statutory Group Information

	Name of the entity in the group	Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
		As % of consolidated net assets	₹ in lakhs	As % of consolidated profit and loss	₹ in lakhs	As % of consolidated other comprehensive income	₹ in lakhs	As % of total comprehensive income	₹ in lakhs
Parent									
	Lemon Tree Hotels Limited								
	Balance as at March 31, 2018	25.00%	31,081.95	(14.68%)	(213.66)	(102.25%)	1.85	(14.57%)	(211.81)
	Balance as at March 31, 2017	14.67%	18,148.42	377.48%	(1,932.76)	158.11%	11.85	380.74%	(1,920.91)
Subsidiaries									
1	Fleur Hotels Private Limited								
	Balance as at March 31, 2018	3.55%	4,420.16	31.30%	455.56	74.99%	(1.36)	31.25%	454.20
	Balance as at March 31, 2017	0.80%	984.21	(131.59%)	673.76	(4.55%)	(0.34)	(133.48%)	673.42
2	Celsia Hotels Private Limited								
	Balance as at March 31, 2018	0.18%	219.00	24.85%	361.63	(35.74%)	0.65	24.92%	362.27
	Balance as at March 31, 2017	(0.02%)	(29.06)	(66.49%)	340.43	0.18%	0.01	(67.48%)	340.44
3	Mezereon Hotels LLP								
	Balance as at March 31, 2018	0.00%	0.90	0.00%	(0.01)	0.00%	-	0.00%	(0.01)
	Balance as at March 31, 2017	0.00%	0.91	0.01%	(0.05)	0.00%	-	0.01%	(0.05)
4	Inovoa Hotels & Resorts Limited								
	Balance as at March 31, 2018	1.96%	2,431.04	4.71%	68.61	5.31%	(0.10)	4.71%	68.51
	Balance as at March 31, 2017	1.99%	2,463.89	(23.95%)	122.63	2.81%	0.21	(24.35%)	122.84
5	PSK Resorts & Hotels Private Limited								
	Balance as at March 31, 2018	0.00%	0.93	(0.03%)	(0.47)	0.00%	0.00	(0.03%)	(0.47)
	Balance as at March 31, 2017	0.00%	(0.60)	0.21%	(1.08)	0.00%	-	0.21%	(1.08)
6	Manakin Resorts Private Limited								
	Balance as at March 31, 2018	0.74%	914.93	3.95%	57.42	(5.93%)	0.11	3.96%	57.53
	Balance as at March 31, 2017	0.81%	996.96	(8.60%)	44.03	10.28%	0.77	(8.88%)	44.80
7	Canary Hotels Private Limited								
	Balance as at March 31, 2018	2.02%	2,505.98	(14.84%)	(215.93)	(9.02%)	0.16	(14.84%)	(215.77)
	Balance as at March 31, 2017	1.92%	2,370.75	41.97%	(214.91)	0.97%	0.07	42.58%	(214.84)
8	Meringue Hotels Private Limited								
	Balance as at March 31, 2018	7.78%	9,671.41	(0.53%)	(7.76)	0.00%	0.00	(0.53%)	(7.76)
	Balance as at March 31, 2017	8.33%	10,298.30	0.91%	(4.68)	0.00%	0.00	0.93%	(4.68)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2018

Name of the entity in the group		Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
		As % of consolidated net assets	₹ in lakhs	As % of consolidated profit and loss	₹ in lakhs	As % of consolidated other comprehensive income	₹ in lakhs	As % of total comprehensive income	₹ in lakhs
9	Hyacinth Hotels Private Limited								
	Balance as at March 31, 2018	8.46%	10,515.82	29.95%	435.87	4.38%	(0.08)	29.98%	435.79
	Balance as at March 31, 2017	14.75%	18,240.17	(37.67%)	192.85	-6.01%	(0.45)	(38.14%)	192.40
10	Sukhsagar Complexes Private Limited								
	Balance as at March 31, 2018	0.91%	1,128.30	(2.32%)	(33.75)	(10.91%)	0.20	(2.31%)	(33.55)
	Balance as at March 31, 2017	0.71%	878.89	27.35%	(140.03)	(1.24%)	(0.09)	27.77%	(140.12)
11	Oriole Dr Fresh Hotels Private Limited								
	Balance as at March 31, 2018	0.71%	878.39	3.34%	48.66	6.51%	(0.12)	3.34%	48.54
	Balance as at March 31, 2017	0.68%	839.85	1.86%	(9.54)	(1.88%)	(0.14)	1.92%	(9.68)
12	Nightingale Hotels Private Limited								
	Balance as at March 31, 2018	1.82%	2,258.11	8.65%	125.95	76.53%	(1.38)	8.57%	124.57
	Balance as at March 31, 2017	1.86%	2,305.90	(15.33%)	78.51	(2.40%)	(0.18)	(15.53%)	78.33
13	Dandelion Hotels Private Limited								
	Balance as at March 31, 2018	(8.82%)	(10,965.64)	(0.20%)	(2.95)	0.00%	0.00	(0.20%)	(2.95)
	Balance as at March 31, 2017	0.31%	386.64	0.04%	(0.19)	0.00%	0.00	0.04%	(0.19)
14	Carnation Hotels Private Limited								
	Balance as at March 31, 2018	0.86%	1,068.61	14.27%	207.70	53.00%	(0.96)	14.22%	206.74
	Balance as at March 31, 2017	0.68%	835.32	8.09%	(41.41)	(272.60%)	(20.43)	12.26%	(61.83)
15	Greyfox Project Management Company Private Limited								
	Balance as at March 31, 2018	0.07%	86.46	(8.99%)	(130.90)	(5.12%)	0.09	(9.00%)	(130.81)
	Balance as at March 31, 2017	0.08%	97.14	3.07%	(15.74)	4.37%	0.33	3.06%	(15.41)
16	Pelican Facilities Management Private Limited								
	Balance as at March 31, 2018	0.00%	-	0.00%	0.00	0.00%	0.00	0.00%	-
	Balance as at March 31, 2017	0.00%	0.52	0.03%	(0.16)	0.00%	0.00	0.03%	(0.16)
17	Red Fox Hotel Company Private Limited								
	Balance as at March 31, 2018	0.00%	1.49	(0.04%)	(0.53)	0.00%	0.00	(0.04%)	(0.53)
	Balance as at March 31, 2017	0.00%	0.02	0.06%	(0.30)	0.00%	0.00	0.06%	(0.30)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2018

Name of the entity in the group		Net Assets, i.e., total assets minus total liabilities		Share in profit and loss		Share in other Comprehensive income		Share in total Comprehensive income	
		As % of consolidated net assets	₹ in lakhs	As % of consolidated profit and loss	₹ in lakhs	As % of consolidated other comprehensive income	₹ in lakhs	As % of total comprehensive income	₹ in lakhs
18	Lemon Tree Hotel Company Private Limited								
	Balance as at March 31, 2018	0.00%	1.46	(0.01%)	(0.18)	0.00%	0.00	(0.01%)	(0.18)
	Balance as at March 31, 2017	0.00%	1.63	0.04%	(0.19)	0.00%	0.00	0.04%	(0.19)
19	Valerian Management Services Private Limited								
	Balance as at March 31, 2018	0.02%	29.57	(1.48%)	(21.57)	0.00%	0.00	(1.48%)	(21.57)
	Balance as at March 31, 2017	0.01%	10.75	3.52%	(18.03)	0.00%	0.00	3.57%	(18.03)
20	IORA Hotels Private Limited								
	Balance as at March 31, 2018	17.70%	22,004.65	(0.06%)	(0.87)	0.00%	0.00	(0.06%)	(0.87)
	Balance as at March 31, 2017	16.11%	19,932.55	0.04%	(0.21)	0.00%	0.00	0.04%	(0.21)
21	Ophrys Hotels Private Limited								
	Balance as at March 31, 2018	0.00%	1.31	(0.01%)	(0.08)	0.00%	0.00	(0.01%)	(0.08)
	Balance as at March 31, 2017	0.00%	1.38	0.05%	(0.24)	0.00%	0.00	0.05%	(0.24)
22	Begonia Hotels Private Limited								
	Balance as at March 31, 2018	0.71%	886.82	21.57%	313.93	-32.38%	0.59	21.64%	314.52
	Balance as at March 31, 2017	0.55%	674.72	(69.77%)	357.25	8.95%	0.67	(70.94%)	357.92
23	Bandhav Resorts Private Limited								
	Balance as at March 31, 2018	1.88%	2,342.49	(1.87%)	(27.24)	0.00%	0.00	(1.87%)	(27.24)
	Balance as at March 31, 2017	1.15%	1,417.90	9.09%	(46.53)	0.00%	-	9.22%	(46.53)
Non-controlling interests in all subsidiaries									
	Balance as at March 31, 2018	34.47%	42,864.34	2.47%	35.93	80.64%	(1.46)	2.37%	34.47
	Balance as at March 31, 2017	34.63%	42,836.28	(20.42%)	104.56	203.01%	15.21	(23.74%)	119.77
Total	**Balance as at March 31, 2018**	**100.00%**	**124,348.48**	**100.00%**	**1,455.36**	**100.00%**	**(1.81)**	**100.00%**	**1,453.55**
	Balance as at March 31, 2017	**100.00%**	**123,693.45**	**100.00%**	**(512.02)**	**100.00%**	**7.50**	**100.00%**	**(504.51)**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

32. Gratuity and other post-employment benefit plans

The Group has a defined benefit gratuity plan (funded). The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The fund has the form of a trust and it is governed by the board of trustees, which consists of an equal number of employer and employee representatives. The board of trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. The trust fund has taken a scheme of insurance, whereby these contributions are transferred to the insurer. The group makes provision of such gratuity liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method.

₹ In lakhs

Benefit Liability	March 31, 2018	March 31, 2017
Gratuity plan	199.04	171.54
Total	**199.04**	**171.54**

Risk analysis

Group is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefits plans and management estimation of the impact of these risks are as follows:

- Investment risk

  The most of the Indian defined benefit plans are funded with Life Insurance Corporation of India. Group does not have any liberty to manage the fund provided to Life Insurance Corporation of India.

  The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government of India bonds for Group's Indian operations. If the return on plan asset is below this rate, it will create a plan deficit.

- Interest risk

  A decrease in the interest rate on plan assets will increase the plan liability.

- Longevity risk/life expectancy

  The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. Increases in the life expectancy of the plan participants will increase the plan liability.

- Salary growth risk

  The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2018

Changes in the defined benefit obligation and fair value of plan assets as at March 31, 2018:

₹ In lakhs

	Opening Balance	Cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income						
	April 1, 2017	Service cost	Net interest expense/ income	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Remea-surement changes arising from changes in demographic assumptions	Remea-surement changes arising from changes in financial as-sumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2018
Defined benefit obligation	301.56	40.69	19.82	60.51	(8.15)	-	-	(3.92)	7.02	3.10	-	357.02
Fair value of plan assets	130.02	-	8.46	8.46	(4.18)	1.19	-	-	-	1.19	22.49	157.98
Benefit liability	**171.54**	**40.69**	**11.36**	**52.05**	**(3.97)**	**(1.19)**	**-**	**(3.92)**	**7.02**	**1.91**	**(22.49)**	**199.04**

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

₹ In lakhs

	Opening Balance	Cost charged to profit or loss				Remeasurement gains/(losses) in other comprehensive income						
	April 1, 2016	Service cost	Net interest expense/ Income	Sub-total included in profit or loss	Benefits paid	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	Contributions by employer	March 31, 2017
Defined benefit obligation	264.08	39.44	19.69	59.13	(11.52)	-	-	5.62	(15.75)	(10.13)	-	301.56
Fair value of plan assets	120.09	-	8.77	8.77	(7.59)	0.25	-	-	-	-	8.50	130.02
Benefit liability	**143.99**	**39.44**	**10.92**	**50.36**	**(3.93)**	**(0.25)**	**-**	**5.62**	**(15.75)**	**(10.13)**	**(8.50)**	**171.54**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

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

	March 31, 2018	March 31, 2017
Unquoted investments:		
Asset invested in insurance scheme with the LIC	100%	100%
Total	**100%**	100%

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

	March 31, 2018	March 31, 2017
Discount rate:	%	%
Pension plan	6.80% to 7.30%	6.50%
Future salary increases:		
Pension plan	5.00%	5.00%
Life expectation for pensioners :	Years	Years
Pension plan		
Male	60	60
Female	60	60

A quantitative sensitivity analysis for significant assumption as at March 31, 2018 is as shown below:

India gratuity plan:

₹ In lakhs

	March 31, 2018	March 31, 2018	March 31, 2018	March 31, 2018
Assumptions	**Discount rate**		**Future salary increases**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	7.65	8.11	8.20	7.88

	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
Assumptions	**Discount rate**		**Future salary increases**	
Sensitivity Level	1% increase	1% decrease	1% increase	1% decrease
Impact on defined benefit obligation	6.88	7.28	7.31	7.11

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

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

₹ In lakhs

Duration (Years)	For the year ended March 31, 2018	For the year ended March 31, 2017
1	191.08	82.48
2	49.05	127.83
3	43.55	32.29
4	34.54	28.07
5	25.71	22.52
Above 5	83.98	68.20
Total expected payments	**427.91**	**361.39**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
for the year ended March 31, 2018

The average duration of the defined benefit plan obligation at the end of the reporting period is 4.31years (March 31, 2017: 5years).

33. Commitments and contingencies

a. Leases

Operating lease commitments — Group as lessee

The Group has taken office premises and hotel properties and staff hostels/others under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms except for few properties (including hotel property at Indore, Aurangabad, Gurgaon (2 properties), New Delhi Chandigarh, Banjara Hills Hyderabad and Goa). The lease for hotel property at Indore, Aurangabad, Gurgaon (2 properties), New Delhi, Chandigarh, Banjara Hills Hyderabad and Goa are non-cancellable for a period of twenty-nine, twenty-two, thirty, twenty two, thirty, sixty, thirty and twenty five years respectively.

The Group has recognised the following expenses as rent in the statement of Profit & Loss towards minimum lease payment.

₹ In lakhs

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Lease Rent on Hotel Properties	3,441.33	2,117.62
Rent on Office Premises	39.17	36.81
Rent of staff hostel/Others	121.82	119.68
Total	**3,602.32**	**2,274.11**

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

₹ In lakhs

Particulars	As at March 31, 2018	As at March 31, 2017
Minimum Lease Payments :		
Not later than one year	**3,468.02**	3,016.37
Later than one year but not later than five years	**15,331.25**	12,963.98
Later than five years	**123,304.71**	106,574.21
Total	**142,103.98**	122,554.56

b. Commitments

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

Estimated amount of contracts remaining to be executed and not provided for March 31,2018 ₹ 30,576.67 lakhs (March 31,2017 : ₹ 22,092.12 lakhs)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

c. **Contingent liabilities**

(i) **Legal claim contingency**

₹ In lakhs

	As at March 31, 2018	As at March 31, 2017
Counter Guarantees given in respect of guarantees issued by Company's bankers	**1,471.48**	1,800.30
Service tax	**244.00**	331.22
Luxury tax	**42.45**	42.45
VAT	**56.60**	56.60
Income Tax	**23.60**	91.60
Matters pending with consumer court	**22.80**	22.80
Property Tax	**69.34**	69.34
Total	**1,930.27**	2,414.31

The Group's pending litigations above pertains to proceedings pending with Income Tax, Excise, Sales/VAT tax and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.

(ii) During the earlier years, the Company and one of the subsidiary company, Hyacinth Hotels Private Limited(collectively known as "Companies") had received a show cause notice dated April 25, 2014 from Collector of Stamps, Delhi ('Department'), wherein the department was of the view that prima facie the Companies has not paid stamp duty as per Indian Stamp Act, 1899 on right to use the land given by Delhi International Airport (P) Ltd. (DIAL) under the Development Agreement dated May 25, 2009 ('DA'). The Companies contested the matter and the Department pursuant to the response received from all the developers of area where the Companies project is located, and arguments thereon, passed a common order on July 14, 2014 ("Order") and subsequently, the Companies and its directors received show cause notice dated August 14, 2014 from the Department as to why criminal prosecution for non- payment of requisite stamp duty should not be initiated against them. The Company along with certain other developers had filed a writ petition before the Honorable High Court of Delhi (HC) and the HC vide its order dated August 25, 2014 has granted ex- parte interim stay from all proceedings under the Order including the said show cause notice dated August 14, 2014. The next date of hearing before the HC is scheduled for October 11, 2018. The Companies, based on advice from legal experts, is of the view that there is no likelihood of any liability devolving on the Companies on this ground.

(iii) Hyacinth Hotels Private Limited, one of the subsidiary company, has received a demand from South Delhi Municipal Corporation ('the Authority') wherein the Authority has called upon the subsidiary company to pay an amount of ₹ 68.19 lakhs (for the financial Years 2010-11 to financial years 2013-2014) towards annual value in respect of the hotel property situated in Hospitality District, Aerocity. The Subsidiary Company filed a writ petition in the high court against the said order. Pending adjudication, the High Court had given interim stay directing the subsidiary company to deposit Rs 25 lakhs. The management based upon its assessment and expert's advice believes that any further liability against the aforesaid demand (including the demand for any subsequent year) is improbable to crystallize.

(iv) Malviya National Institute of Technology, Jaipur ("MNIT") filed an application before the Sub-divisional Officer ("SDO"), Jaipur against, among others, Sukhsagar Complexes Private Limited (one of the subsidiary), alleging that a portion of the land on which Red Fox Hotel, Jaipur has been constructed is owned by MNIT. Pursuant to an order dated December 31, 1999 , the SDO, Jaipur, recorded certain land bearing khasra number 102/433 in the name of Gulab Chand and certain others, while removing the name of Malviya Regional Engineering College, the predecessor entity to MNIT. Against the order of the SDO, MNIT filed an appeal (appeal no. 327/2013) before the Divisional Commissioner, Jaipur ("Commissioner"), against Gulab Chand, Girdharilal Maninar and Gopal DasJohar, being the previous owners of the property sold to Sukhsagar, and also, among others, Sukhsagar, stating that Sukhsagar and Devashish Builders Private Limited had encroached on the land belonging to MNIT. The appeal was dismissed by the Commissioner pursuant to an order dated January 8, 2013 and the order passed by the SDO, dated December 31, 1999, was confirmed. Subsequently, Sukhsagar filed a review petition before the Commissioner challenging the order dated January 8, 2013 on grounds of certain procedural irregularities. The Commissioner, through an order dated September 4, 2013, recalled its previous order dated January 8, 2013. The Commissioner eventually dismissed the appeal filed by MNIT through an order dated September 11, 2013. MNIT filed a writ petition before the High Court of Rajasthan challenging the order of the Commissioner, dated September 11, 2013. The proceedings are in progress & the management based upon its assessment and expert's advice believes that any liability is improbable to crystallize.

(v) Meringue Hotels Private Limited (one of the subsidiary company), in 2006, had purchased a plot of land 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 21.6 lakhs 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 and the management based upon its assessment and expert's advice believes that any liability is improbable to crystallize.

(vi) Oriole Dr. Fresh Hotels Private Limited (a subsidiary company) filed an arbitration petition (arbitration petition No. 160/2012), against the Delhi Developmental Authority (the "DDA") seeking quashing of invocation of a bank guarantee amounting to Rs 102.80 lakhs by DDA, recovery of Rs 25 lakhs as compensation alleging harassment and mental agony, recovery of Rs 10lakhs towards cost of proceedings, and interest at the rate of 18% on blocked amount from December 28, 2010 till the date of return of pay order. This dispute pertains to an agreement for construction of a hotel by the subsidiary in Kondli, Delhi, entered into with DDA, as a successful bidder in an auction process conducted for this purpose. As per such agreement the subsidiary was required to provide a bank guarantee of Rs 102.80 lakhs as performance security. The DDA allegedly sought to encash the bank guarantee on December 21, 2011 on grounds of non-performance of contractual obligations by the subsidiary. Consequently, on March 12, 2012 Oriole sent a notice of commencement of arbitration to DDA and on May 31, 2012, the subsidiary obtained an injunction (OMP No. 1/2012) from the High Court of Delhi restraining DDA and Axis Bank Limited from proceeding with the encashment of the bank guarantee until the completion of the arbitration proceedings. An arbitral tribunal was constituted on September 28, 2012 and Oriole filed its statement of claims on November 8, 2012.The proceedings are in progress and the management based upon its assessment and expert's advice believes that any further liability against the aforesaid demand is improbable to crystallize.

34. Events after the reporting period:

The shares of the Company has been listed on Bombay Stock Exchange and National Stock Exchange with effect from April 9, 2018.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

35. Employee Stock Option Plans:

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

The Group has provided various share-based payment schemes to its employees. During the year ended March 31, 2018 the following schemes were in operation:

	Plan 1 (2005)	Plan 2 (2006)
Date of grant	November 15, 2005 and April 1, 2006	September 1, 2006, April 1,2007, October 1, 2007, April 1, 2008, January 12, 2009, April 1, 2009, April 1, 2010, October 1, 2010, April 1, 2011, April 1, 2012, April 1, 2015, January 1, 2018
Date of Board Approval of plan	September 23,2005	July 18, 2006
Date of Shareholder's approval of plan	November 15,2005	August 25, 2006
Number of options granted	387,300	13,249,207
Method of Settlement	Equity	Equity
Vesting Period	12-48 months	12-48 months & 15-39 months
Exercise Period	5 years from the date of vesting	5 years from the date of vesting
Vesting Conditions	Employee remaining in the employment of the enterprise during the vesting period.	Employee remaining in the employment of the enterprise during the vesting period.

Details of vesting:

Vesting period from the grant date	Vesting Schedule	
	Plan 1 (2005)	Plan 2 (2006) *
On completion of 12 months	30%	10%
On completion of 24 months	20%	20%
On completion of 36 months	20%	30%
On completion of 48 months	30%	40%

* All ESOP's under ESOP Plan 2006 are granted as per general vesting schedule defined in the scheme except for ESOP's granted on 12th January 2009, 328,008 ESOP's granted on April 1, 2012 and 487,000 ESOP's granted on January 1, 2018 for which specific vesting schedule was decided.

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

	2017-18		2016-17	
	Number of options	**Weighted average exercise price (₹)**	Number of options	Weighted average exercise price (₹)
Outstanding at the beginning of the year	-	-	9,000	3.38
Granted during the year	-	-	-	-
Bonus issued during the year	-	-	-	-
Forfeited during the year	-	-	9,000	3.38
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	-	-	-	-
Weighted average fair value of options granted during the year	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

	April'17 to March'18		April'16 to March'17	
	Number of Options	**Weighted Average Exercise Price (₹)**	Number of Options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	**7,814,678**	**20.53**	11,069,974	19.26
Granted during the year	**487,000**	**21.50**	-	-
Forfeited during the year	**149,527**	**21.37**	383,394	20.84
Exercised during the year	**2,318,370**	**20.32**	2,871,902	15.74
Expired during the year	-	-	-	-
Outstanding at the end of the year	**5,833,781**	**21.50**	7,814,678	20.53
Exercisable at the end of the year	**2,293,134**	**21.50**	2,341,593	20.32
Weighted average remaining contractual life (in years)	**5.70**	-	6.03	-

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

	Range of exercise prices (₹)		Number of options outstanding		Weighted average remaining contractual life of options (in years)		Weighted average exercise price (₹)	
	As at March 31, 2018	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017	**As at March 31, 2018**	As at March 31, 2017
Plan 1	-	-	-	-	-	-	-	-
Plan 2	**10.57-21.50**	10.00-21.50	**5,833,781**	7,814,678	**5.70**	6.03	**21.50**	20.53

Stock Options granted

The weighted average fair value of stock options granted during the year was ₹ 13.75.The Black Scholes model has been used for computing the weighted average fair value considering the following inputs:

	Plan 1 (2005)		Plan 2 (2006)	
	2018	2017	**2018**	2017
Weighted average share price	-	-	**22.92**	-
Exercise Price	-	-	**21.50**	-
Volatility	-	-	**42.15%**	-
Life of the options granted in years	-	-	**5**	-
Expected dividends	-	-	-	-
Average risk-free interest rate	-	-	**7.47%**	-
Expected dividend rate	-	-	-	-

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

36. Related Party Transactions

Names of related parties	
Key Management Personnel	- Mr. Patanjali Govind Keswani (Chairman and Managing Director)
	- Mr.Rattan Keswani (Deputy Managing Director)
	- Mr. Sanjeev Kaul Duggal (Independent Director) (upto April 1, 2017)
	- Mr. Gopal Sitaram Jiwarajka (Independent Director)
	- Mr. Ravi Kant Jaipuria (Director)
	- Mr. Niten Malhan (Director)
	- Mr. Sachin Doshi (Director) (upto August 1, 2017)
	- Mr. Pradeep Gupta (Director) (from June 15, 2017 to December 5, 2017)
	- Mr. Willem Albertus Hazeleger (Director) (from August 9, 2017)
	- Ms. Ila Dubey (Director) (upto May 31, 2017)
	- Mr. Aditya Madhav Keswani (Director)
	- Mr. Paramartha Saikia (Independent Director) (from June 15, 2017)
	- Ms.Freyan Jamshed Desai (Independent Director) (from June 15, 2017)
	- Mr. Ashish KumarGuha (Independent Director) (from June 15, 2017)
	- Mr. Pradeep Mathur (Independent Director) (from December 5, 2017)
	- Mr. Arvind Singhania (Independent Director) (from June 15, 2017)
Key Management Personnel/ Individuals having significant influence and their relatives (in Subsidiaries)	- Mr. Rattan Keswani (Whole Time Director of Carnation Hotels Private Limited)
	- Mr. J. K. Chawla (Individual having significant influence in Grey Fox Project Management Company Private Limited)(upto September 1,2017)
	- Mr. Rajesh Kumar (Whole Time Director of Canary Hotels Private Limited)
	- Mr. Sumant Jaidka (Whole Time Director of Inovoa Hotels and Resorts Limited)
	- Mr. Rajeev Janveja (Whole Time Director of Nightingale Hotels Private Limited
	- Ms. Natasha Yashpal (Whole Time Director of Oriole Dr. Fresh Hotels Private Limited
	- Mr. Nayan Sharad Parekh (Director of Meringue Hotels Private Limited) (upto September 1, 2017)
	- Mr. Hiten V. Parekh (Director of Meringue Hotels Private Limited) (upto September 1, 2017)
Relatives of key management personnel	- Mrs. Sharanita Keswani relative of Mr. Aditya Madhav Keswani
Enterprises owned or significantly influenced by key management personnel or their relatives	- Spank Management Services Private Limited
	- Toucan Real Estates Private Limited
Associates	- Mind Leaders Learning India Private Limited

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

Chief Financial Officer : Mr. Kapil Sharma

Company Secretary : Mr. Nikhil Sethi

NOTES TO CONSOLIDATED 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

₹ in lakhs

Transactions with Related Party	Year Ended	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel) of Subsidiaries	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate
Reimbursement of Expenses done on behalf of party						
Spank Management Services Private Limited	31-Mar-18	-	-	-	-	-
	31-Mar-17	-	-	-	0.17	-
Interest Received (gross)						
Mr. J.K Chawla	31-Mar-18	-	-	0.23	-	-
	31-Mar-17	-	-	0.80	-	-
Mr. Rajesh Kumar	31-Mar-18	-	-	-	-	-
	31-Mar-17	-	-	0.21	-	-
Repayment of Loan Given						
Mr. JK Chawla	31-Mar-18	-	-	12.00	-	-
	31-Mar-17	-	-	12.00	-	-
Mr. Rajesh Kumar	31-Mar-18	-	-	10.25	-	-
	31-Mar-17	-	-	8.25	-	-
Repayment of Loan Taken						
Mr. Patanjali Govind Keswani	31-Mar-18	589.87	-	-	-	-
	31-Mar-17	-	-	-	-	-
Services obtained						
Spank Management Services Private Limited	31-Mar-18	-	-	-	648.29	-
	31-Mar-17	-	-	-	1,285.15	-
Capital Advances						
Toucan Real Estate Private Limited	31-Mar-18	-	-	-	-	-
	31-Mar-17	-	-	-	3,624.52	-
Deposit Given						
Toucan Real Estate Private Limited	31-Mar-18	-	-	-	192.00	-
	31-Mar-17	-	-	-	-	-
Loan (Repaid)						
Hiten V Parekh	31-Mar-18	-	-	759.00	-	-
	31-Mar-17	-	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2018

₹ in lakhs

Transactions with Related Party	Year Ended	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel) of Subsidiaries	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate
Nayan S Parekh	31-Mar-18	-	-	1,012.00		
	31-Mar-17	-	-	-	-	-
Remuneration paid						
Mr. Patanjali Govind Keswani	31-Mar-18	284.13	-	-	-	-
	31-Mar-17	332.00	-	-	-	-
Mr. Rattan Keswani	31-Mar-18	-	-	215.36	-	-
	31-Mar-17	20.22	-	193.54	-	-
Mr. JK Chawla	31-Mar-18	-	-	48.71	-	-
	31-Mar-17	-	-	112.12	-	-
Mr. Sumant Jaidka	31-Mar-18			55.61		
	31-Mar-17	-	-	45.47	-	-
Mr. Alok Ranjan	31-Mar-18	-	-	-	-	-
	31-Mar-17	-	-	38.55	-	-
Mr. Rajesh Kumar	31-Mar-18	-	-	40.47	-	-
	31-Mar-17	-	-	35.81	-	-
Mr. Kapil Sharma	31-Mar-18	75.93	-	-	-	-
	31-Mar-17	65.28	-	-	-	-
Mr. Nikhil Sethi	31-Mar-18	29.95	-	-	-	-
	31-Mar-17	8.80	-	-	-	-
Others	31-Mar-18	-	-	80.42	-	-
	31-Mar-17	4.68	-	71.81	-	-
Sitting Fee paid						
Mr. Arvind Singhania	31-Mar-18	0.60	-	-	-	-
	31-Mar-17	-	-	-	-	-
Mr. Ashish Kumar Guha	31-Mar-18	1.00	-	-	-	-
	31-Mar-17	-	-	-	-	-
Ms. Freyan Jamshed Desai	31-Mar-18	1.00	-	-	-	-
	31-Mar-17	-	-	-	-	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS for the year ended March 31, 2018

₹ in lakhs

Transactions with Related Party	Year Ended	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel) of Subsidiaries	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate
Mr. Gopal Sitaram Jiwarajka	31-Mar-18	0.80	-	-	-	-
	31-Mar-17	-	-	-	-	-
Mr. Paramartha Saikia	31-Mar-18	1.00	-	-	-	-
	31-Mar-17	-	-	-	-	-
Mr. Pradeep Mathur	31-Mar-18	0.60	-	-	-	-
	31-Mar-17	-	-	-	-	-
Mr. Pradeep Gupta	31-Mar-18	0.40	-	-	-	-
	31-Mar-17	-	-	-	-	-
Fees for professional services						
Mrs. Sharanita Keswani	31-Mar-18	-	21.00	-	-	-
	31-Mar-17	-	42.00	-	-	-
Subscription in Share capital of the company						
Mindleaders Learning India Private Limited in Equity Shares	31-Mar-18	-	-	-	-	3.40
	31-Mar-17	-	-	-	-	-
Sale of Investment						
Mind Leaders Learning India Private Limited	31-Mar-18	-	-	-	-	1.00
	31-Mar-17	-	-	-	-	-
Training Fee Paid(Net of TDS)						
Mind Leaders Learning India Private Limited	31-Mar-18	-	-	-	-	186.93
	31-Mar-17	-	-	-	-	-
Balances outstanding at the year end - Trade Payable/Other Current Liabilities						
Mr. Kapil Sharma	31-Mar-18	2.32	-	-	-	-
	31-Mar-17	-	-	-	-	-
Mr. Rattan Keswani	31-Mar-18	-	-	3.50	-	-
	31-Mar-17	-	-	3.26	-	-
Mr. Rajeev Janveja	31-Mar-18	-	-	0.58	-	-
	31-Mar-17	-	-	0.67	-	-
Mr. SumantJaidka	31-Mar-18	-	-	6.53	-	-
	31-Mar-17	-	-	3.48	-	-

₹ in lakhs

Transactions with Related Party	Year Ended	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel)	Relatives of Key Management Personnel (Spouse, son, daughter, brother, sister, father, mother who may influence or be influenced by such personnel in his dealings with the Company)	Key Management Personnel (Managing Director, Whole time director, manager and other managerial personnel) of Subsidiaries	Enterprises owned or significantly influenced by key management personnel or their relatives	Associate
Mr. JK Chawla	31-Mar-18	-	-	-	-	-
	31-Mar-17	-	-	3.16	-	-
Ms. Sharnita Keswani	31-Mar-18	-	-	-	-	-
	31-Mar-17	-	3.68	-	-	-
Others	31-Mar-18	0.60	-	0.38	-	-
	31-Mar-17	0.61	-	0.69	-	-
Balances outstanding at the year end - Loans & Advances						
Mr. Rajesh Kumar	31-Mar-18	-	-	-	-	-
	31-Mar-17	-	-	10.25	-	-
Mr. JK Chawla	31-Mar-18	-	-	-	-	-
	31-Mar-17	-	-	40.00	-	-
Mind Leaders Learning India Private Limited	31-Mar-18	-	-	-	-	26.35
	31-Mar-17	-	-	-	-	-
Balances outstanding at the year end– Borrowings						
Mr. Hiten V Parekh	31-Mar-18	-	-	-	-	-
	31-Mar-17	-	-	759.00	-	-
Mr. Nayan S Parekh	31-Mar-18	-	-	-	-	-
	31-Mar-17	-	-	1,012.00	-	-
Balance Outstanding at the year end- Deposit given						
Toucan Real Esates Private Limited	31-Mar-18	-	-	-	192.00	-
	31-Mar-17	-	-	-	-	-

Terms and conditions of transactions with related parties

Outstanding balances with related parties at the year-end are unsecured and interest free and settlement occurs in cash. For the year ended March 31, 2018, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2017: Rs Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Commitments with related parties

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

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for the year ended March 31, 2018

37. Fair value measurement

a. Financial assets

₹ in lakhs

	March 31, 2018		March 31, 2017	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Assets				
Trade Receivables	-	5,252.37	-	3,144.53
Investments	1,395.59	-	634.15	-
Security Deposits	-	3,857.64	-	2,933.75
Other bank balances	-	833.01	-	790.93
Cash and Cash Equivalents	-	2,102.96	-	1,759.21
Interest accrued on deposit with banks	-	341.15	-	323.44
Loans		1,642.04	-	1,085.60
Other amount recoverable		1,329.40	-	0.41
Total Financial Assets	1,395.59	15,358.57	634.15	10,037.87

₹ in lakhs

	March 31, 2018		March 31, 2017	
	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Liabilities				
Borrowings	-	96,701.41	-	75,816.24
Trade Payables	-	8,112.65	-	6,044.52
Other Financial Liabilities	-	11,307.62	-	10,632.32
Total Financial Liabilities	-	116,121.68	-	92,493.08

Note: The financial assets above do not include investments in associates which are measured at cost in accordance with Ind AS 101, Ind AS 27 and Ind AS 28.

b. Fair value measurement hierarchy for assets and liabilities

Fair value measurement

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

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

i) Level 1

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

ii) Level 2

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

iii) Level 3

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Financial assets and liabilities measured at fair value

₹ in lakhs

	March 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments as FVTPL				
Quoted mutual funds	1195.29	-	-	1195.29
Unquoted equity instruments	-	-	200.30	200.30

	March 31, 2017			
	Level 1	Level 2	Level 3	Total
Financial assets				
Financial investments as FVTPL				
Quoted mutual funds	633.89	-	-	633.89
Unquoted equity instruments	-	-	0.26	0.26

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

The fair values of loans, security deposits, borrowings and other financial assets and liabilities are considered to be the same as their carrying values, as there is an immaterial change in the lending rates.

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

- The fair values of the unquoted equity shares have been estimated using net assets basis. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate, credit risk and volatility. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value for these unquoted equity investments.
- The fair values of the investment in mutual funds have been estimated based on NAV of the assets at each reporting date

38. Financial risk management objectives and policies

The Group's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Group's operations and to support its operations. The Group's financial assets include loans, trade and other receivables, and cash & cash equivalents that derive directly from its operations.

The Group is exposed to market risk, credit risk and liquidity risk. The Group's senior management oversees the management of these risks. The Group's senior management advises on financial risks and the appropriate financial risk governance framework for the Group. The Group's financial risk activities are governed by appropriate policies and procedure and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews and agrees policies for managing each risk, which are summarised as below:

Market risk

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

Interest rate risk

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

₹ In lakhs

	March 31, 2018	March 31, 2017
Variable rate borrowings	**100,627.47**	77,103.00
Fixed rate borrowings	**477.23**	2,763.81

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

₹ in lakhs

	Increase/decrease in basis points	Effect on profit before tax
March 31, 2018		
INR	50	467.83
INR	-50	(467.83)
March 31, 2017		
INR	50	324.77
INR	-50	(324.77)

Foreign currency risk

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

Credit risk

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

(a) Trade receivables

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

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 10. The Group does not hold collateral as security.

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₹ in lakhs

Ageing	31-March-18	31-Mar-17
Not due	-	44.18
0-60 days past due	3,054.18	2,103.89
61-120 days past due	813.38	397.34
121-180 days past due	469.95	170.15
180-365 days past due	658.85	278.25
365-730 days past due	179.00	112.16
more than 730 days	77.01	38.56

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

₹ in lakhs

Ageing	31-March-18	31-March-17
Not due	-	-
0-60 days past due	1.80	10.66
61-120 days past due	-	-
121-180 days past due	-	-
180-365 days past due	-	4.94
More than 365 days	38.70	21.05

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

₹ in lakhs

	31-March-18	31-March-17
Provision at beginning	**36.65**	**31.10**
Addition during the year	9.85	11.69
Reversal during the year	5.60	2.04
Utilized during the year		4.11
Provision at closing	**40.50**	**36.65**

Reconciliation of provision for doubtful debts - Loans and deposits

₹ in lakhs

	31-March-18	31-March-17
Provision at beginning	8.75	8.75
Addition during the year	-	-
Reversal during the year	-	-
Utilised during the year	-	-
Provision at closing	8.75	8.75

(b) Financial instruments and cash deposits

Credit risk from balances with banks is managed by the Group's treasury department in accordance with the Group's policy. Investment of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The Group's maximum exposure to credit risk for the components of the balance sheet at March 31, 2018, March 2017 is the carrying amount as illustrated in Note 10.

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for the year ended March 31, 2018

Liquidity risk

The Group monitors its risk of a shortage of funds by estimating the future cash flows. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, cash credit facilities and bank loans. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Group has access to a sufficient variety of sources of funding and debt maturity within 12 months can be rolled over with existing lenders. As at March 31, 2018, the group had available ₹ 31,880 lakhs (March 31, 2017: ₹ 30, 350 lakhs) of undrawn committed borrowing facilities.

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

₹ In lakhs

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Year ended March 31, 2018						
Borrowings (other than convertible preference shares)	3,570.04	547.36	3,942.99	36,182.25	56,862.06	101,104.70
Trade and other payables	8,112.65	-	-	-	-	8,112.65
Other Financial Liabilities	6,904.33	-	-	-	-	6,904.33
	18,587.02	**547.36**	**3,942.99**	**36,182.25**	**56,862.06**	**116,121.68**
Year ended March 31, 2017						
Borrowings (other than convertible preference shares)	6,745.98	420.45	3,538.38	33,123.14	36,038.88	79,866.82
Trade and other payables	6,044.52	-	-	-	-	6,044.52
Other Financial Liabilities	6,581.74	-	-	-	-	6,581.74
	19,372.24	**420.45**	**3,538.38**	**33,123.14**	**36,038.88**	**92,493.08**

39. Capital management

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest bearing loans and borrowings, trade payables, less cash and cash equivalents.

₹ In lakhs

	March 31, 2018	March 31, 2017
Borrowings (other than preference share)	101,104.70	79,866.82
Trade payables (Note 19)	8,112.65	6,044.52
Less: cash and cash equivalents (Note 10)	2,102.96	1,759.21
Net debt	**107,114.39**	**84,152.13**
Total capital	124,348.48	123,693.49
Capital and net debt	231,462.87	207,845.62
Gearing ratio	**46%**	**40%**

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for the year ended March 31, 2018

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

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

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2018 and March 31, 2017.

40. Segment Reporting

The Group is into Hoteliering business. The Board of Directors of the Company, which has been identified as being the chief operating decision maker (CODM), evaluates the Company performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. Therefore there is no reportable segment for the Company as per the requirements of Ind AS 108 – "Operating Segments".

Information about geographical areas

The Company has only domestic operations and hence no information required for the Company as per the requirements of Ind AS 108 – "Operating Segments".

Information about major customers

No customer individually accounted for more than 10% of the revenue

41. The Group in the earlier years paid conversion charges of ₹ 603.98 lakhs in respect of land taken for lease of 60 years for construction of hotel building. The Group has amortized ₹ 10.07 lakhs (Previous year ₹ 10.07 lakhs) during the year in accordance with its accounting policy of amortizing the conversion charges over the period of lease as mentioned in Note 2.1 (k) above. The balance amount of ₹ 512.55 lakhs (March 31, 2017: ₹ 522.61 lakhs) has been shown in Note 8 and 11 as 'Prepaid conversion charges.'

42. Changes in Ownership interest in Subsidiaries

a. During the previous year, the Company has acquired 25.10% additional stake of Carnation Hotels Private Limited (a subsidiary Company). The excess of consideration paid over book value of additional ownership interest (shares) acquired in the subsidiary is treated as equity transaction and gain of ₹ 54.61 lakhs is accounted for directly in equity.

b. During the year company has acquired 25.10% additional stake of Grey Fox Project Management Company Private Limited (a subsidiary Company). The excess of consideration paid over book value of additional ownership interest (shares) acquired in the subsidiary is treated as equity transaction and gain of ₹ 10.21 lakhs is accounted for directly in equity.

c. During the year, company has acquired 20.00% additional stake of Meringue Hotels Private Limited (a subsidiary Company). The excess of consideration paid over book value of additional ownership interest (shares) acquired in the subsidiary is treated as equity transaction and gain of ₹ 1955.36 lakhs is accounted for directly in equity.

d. During the year, company has sold 100% subsidiary Pelican Facilities Management Servcies Private Limited investment to associate Mind Leaders Learning India Private Limited at face value.

43. Scheme of Amalgamation

a) Acquisition by parent company

During the year ended March 31, 2018, the National Company Law Tribunal approved the order of scheme of amalgamation dated December 22, 2017 in respect of amalgamation of Aster Hotels & Resorts Private Limited, HeadStart Institute Private Limited and PRN Management Services Private Limited(the Transferor Companies) with Lemon Tree Hotels Limited and the scheme is effective from December 28, 2017. Investment has been nullified w.e.f. the Appointed date i.e. April 01, 2017.The Company has made the allotment of 56,511,722 equity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

shares to the shareholders of the Transferor Companies on January 22, 2018. The assets, liabilities and reserves of the Transferor Companies as at April 01, 2017 have been taken over at their fair values.

Name of the Company	Principal Activity	Date of Acquisition	Proportion of voting equity interest acquired	Consideration transferred
Aster Hotels & Resorts Private Limited	Hotel Business	April 1, 2017	100%	34,030,554 shares of Lemon Tree Hotels Limited held by Aster Hotels & Resorts Private Limited before amalgamation stands cancelled and the same number of shares have been issued to the shareholders of Aster Hotels for consideration other than cash.
HeadStart Institute Private Limited	Vocational Training & Education	April 1, 2017	100%	7,367,360 shares of Lemon Tree Hotels Limited held by HeadStart Institute Private Limited before amalgamation stands cancelled and the same number of shares have been issued to the shareholders of HeadStart Institute for consideration other than cash.
PRN Management Services Private Limited	Management Services	April 1, 2017	100%	15,113,808 shares of Lemon Tree Hotels Limited held by PRN Management Services Private Limited before amalgamation stands cancelled and the same number of shares have been issued to the shareholders of PRN Mangement for consideration other than cash.

Asset Acquired and liabilities recognised at the date of acquisition

₹ In lakhs

Particulars	Aster Hotels & Resorts Private Limited	HeadStart Institute Private Limited	PRN Management Services Private Limited
Current Assets			
Cash and cash equivalents	0.90	0.82	0.31
Other Assets	-	23.10	-
Non-current assets			
Plant and equipment	-	2.05	-
Current liabilities			
Short Term Loans	2.30	-	587.35
Other Liabilities	4.00	0.41	1.39
Total	**(5.40)**	**25.56**	**(588.43)**

Goodwill arising on acquisition

A qualitative description of the factors that make up the goodwill recognised, such as expected synergies from combining operations of the acquiree and the acquirer, intangible assets that do not qualify for separate recognition or other factors.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

₹ In lakhs

Particulars	Aster Hotels & Resorts Private Limited	HeadStart Institute Private Limited	PRN Management Services Private Limited	Total
Consideration transferred through issue of equity shares	7,316.58	1,583.98	3,249.47	12,150.03
Less : Fair Value of net assets acquired	7,311.16	1,586.69	3,249.55	12,147.40
Goodwill/(Capital Reserve) Arising on acquisition	**5.42**	**(2.71)**	**(0.08)**	**2.63**

Impact of acquisitions on the results of the Company

Since the acquired companies were not in operations there has been negligible impact on the profits & revenue of the company.

b) Acquisition by Subsidiary company

During the previous year, on 13th May, 2016, one of the subsidiary Company, M/s. Fleur Hotels Private Limited purchased 23,110 shares of Bandhav Resorts Private Limited, constituting 100% stake, from its previous owners. On acquisition of Bandhav hotels, the Group had recognized ₹ 673.42 lakhs being the excess of amount paid for the transfer amounting to ₹ 834.04 lakhs and net assets taken over amounting to ₹ 160.62 lakhs as goodwill under intangible assets.

The fair value of assets and liabilities of Bandhav Resorts Private Limited taken over as at the date of business combination were as follows:

₹ In lakhs

Particulars	Fair value of assets and liabilities
Property, plant and equipment	522.90
Other non-current assets	18.01
Other non- current financial assets	0.72
Cash and short term deposits	2.69
Total assets (A)	**544.32**
Interest-bearing loans and borrowings	364.86
Other non-current financial liabilities	18.84
Total liabilities (B)	**383.70**
Net asset taken over (A-B)	**160.62**
Amount paid	**834.04**
Goodwill	**673.42**
Cash acquired on acquisition	2.69
Cash paid	834.04
Net cash on acquisition	**831.35**

44. During the earlier years, one of the subsidiary had entered into an Infrastructure development and services agreement with Delhi International Airport Limited to develop two hotels at Aero City, New Delhi for an initial term of 27 years, extendable at the option of the subsidiary for an additional period of 30 years provided DIAL gets the extension from Airport Authority of India. DIAL is committed to take over the building at 'Book values', as defined in the aforesaid agreement in case the agreement is not extended further.

45. During an earlier year, the Company had entered into an agreement to sell with developer to purchase certain parts of built-up structure along with proportionate interest in the land to establish and operate a four star hotel at Jaipur and had given an advance to developer of ₹ 3,519.39 lakhs (including other expenses of ₹ 375.39 lakhs). Due to the delays in the construction, the developer earlier had also agreed to return the aforesaid amount along with interest through various communications and receipt of such amount from developer would lead to the cancellation of agreement to sell.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended March 31, 2018

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

During the year, the company has received ₹ 670 lakhs (previous year : ₹ 600 lakhs) towards relinquishment of right in the said property.

46. **Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006.**

₹ In lakhs

	March 31, 2018	March31, 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	Nil	Nil
The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the Micro Small and Medium Enterprise Development Act, 2006	Nil	Nil

47. The Group does not have any long term contracts including derivative contracts for which there are any material foreseeable losses.

48. Previous period's figures in the financial statements, including the notes thereto, have been reclassified wherever required to confirm to the current period's presentation/classification. These are not material and do not affect the previously reported net profit or equity.

49. There has been no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

50. Amounts for year ended March 31, 2017 and as at March 31, 2017 were audited by previous auditors – S.R. Batliboi& Co. LLP.

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

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

Kapil Sharma
(Chief Financial Officer)

Nikhil Sethi
(Group Company Secretary & GM Legal)
Mem. no. - A18883

Place : New Delhi
Date : May 25, 2018

CORPORATE INFORMATION

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Nikhil Sethi

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lemon tree HOTELS

LEMON TREE HOTELS LIMITED

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