

ANNUAL REPORT 2015-2016
LEMON TREE HOTELS LIMITED



COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Patanjali G. Keswani,
Chairman & Managing Director
Mr. Rattan Keswani,
Deputy Managing Director
Mr. Ravi Kant Jaipuria
Mr. Niten Malhan
Mr. Sachin Doshi
Mr. Gopal Sitaram Jiwrajka
Mr. Sanjeev Duggal
Mr. Aditya Madhav Keswani
Mrs. Ila Dubey

AUDITORS

M/s S.R. Batliboi & Co. LLP
Chartered Accountants,
Golf View Corporate Tower B, Sector-42
Sector Road, Gurgaon-122002, Haryana

REGISTRAR AND TRANSFER AGENT

Karvy Computershare Private Limited
Karvy Selenium, Tower-B,
Plot No 31 & 32, Financial District,
Nanakramguda, Serilingampally Mandal,
Hyderabad-500032
T+91 040 67161500

REGISTERED & CORPORATE OFFICE

Asset No. 6, Aerocity Hospitality District,
New Delhi-110037
T +91 11 46050101; +91 11 46050110
E hi@lemontreehotels.com
www.lemontreehotels.com

BOARD'S REPORT**TO THE MEMBERS
OF LEMON TREE HOTELS LIMITED**

Your Directors have pleasure in presenting the Twenty Fourth Annual Report of the Company together with audited statements of account for the financial year ended 31st March, 2016.

FINANCIAL RESULTS AND OPERATIONS**(Amount in Rupees)**

Particulars	For the Year Ended 31.03.2016	For the Year Ended 31.03.2015
Total Income	1,946,210,587	2,245,846,927
Profit Before Depreciation, amortisation & Tax	60,317,283	269,547,687
Less: Depreciation & Amortisation expenses	218,373,088	227,565,307
Profit/(Loss) Before Tax	(158,055,805)	41,982,380
Less : Provision For Taxation		
Current tax	161,000	8,505,730
Earlier Year	1,091,010	40,757,842
Less : Provision For Deferred Tax	--	--
Profit/(Loss) After Tax	(159,307,815)	(7,281,192)
Profit/(Loss) for the year	(159,307,815)	(7,281,192)

PERFORMANCE REVIEW AND STATE OF COMPANY AFFAIRS

The revenue from the operations of the Company during the current year was Rs. 1,932,831,744/- increased from Rs. 1,880,345,056/- in the previous year.

The long term outlook for the Indian hospitality business continues to be positive, both for the business and leisure segments with the potential for economic growth, increase in disposable incomes and the burgeoning middle class. Also, the Indian government, in order to strengthen the tourism and hospitality sector, has taken various initiatives like E-visa for 150 countries, M-visa and has also initiated 'Project Mausam' under which it has proposed to establish cross cultural linkages and to revive historic maritime cultural and economic ties with other Indian Ocean countries.

Thus the revenue growth of Indian hotel industry, mainly driven by the incremental rooms and food and beverages income, is expected to strengthen to 9-10 per cent in financial year 2016-

17. With this positive outlook, the Company is focused to improve and streamline its core business and look for higher market share in the hotel business segment in which it operates.

CAPITAL

During the year under review, the Authorised Share Capital of the Company remained at Rs. 10,000,000,000/- (Rupees One Thousand Crores only), divided into 998,550,000 (Ninety Nine Crores Eighty Five Lacs Fifty Thousand) equity shares of Face value of Rs. 10/- (Rupees Ten only) each and 145,000 (One Lac Forty Five Thousand), 5% Cumulative Redeemable Preference Share of Rs. 100/- (Rupees One Hundred only) per share.

During the year under review, the Issued and Paid up Share Capital of the Company was increased to Rs. 7,781,021,630/- (Rupees Seven Hundred and Seventy Eight Crore Ten Lacs Twenty One Thousand Six Hundred and Thirty only) divided into 778,102,163 (Seventy Seven Crore Eighty One Lacs Two Thousand One Hundred and Sixty Three) equity shares of Face value of Rs. 10/- (Rupees Ten only) per share by issuing further 1,615,391 equity shares, out of which 1,195,852 equity shares were issued on preferential basis and 419,539 equity shares have been issued on exercise of employee stock options.

BORROWINGS FROM BANKS/ FINANCIAL INSTITUTIONS

The Company's total long term borrowings from banks/ financial institutions increased from Rs. 2,870,048,587/- in the previous year to Rs. 3,006,865,296/- in the current year.

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.

During the year under review, Lemon Tree Group had twenty nine (29) hotels operating in 15 cities under its various brands i.e. 'Lemon Tree Premier', 'Lemon Tree Hotels' and 'Red Fox Hotels' in the Company and its subsidiaries including the managed hotel properties.

Out of the total, six (6) hotel properties continued to operate under the new upper upscale "Lemon Tree Premier" brand at Bengaluru, Gurgaon including Lemon Tree Premier, HITEC City-Hyderabad and Lemon Tree Premier, Delhi Aerocity operating in the subsidiary companies and two managed properties i.e. Lemon Tree Premier-Jaipur and Lemon Tree Premier-Ahmedabad and one (1) Hotel property i.e. LTH-City Centre Gurgaon which has been re-constructed become operational during the year under review and has been upgraded and named as "Lemon Tree Premier, City Centre-Gurgaon".

Lemon Tree Group had Eleven (11) hotels operating under the brand "Lemon Tree Hotel" at Ahmedabad, Aurangabad, Chennai, Chandigarh, Gurgaon, Indore, Pune including the four hotel properties i.e. Lemon Tree Hotel, East Delhi Mall-Kaushambi, Lemon Tree Hotel, Electronics City-Bengaluru, Lemon Tree Hotel, Whitefield-Bengaluru, Lemon Tree Hotel, Gachi Bowli-Hyderabad in the subsidiary companies.

Two resorts i.e. Lemon Tree Vembanad Lake Resort at Allepey, Kerala and Lemon Tree Amarante Beach Resort, Goa, are also operating in the subsidiary companies.

Further, there are five (5) hotel properties which are managed and operated under Lemon Tree Hotel Brand by the management arm of the Lemon Tree Group i.e. Lemon Tree Hotel, Shimona-Chennai, Lemon Tree Hotel-Dehradun including new additions Lemon Tree Hotel-Vadodra, Lemon Tree Hotel-Dahej and Lemon Tree Hotel-Tarudhan which have commenced their operations during the period under review.

Further, four (4) hotel properties were operating under 'Red Fox Hotel' brand at Hyderabad and Delhi Aerocity including Red Fox Hotel, East Delhi and Red Fox Hotel, Jaipur operating in subsidiary companies.

Further, several new hotel projects have been taken up by the Group at Kolkatta, Mumbai, Udaipur, Pune, Shimla and Gurgaon, which are at various stages of development.

AWARDS AND RECOGNITION

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

- BW Hotelier Editor's Choice Award 2016 for being an equal opportunity employer
- TripAdvisor Hall of Fame: Republic of Noodles| Lemon Tree Amarante Beach Resort, Goa
- Lemon Tree Smiles adjudged the Best Loyalty Program at the 9th Loyalty Awards Summit by AIMIA
- HICAP 2015 Sustainable Hotel Awards 2015 in the Sustainable Communities category for our commitment to practicing and expanding sustainable development as a standard practice in all our hotels.
- Asian Human Capital Award, 2015 for innovative and Impactful people practices by Ministry of Manpower, Singapore and Human Capital Leadership Institute
- Ranked #30 in the Top 50 Great Places to Work For 2015
- Ranked #2 Best Company in India with Unique Initiative/ Programme 2015
- 18 hotels out of 26 hotels awarded TripAdvisor's Certificate of Excellence 2015:

- Lemon Tree Premier Ahmedabad | Gurgaon | Hyderabad | New Delhi
 - Lemon Tree Hotel Aurangabad | Bangalore – Electronics City and Whitefield | Chandigarh | Chennai | East Delhi | Gurgaon-Udyog Vihar | Indore | Muhamma (Kerala) | Pune
 - Red Fox Hotel East Delhi | Hyderabad | Jaipur | New Delhi.
 - Republic of Noodles Bangalore – Ulsoor Lake & Electronic City | Goa | Hyderabad-Hitech City
- CNBC AWAAZ Travel Awards 2015 (in association with Chattisgarh Tourism) 'Best Budget Hotel' awarded to Lemon Tree Vembanad Lake Resort, Muhamma, Kerala
 - Zomato Users Choice Award 2015: Slounge, Lemon Tree Premier, Jaipur

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

During the year under review, as on 31st March, 2016, there were nine (9) Directors on the Board of the Company. *The list of the Directors & KMP's as on 31st March, 2016 is annexed as **Annexure-'1'** to the Board's report.*

Appointments

During the year, the Board of Directors had appointed Mr. Aditya Madhav Keswani and Mrs. Ila Dubey as Additional Directors of the Company w.e.f 17th June, 2015. Thereafter, at the Annual General Meeting (AGM) of the Company held on 30th July, 2015, the members of the Company have regularized their appointment as Directors under the Companies Act, 2013.

During the year, Mr. Patanjali G. Keswani was re-appointed as Chairman & Managing Director for tenure from 1st January, 2016 to 31st March, 2018 on revised remuneration, which was approved by the members in their Extra-Ordinary General Meeting held on 31st March, 2016.

In accordance with the Companies Act, 2013 and the Articles of Association of the Company, two (2) of your Directors, viz. Mr. Sachin Doshi & Mr. Ravi Kant Jaipuria retires by rotation, and being eligible, offers their candidature for re-appointment. Your approval for their re-appointment as Director is being sought in the Notice convening the Annual General meeting of the Company.

Resignations/Retirement/Cessation

During the financial year under review, Mr. Rahul Pandit resigned as President & Executive Director of the Company with effect from 8th May, 2015 to pursue his professional interests elsewhere. He has been associated with the Company since beginning and held many responsible positions in the Company.

Mr. Nakul Arun Jagjivan also resigned from the Board with effect from 18th May, 2015 due to his pre-occupation. Mr. Ravi Dubey passed away untimely on 11th May, 2015.

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

DECLARATION BY INDEPENDENT DIRECTORS

Mr. Gopal Sitaram Jiwarajka and Mr. Sanjeev Kaul Duggal, Independent Directors have given necessary declarations in terms of Section 149(7) of the Companies Act, 2013 that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

COMMITTEES OF THE BOARD

The Composition of the Board Committees as on 31st March, 2016 is as under:

Name of the Committee	Name of the Member	Category
Audit Committee (Re-constituted on 18.09.2014)	Mr. Gopal Sitaram Jiwarajka Chairman	Non-Executive Independent Director
	Mr. Sanjeev Kaul Duggal	Non-Executive Independent Director
	Mr. Niten Malhan	Non-Executive Director
Nomination and Remuneration Committee (Re-constituted on 18.09.2014)	Mr. Sanjeev Kaul Duggal Chairman	Non-Executive Independent Director
	Mr. Gopal Sitaram Jiwarajka	Non-Executive Independent Director
	Mr. Niten Malhan	Non-Executive Director
	Mr. Patanjali G. Keswani	Chairman & Managing Director
Corporate Social Responsibility Committee (Constituted on 20.03.2014)	Mr. Gopal Sitaram Jiwarajka Chairman	Non-executive Independent Director
	Mr. Patanjali G. Keswani	Chairman & Managing Director
	Mr. Rattan Keswani	Executive Director

Apart from the above-mentioned committees, there are six more committees of the Board i.e. Share Transfer Committee, Share Allotment Committee, Finance Committee, including the new committees constituted during the year under review viz. Stakeholder's Relationship Committee, IPO Committee and General Management Committee.

BOARD AND COMMITTEE MEETINGS HELD DURING THE YEAR

The details of the Board and Committee meetings held during the year under review indicating number of meetings attended by each Director/Member is annexed as **Annexure-2** to the Board's report.

ANNUAL BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013, 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 health and talent management.

The performance of the committees was evaluated by the Board after seeking inputs on the basis of the criteria such as the composition of committees, proper delegation of responsibilities, effectiveness of committee meetings, etc.

The Board and the Nomination and Remuneration Committee (NRC) also reviewed the performance of the individual Directors on the basis of the criteria such as the contribution of the individual Director to the Board and Committee meetings like preparedness on the issues to be discussed, meaningful and constructive contribution and inputs in meetings, etc.

The performance of Non-Independent Directors, performance of the Board as a whole and performance of the Chairman was also evaluated in a separate meeting of Independent Directors. The same was discussed in the Board meeting that followed the meeting of the Independent Directors, at which the performance of the Board, its committees and individual Directors was also discussed. The Board has expressed their satisfaction with the evaluation process.

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 'Corporate Governance' section on the Company's website www.lemontreehotels.com.*

During the year under review, Mr. Rajesh Kumar, VP-Human Resources has been appointed as new Vigilance officer in place of Mr. Rahul Pandit, who had resigned from the Company. 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 Companies Act, 2013, *which is also available on the Company's website in the 'Corporate Governance' section.* 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 Committee of any instance of non-adherence to the procedures and manual which may increase the risk of frauds in the organisation.

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 policy is available on our website and is annexed as **Annexure '3'** to the Board's 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

During the year under review, CSR policy was formulated in terms of provision of section 135(4) of the Companies Act, 2013 read with Rule 6 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, which has also been approved by the Board in its meeting held on 17th June, 2015. *The policy is available in the 'Corporate Governance' section on the Company's website.*

In terms of the CSR policy, the Company plans to undertake any 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 has not spend any amount on the CSR activities mentioned in the Schedule VII to the Act during the financial year under review.

SUBSIDIARY COMPANIES

During the year under review, your Company continues to remain the direct holding company of Begonia Hotels Pvt. Ltd., Canary Hotels Pvt. Ltd., Dandelion Hotels Pvt. Ltd., Lemon Tree Hotel Company Pvt. Ltd., Oriole Dr. Fresh Hotels Pvt. Ltd., Pelican Facilities Management 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 indirect holding company of Celsia Hotels Pvt. Ltd., Inovia Hotels and Resorts Ltd., Iora Hotels Pvt. Ltd., Ophrys Hotels Pvt. Ltd., Hyacinth Hotels

Pvt. Ltd., Manakin Resorts Pvt. Ltd., Meringue Hotels Pvt. Ltd. and Valerian Management Services Pvt. Ltd.

*In accordance with Section 129(3) of the Companies Act, 2013 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-'4'** to this Report.*

EMPLOYEE STOCK OPTION SCHEMES

The Company, during the year under review, has granted options to the employees of the Company and its subsidiaries in accordance with its Employee Stock Option (ESOP) scheme with the approval of members of the Company. The details for options granted etc. are annexed as **Annexure-'5'** to this report.

PARTICULARS OF EMPLOYEES

The names and the particulars of employees required to be furnished in accordance with the provisions of Rule 5(2) of the Companies (Appointment and Remuneration of Managerial personnel), Rules, 2014 are set out in **Annexure-'6'** to this report.

DEPOSITS

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

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of the Companies Act, 2013, the Directors, to the best of its 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 31st March, 2016 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) 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 S.R. Batliboi & Co. LLP(LLP No. AAB-4294), Chartered Accountants, have been appointed as the statutory auditors of the Company in the Annual General meeting of the Company, held on 24.07.2014, in accordance with the provision of Section 139 of the Companies Act, 2013 to hold office till the conclusion of the fourth Annual General Meeting of the Company thereafter, subject to their ratification in every Annual General Meeting. However, M/s S.R.Batliboi & Co. LLP has furnished a certificate to the effect that the proposed ratification, if made, would be in conformity with the Companies Act, 2013. Your directors recommend the ratification of appointment of M/s S.R.Batliboi & Co. LLP, Chartered Accountants, as Auditors of the Company for the year 2016.

The Statutory Auditors' Report to the accounts has been duly examined, which is self-explanatory. Clarifications, wherever necessary, have been included in the Notes to Accounts section of the Annual Report. Except as stated above, all other observations of the auditors and notes on accounts are self explanatory and therefore, do not require any further clarification/explanation.

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 Companies Act, 2013. The Secretarial Auditors have submitted their report, *which is appended as **Annexure-'7'** to this Board's 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 form part of the notes to the financial statements.

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

The particulars of contracts or arrangements with related parties referred to in Section 188(1), as prescribed in Form AOC - 2 of the rules prescribed under Chapter IX relating to Accounts of Companies under the Companies Act, 2013, is appended as **Annexure-'8'** to this Board Report.

EXTRACT OF ANNUAL RETURN

In terms of provisions of Section 92, 134(3)(a) of the Companies Act, 2013 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 herewith as **Annexure-'9'** to this Board 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 the 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 Companies Act, 2013 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:

The rising energy cost has laid great emphasis on conservation of energy. The Company has taken various measures, including regular monitoring of consumption, reduction of losses and improved maintenance to increase the efficiency and reduce the power cost:

- (a) Solar water heating systems are installed for generation of hot water in the hotel kitchens and guest rooms.
- (b) Extensive use of CFL Lights in the hotels to minimize electricity consumption.
- (c) Key Tag Energy Saver Systems are installed in all guest rooms to conserve energy in the un-occupied rooms.
- (d) All guest room windows are glazed with heat reflective films on the panes, which reduces the load on the air conditioning system, as heat transfer from outside is minimized.
- (e) Timers/sensors are provided in the lighting systems (corridors, garden, building illumination etc.) for saving energy. Ventilation fans are also put on timers to avoid wasteful running.
- (f) The water supply system in use is a state of the art Hydra-Pneumatic system, which not only gives constant pressure but also reduces the load on the pump automatically in case

of low demand. This is achieved by using Pressure Transducers and Variable Frequency Drives for pumps.

As alternate source of energy, the Company has been using wind power energy in few of its hotels and it is also in talks for installation of rooftop solar power plants in some of its hotels. Other than the capital investment required for the above measures, the Company has not made any capital investments.

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 2015-16 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:

(Amount in Rupees)			
S. No.	Particulars	Year Ended 31st March, 2016	Year Ended 31st March, 2015
1.	Earning in Foreign Currency	223,020,235	193,746,633
2.	Outgo in Foreign Currency		
	-Value of Capital Goods Imported on CIF basis	14,456,771	4,278,330
	-Commission/ Advertisement and business promotion	24,410,681	20,870,037

DIVIDEND ON EQUITY SHARES

Your Directors do not propose any dividend on the shares of the Company for the financial year ended on 31st March, 2016.

TRANSFER TO RESERVES

No transfers to reserves were made, as no appropriations were required to be made during the year.

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

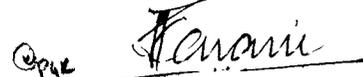
The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. During the year under review, no complaint was received by the Corporate Ethics Committee (CEC) formed in this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

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 : 07.09.2016
PLACE: NEW DELHI**



**Patanjali G. Keswani
Chairman & Managing Director**

ANNEXURE(S) TO THE BOARD'S REPORT**ANNEXURE-'1': COMPOSITION OF THE BOARD OF DIRECTORS & KMP's OF THE COMPANY AS ON 31ST MARCH, 2016:**

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. Sachin Doshi	Director
5	Mr. Ravi Kant Jaipuria	Director
6	Mr. Gopal Sitaram Jiwarkja	Independent Director
7	Mr. Sanjeev Kaul Duggal	Independent Director
8	Ms. Ila Dubey	Director
9	Mr. Aditya Madhav Keswani	Director
10	Mr. Kapil Sharma	Chief Financial Officer
11	Ms. Suman Singh	Associate General Manager & Group Group Company Secretary

Date: 07.09.2016

Place: New Delhi

**For & on behalf of Board of Directors of
Lemon Tree Hotels Limited**



**Patanjali G. Keswani
Chairman & Managing Director**

ANNEXURE-'2': DETAILS OF BOARD AND COMMITTEE MEETINGS HELD DURING THE YEAR UNDER REVIEW INDICATING THE NUMBER OF MEETINGS ATTENDED BY EACH DIRECTOR/MEMBER IN ACCORDANCE WITH THE REQUIREMENT OF SECRETARIAL STANDARD

A) BOARD MEETINGS

During the year under review, four (4) Board meetings have been held on 17th June, 2015, 16th September, 2015, 14th December, 2015 and 17th March, 2016. The maximum time gap between any two meetings of the Board was within the time period of 120 days prescribed by the Companies Act, 2013.

Attendance of Directors for the year ended 31st March, 2016:

Name of the Director	Designation	No. of Meetings attended
Mr. Patanjali Govind Keswani	Chairman & Managing Director	4
Mr. Rattan Keswani	Deputy Managing Director	3
Mr. Niten Malhan	Director	4
Mr. Sachin Doshi	Director	2
Mr. Ravi Kant Jaipuria	Director	2
Mr. Gopal Sitaram Jiwrajka	Independent Director	4
Mr. Sanjeev Kaul Duggal	Independent Director	4
Mrs. Ila Dubey	Director	1
Mr. Aditya Madhav Keswani	Director	2

B) AUDIT COMMITTEE MEETINGS

During the year under review, three (3) Audit Committee meetings have been held on 17th June, 2015, 14th December, 2015 and 17th March, 2016.

Attendance of Members for the year ended 31st March, 2016:

Name of the Member	Designation	No. of Meetings attended
Mr. Gopal Sitaram Jiwrajka	Chairman & Member	3
Mr. Sanjeev Kaul Duggal	Member	3
Mr. Niten Malhan	Member	3

C) NOMINATION & REMUNERATION COMMITTEE MEETINGS

During the year under review, three (3) Nomination & Remuneration Committee meetings have been held on 17th June, 2015, 14th December, 2015 and 17th March, 2016.

Attendance of Members for the year ended 31st March, 2016 :

Name of the Member	Designation	No. of Meetings attended
Mr. Sanjeev Kaul Duggal	Chairman & Member	3
Mr. Gopal Sitaram Jiwarajka	Member	3
Mr. Patanjali Govind Keswani	Member	1
Mr. Niten Malhan	Member	3

D) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE MEETINGS

During the year under review, only one (1) meeting of Corporate Social Responsibility Committee meeting has been held on 17th June, 2015.

Attendance of Members for the year ended 31st March, 2016 :

Name of the Member	Designation	No. of Meetings attended
Mr. Gopal Sitaram Jiwarajka	Chairman & Member	1
Mr. Patanjali Govind Keswani	Member	1
Mr. Rattan Keswani	Member	1

E) FINANCE COMMITTEE MEETINGS

During the year under review, three (3) Finance Committee meeting have been held on 07th May, 2015, 30th June, 2015 and 14th March, 2016.

Attendance of Members for the year ended 31st March, 2016 :

Name of the Member	Designation	No. of Meetings Attended
Mr. Patanjali Govind Keswani	Chairman & Member	2
Mr. Rattan Keswani	Member	1
Mr. Niten Malhan	Member	3
Mr. Rahul Pandit	Member	0

F) GENERAL MANAGEMENT COMMITTEE MEETINGS

During the year under review, three (3) General Management Committee meetings have been held on 13th August, 2015, 23rd September, 2015 and 16th December, 2015.

Attendance of Members for the year ended 31st March, 2016 :

Name of the Member	Designation	No. of Meetings attended
Mr. Patanjali G. Keswani	Chairman & Member	3
Mr. Rattan Keswani	Member	3

G) SHARE ALLOTMENT COMMITTEE MEETINGS

During the year under review, only Six (6) Share Allotment Committee meetings have been held on 29th April, 2015, 9th July, 2015, 27th August, 2015, 29th October, 2015, 12th January, 2016 and 28th March, 2016.

Attendance of Members for the year ended 31st March, 2016 :

Name of the Member	Designation	No. of Meetings attended
Mr. Patanjali G. Keswani	Chairman & Member	5
Mr. Rattan Keswani	Member	6
Mr. Niten Malhan	Member	0
Mr. Rahul Pandit	Member	1

H) SHARE TRANSFER COMMITTEE MEETINGS

During the year under review, only Seven (7) Share Transfer Committee meetings have been held on 22nd April, 2015, 9th July, 2015, 27th August, 2015, 29th October, 2015, 29th December, 2015, 12th January, 2016 and 28th March, 2016.

Attendance of Members for the year ended 31st March, 2016 :

Name of the Member	Designation	No. of Meetings attended
Mr. Rattan Keswani	Chairman & Member	7
Mr. Patanjali G. Keswani	Member	6
Mr. Niten Malhan	Member	0
Mr. Rahul Pandit	Member	1

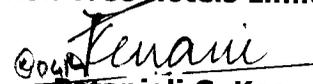
I) STAKEHOLDER RELATIONSHIP COMMITTEE MEETING & IPO COMMITTEE

The above mentioned committees have been constituted on 17th March, 2016, however no meeting has been held during the financial year under review.

Date: 07.09.2016

Place: New Delhi

**For & on behalf of Board of Directors of
Lemon Tree Hotels Limited**



**Patanjali G. Keswani
Chairman & Managing Director**

ANNEXURE-'3': 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.

Date: 07.09.2016

Place: New Delhi

**For & on behalf of Board of Directors of
Lemon Tree Hotels Limited**



**Patanjali G. Keswani
Chairman & Managing Director**

ANNEXURE-'4': STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES/ASSOCIATE COMPANIES/JOINT VENTURES

[Pursuant to first proviso to sub-section (3) of section 129 of Companies Act, 2013 read with rule 5 of Companies (Accounts) Rules, 2014 - AOC1]

(Amount In Rs.)							
1	Sl. No	1	2	3	4	5	6
2	Name of 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 Pvt Ltd.*
3	Date since when subsidiary was acquired	10.01.2013	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	592,862,530	14,645,682	299,945,400	35,934,580	100,000	200,000
7	Reserves & surplus	9,346,771,766	328,460,369	(61,052,295)	(7,583,102)	(129,137)	(167,965)
8	Total assets	10,670,023,496	375,347,627	514,107,468	33,736,682	32,479,600	37,760
9	Total Liabilities	730,389,200	32,241,576	275,214,363	5,385,204	32,508,737	5,725
10	Investments**	-	-	-	-	-	-
11	Turnover	406,877,247	142,559,072	115,467,713	29,610,032	-	-
12	Profit before taxation/(Loss)	96,159,994	32,514,432	(24,143,166)	16,149,624	(21,231)	(41,068)
13	Provision for taxation	34,502,589	9,488,673	-	-	-	-
14	Profit after taxation/(Loss)	61,657,405	23,025,759	(24,143,166)	16,149,624	(21,231)	(41,068)
15	Proposed Dividend	-	-	-	-	-	-
16	% of shareholding***	57.98	74.11	100.00	74.90	100.00	100.00

1	Sl. No	7	8	9	10	11	12
2	Name of Subsidiary	Manakin Resorts P. Ltd.	Meringue Hotels P. Ltd.*	Nightingale Hotels P. Ltd.	Oriole Dr. Fresh Hotels P. Ltd.	Pelican Facilities Management P. Ltd.*	PSK Resorts & Hotels P. Ltd.*
3	The 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	57,142,800	18,590,000	130,366,000	181,000,000	100,000	8,667,000
7	Reserves & surplus	82,038,035	7,181,200	473,558,795	(30,819,047)	(132,203)	222,378,058
8	Total assets	145,681,858	1,551,536,530	1,193,462,663	495,049,570	74,300	234,055,114
9	Total Liabilities	6,501,023	1,525,765,330	589,537,868	344,868,617	106,503	3,010,056
10	Investments**	-	-	-	-	-	-
11	Turnover	36,581,560	-	186,760,102	80,651,485	-	-
12	Profit before taxation/ (Loss)	(1,591,612)	(1,234,332)	(47,862,350)	7,021,210	(16,296)	(5,696)
13	Provision for taxation	-	-	338,700	-	-	-
14	Profit after taxation/(Loss)	(1,591,612)	(1,234,332)	(48,201,050)	7,021,210	(16,296)	(5,696)
15	Proposed Dividend	-	-	-	-	-	-
16	% of shareholding***	100.00	80.00	57.53	100.00	100.00	100.00

(Amount In Rs.)

1	Sl. No	13	14	15	16	17	18
2	Name of Subsidiary	Sukhsagar Complexes P. Ltd.	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	The date since when subsidiary was acquired	10.01.2013	10.01.2013	28.09.2012	16.09.2013	29.03.2012	16.08.2013
3	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
4	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
5	Share capital	72,950,000	100,000	42,500,668	100,000	346,677	21,4800,000
6	Reserves & surplus	9,656,466	(79,145)	(9,729,644)	(16,692,240)	539,649,028	(151,508,181)
7	Total assets	540,831,984	37,556	38,964,168	3,843,282	1,258,194,609	621,159,755
8	Total Liabilities	458,225,518	16,701	6,193,144	20,435,522	718,198,904	557,867,936
9	Investments**	-	-	-	-	-	-
10	Turnover	104,234,913	-	33,545,803	15,502,800	247,589,285	137,539,106
11	Profit before taxation/ (Loss)	(22,635,081)	11,100	5,718,244	(4,288,019)	62,536,831	13,401,706
12	Provision for taxation	-	-	13,485	-	20,712,505	2,906,742
13	Profit after taxation/ (Loss)	(22,635,081)	11,100	5,704,759	(4,288,019)	41,824,326	10,494,964
14	Proposed Dividend	-	-	-	-	-	-
15	% of shareholding***	100.00	100.00	74.90	74.90	57.98	57.98

(Amount In Rs.)

1	Sl. No	19	20	21
2	Name of Subsidiary	Iora Hotels P. Ltd. *	Ophrys Hotels P. Ltd.*	Hyacinth Hotels P. Ltd.
3	The date since when subsidiary was acquired	14.11.2013	10.01.2014	19.07.2007
4	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	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
6	Share capital	45,000,000	100,000	7,100,000
7	Reserves & surplus	2,013,782	(99,817)	418,321,979
8	Total assets	1,995,765,073	9,399	2,706,758,377
9	Total Liabilities	1,948,751,291	9,216	2,281,336,398
10	Investments**	-	-	-
11	Turnover	-	-	473,334,008
12	Profit before taxation/ (Loss)	3,880,061	(2,833)	40,014,150
13	Provision for taxation	1,198,940	-	105,056
14	Profit after taxation/(Loss)	2,681,121	(2,833)	40,119,206
15	Proposed Dividend	-	-	-
16	% of shareholding***	57.98	57.98	57.98

Notes: * Subsidiaries which are yet to commence operations.

** Investments except investments in subsidiaries.

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

Date: 07.09.2016

Place: New Delhi

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



Patanjali G. Keswani
Chairman & Managing Director

**ANNEXURE '5': DETAILS OF STOCK OPTIONS IN TERMS OF EMPLOYEES
STOCK OPTION SCHEME**

[Pursuant to Rule 12(9) of the Companies (Share Capital And Debentures) Rules, 2014]

Sr. No	Description	ESOP Scheme
a)	Options Granted	
b)	Options vested	8,205,000
c)	Options Exercised	268,978
d)	Total Number of Shares arising as a result of exercise of option	419,539
e)	Options lapsed	419,539
f)	The exercise price (On weighted average basis)	171,769
g)	Variation of terms of options	12.94
h)	Money realized by exercise of options	None 5,565,751
i)	Total number of options in force	1,10,69,974
j)	Employee wise details for options granted to:-	
	(i) Key managerial Personnel:	
	a)Mr. Rattan Keswani (DMD)	100,000
	b)Mr. Kapil Sharma (CFO)	200,000
	c)Ms. Suman Singh (AGM & Group CS)	68,000
	(ii) any other employee who received a grant of options in any one year of option amounting to five percent of more of options granted during that year	-
	(iii) identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital(Excluding outstanding warrants and conversions) of the Company at the time of grant	-

**For & on behalf of Board of Directors of
Lemon Tree Hotels Limited**

Date: 07.09.2016
Place: New Delhi



**Patanjali G. Keswani
Chairman & Managing Director**

ANNEXURE '6': REMUNERATION TO EMPLOYEES

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

Sr. No.	Description	DIRECTORS		EMPLOYEES				
		Mr. Patanjali G. Keswani (1)	Mr. Rattan Keswani (2)	Mr. Davander Singh Tomar (3)	Mr. Kapil Sharma (4)	Mr. Vikramjit Singh (5)	Mr. Rahool Macarius (6)	Mr. Ajai Kumar (7)
a)	Name of the Employee							
b)	Designation of the employee	Chairman & Managing Director	Deputy Managing Director	Executive Vice President-Corporate Affairs	Executive Vice President-Chief Financial Officer	President & Chief Revenue Officer	AVP & Head Corporate Legal	Chief Information Officer
c)	Remuneration Received (In Rs.)	33,192,772/-	13,936,567/-	5,676,965/-	5,592,283/-	4,226,054/-	3,619,536/-	3,316,094/-
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 total experience of 31 years	Graduate in Hotel Management. He has a total experience of 33 years	M.A & LLB from Delhi University and has a total experience of 35 years.	Chartered Accountant He has a total experience of 22 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 20 years	Graduate from IHM, Bengaluru with 16 years of experience in Sales	B.Sc & MCA from Madan Mohan Malaviya Engineering College, Gorakhpur, UP & 24 years of rich experience in his field
f)	Date of commencement of employment with company	07.10.2002	01.01.2014	25.09.2002	01.12.2004	15.04.2014	07.05.2014	15.10.2010

g)	The age of such employee	57 Years	55 Years	55 years	47 years	41 years	41 years	48 years
h)	The last employment held by such employee before joining the Company	Senior Partner A.T. Kearney Inc., India	Co-promoter of Carnation Hotels Private Limited, the management arm of the Company	Area Security Manager-Taj Group of Hotels	Head-Finance and Accounts, Leroy Somer (Emerson Group)	He was an entrepreneur in Assam where he ran his own hotel	Head of Sales West, ITC Fortune Pak Hotels, Mumbai	General Manager-Technology with Lemon Tree Hotels Limited
i)	The percentage of equity shares held by the employee in the Company within the meaning of Clause(iii) of sub-rule (2) above	0.23%	Nil	0.03%	0.15%	0.02%	Nil	0.01%
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	Mrs. Ila Dubey & Mr. Aditya Madhav Keswani, Directors	N.A.	N.A	N.A	N.A	N.A	N.A

Note(s):

1. 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': REMUNERATION TO EMPLOYEES

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

Sr. No.	Description	EMPLOYEES		
		Ms. Aradhana Lal (8)	Mr. Sareena Kochhar (9)	Mr. Rajiv Tyagi (10)
a)	Name of the Employee	Ms. Aradhana Lal (8)	Mr. Sareena Kochhar (9)	Mr. Rajiv Tyagi (10)
b)	Designation of the employee	Vice President- Sustainability Initiatives	Vice President- Housekeeping	Assistant Vice President- Finance
c)	Remuneration Received (In Rs.)	3,081,006/-	2,395,097/-	2,249,966/-
d)	Nature of Employment, whether contractual or not	Non-contractual	Non-contractual	Non-contractual
e)	Qualifications and experience of the employee	MBA from IIM Ahmedabad and has 23 years of experience in Sales, Marketing, Corporate Communication and Sustainability.	B.Sc (Home Science) and Diploma in Hotel Management with 30 years of experience in Hospitality	He is commerce graduate from Delhi University and have 27 years of experience in his field
f)	Date of commencement of employment with company	01.06.2003	15.07.2006	15.07.2006
g)	The age of such employee	47 years	52 years	55 years
h)	The last employment held by such employee before joining the Company	Sales & Operations Manager at Hindustan Lever Network (formerly known as Aviance)	Corporate Executive Housekeeper with VLCC Health Care.	Area Credit Manager, Taj Group of Hotels, New Delhi
i)	The percentage of equity shares held by the employee in the Company within the meaning of Clause(iii) of sub-rule (2) above	0.22%	0.02%	0.05%
j)	Whether any such employee is a relative of any director or manager of the Company and if so, the name of such director or manager	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 '8' : PARTICULARS OF CONTRACTS/ARRANGEMENTS ENTERED WITH THE RELATED PARTIES

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

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)	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							

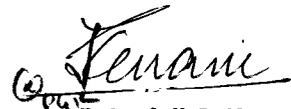
2. Details of contracts or arrangements or transactions at Arm's length basis

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	Begonia Hotels Private Limited (Subsidiary Company)	Hotel Operating Agreement for providing services for management and operation of Lemon Tree Amarante Beach Resort, Goa	12 years	<u>Base Fees:</u> 3.5 % of Gross Income of the Hotel on a calendar monthly basis; <u>Incentive Fees:</u> (a) 4.0% of Gross Operating Profit of the Hotel where the AGOP Margin is less than or equal to 50%; or (b) 8.0% of Gross Operating Profit of the Hotel where the AGOP Margin is more than 50%; <u>Reimbursements</u> for <u>Additional Services :</u> (i) all traveling, telephone, telegraph, subsistence, telex, postal, and other expenses (ii) the fees and reimbursable expenses	The transaction for entering into agreement for management and operation services is advantageous for the Company and the Related Party and is in compliance with Section 188 and other applicable provisions of the Companies Act, 2013 and the rules thereto.	17.06.2015	Nil	30.07.2015

Sl. No/ Particulars	Name of the related party and nature of relationship (1)	Nature of Contract/arrangement and transactions (2)	Duration of Contract/arrangement s/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)
2	Mrs. Sharanita Keswani- Relative of Mr. Patanjali G. Keswani, Mr. Aditya Madhav Keswani and Mrs. Ila Dubey	Service Agreement for availing her professional services as Marketing and Brand Consultant for the Company	3 years	The fee for the said services shall be paid within 15 days of receipt of the invoice and the total fee payable in a year shall not exceed : Rs. 42 lacs- For FY 2015-16 Rs. 42 lacs- For FY 2016-17 Rs. 42 lacs- For FY 2017-18	The transaction for entering into service agreement is advantageous for the Company and the Related Party considering the expertise of the Related party in providing the services and is in compliance with Section 188 and other applicable provisions of the Companies Act, 2013 and the rules thereto.	17.06.2015	Nil	30.07.2015
3	Fleur Hotels P. Ltd. (Subsidiary Company)	Agreement for sale of certain lightings, furniture & fixtures ("Goods & Materials") to the Related Party	-	The aggregate value for selling such goods/material shall not exceed Rs. 50,00,000/- (Rupees Fifty Lacs Only)	The transaction for entering into agreement for sale and purchase of goods & materials 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.	17.03.2016	Nil	N.A.

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

Date: 07.09.2016
Place: New Delhi


Patanjali G. Keswani
Chairman & Managing Director

ANNEXURE '9': EXTRACT OF ANNUAL RETURN**FORM NO. MGT 9****(AS ON FINANCIAL YEAR ENDED ON 31.03.2016)**

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

I	REGISTRATION & OTHER DETAILS:	
i	CIN	U74899DL1992PLC049022
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
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 67161603

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					
SI 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	Subsidiary	74.90%
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	Indirect Subsidiary	80%
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	Pelican Facilities Management Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U74140DL2009PTC195209	Wholly Owned Subsidiary	100%
9	Canary Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55101DL2006PTC144532	Wholly Owned Subsidiary	100%
10	Sukhsagar Complexes Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U70101DL1993PTC172878	Wholly Owned Subsidiary	100%
11	Red Fox Hotel Company Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55204DL2007PTC157848	Wholly Owned Subsidiary	100%

Sl No	Name of the Company	Address	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD #
12	Grey Fox Project Management Company Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U74140DL2012PTC238272	Subsidiary	74.90%
13	Valerian Management Services Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U20296DL2007PTC169518	Indirect Subsidiary	74.90%
14	PSK Resorts & Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U74140DL2007PTC169861	Wholly Owned Subsidiary	100%
15	Manakin Resorts Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55101DL2005PTC212230	Indirect Subsidiary	100%
16	Fleur Hotels Private Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U55101DL2003PTC207912	Subsidiary	57.98%
17	Celsia Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U45201DL2003PTC191326	Indirect Subsidiary	57.98%
18	Hyacinth Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55204DL2007PTC166050	Indirect Subsidiary	57.98%
19	Inovoa Hotels & Resorts Limited	Asset No. 6, Aerocity Hospitality District, New Delhi-110037	U65921DL1995PLC067686	Indirect Subsidiary	57.98%
20	Iora Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55101DL2009PTC192981	Indirect Subsidiary	57.98%
21	Ophrys Hotels Private Limited	B-6/17, Safdarjung Enclave, New Delhi-110029	U55101DL2007PTC166020	Indirect Subsidiary	57.98%

% 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	6052808	6052808	0.78	0	5805316	5805316	0.75	-0.03
b) Central Govt. or State Govt.	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporates	0	219477664	219477664	28.27	0	236528157	236528157	30.40	2.13
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	225530472	225530472	29.04	0	242333473	242333473	31.14	2.10
(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	225530472	225530472	29.04	0	242333473	242333473	31.14	2.10
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 Share-holders	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	116831934	116831934	15.05	0	100751524	100751524	12.95	-2.10
ii) Overseas									
(a) Foreign Body Corporates (Repat Basis)	0	368281520	368281520	47.43	0	369462520	369462520	47.48	0.05
(b) OCB									
- Repat Basis	0	13676250	13676250	1.76	0	13676250	13676250	1.76	0.00
- Non-Repat Basis	0	787500	787500	0.10	0	787500	787500	0.10	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs	0	57840	57840	0.01	0	67548	67548	0.01	0.00
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs	0	33700294	33700294	4.34	0	33342386	33342386	4.29	-0.05
c) Others (specify)									
HUF	0	14182692	14182692	1.83	0	14242692	14242692	1.83	0.00
Trust	0	61032	61032	0.01	0	61032	61032	0.01	0.00
Non-Resident Individuals (NRI's)									
-Repat Basis	0	823200	823200	0.11	0	823200	823200	0.11	0.00
-Non-repat Basis	0	2554038	2554038	0.33	0	2554038	2554038	0.33	0.00
SUB TOTAL (B)(2):	0	550956300	550956300	70.96	0	535768690	535768690	68.86	-2.10
Total Public Share-holding (B)=(B)(1)+(B)(2)	0	550956300	550956300	70.96	0	535768690	535768690	68.86	-2.10
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	776486772	776486772	100.00	0	778102163	778102163	100.00	0

(ii) SHARE HOLDING 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.	163,266,970	21.03	2.57	180,122,627	23.15	9.84	2.12
2	Patanjali G Keswani	2,252,960	0.29	-	1,805,468	0.23	-	-0.06
3	Lillete Dubey	274,908	0.04	-	374,908	0.05	-	0.01
4	Ila Dubey	2,864,292	0.36	-	2,964,292	0.38	-	0.02
5	C S Advani	153,162	0.02	-	153,162	0.02	-	0.00
6	Aster Hotels & Resorts P Ltd.	34,030,542	4.38	-	34,030,542	4.37	-	-0.01
7	PRN Management Services P Ltd.	15,046,710	1.94	-	15,113,996	1.94	-	0.00
8	Sharanita Keswani	507,486	0.07	-	507,486	0.07	-	0.00
9	Headstart Institute Private Limited	7,133,442	0.92	-	7,260,992	0.93	-	0.01
	Total	225,530,472	29.04	2.57	242,333,473	31.14	9.84	2.10

iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sl. No.	Name of the Promoter	No of Share as at 01.04.2015/ 31.03.2016	% 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 P. Ltd.	163266970	21.03	01.04.2015				
				22.04.2015	2335728	Purchase	165602698	21.33
				19.06.2015	-15325000	Transfer	150277698	19.35
				09.07.2015	62154	Purchase	150339852	19.36
				29.10.2015	894766	Allotment	151234618	19.44
				29.10.2015	24305	Purchase	151258923	19.44
				29.12.2015	29244396	Purchase	180503319	23.20
				12.01.2016	-200000	Transfer	180303319	23.17
				28.03.2016	-180692	Transfer/ Purchase	180122627	23.15
		180122627	23.15	31.03.2016				
2	Mr. Patanjali G. Keswani	2252960	0.29	01.04.2015				
				19.06.2015	-525000	Transfer	1727960	0.22
				09.07.2015	55008	Purchase	1782968	0.23
				29.10.2015	22500	Purchase	1805468	0.23
		1805468	0.23	31.03.2016				
3	Ms. Lillete Dubey	274908	0.04	01.04.2015				
				12.01.2016	100000	Purchase	374908	0.05
		374908	0.05	31.03.2016				
4	Ms. Ila Dubey	2864292	0.37	01.04.2015				
				12.01.2016	100000	Purchase	2964292	0.38
		2964292	0.38	31.03.2016				
5	Mr. C. S. Advani	153162	0.02	01.04.2015	Nil	No Change	153162	0.02
		153162	0.02	31.03.2016				
6	Aster Hotels & Resorts P. Ltd.	34030542	4.38	01.04.2015	Nil	No Change	34030542	4.38
		34030542	4.37	31.03.2016				

Sl. No.	Name of the Promoter	No of Share as at 01.04.2015/ 31.03.2016	% 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
7	PRN Management Services P Ltd.	15046710	1.94	01.04.2015				
				29.12.2015	713286	Purchase	15759996	1.94
				12.01.2016	-646000	Transfer	15113996	1.94
		15113996	1.94	31.03.2016				
8	Mrs. Sharanita Keswani	507486	0.07	01.04.2015	Nil	No Change	507486	0.07
		507486	0.07	31.03.2016				
9	HeadStart Institute P Ltd	7133442	0.92	01.04.2015				
				09.07.2015	92550	Purchase	7225992	0.93
				27.08.2015	35000	Purchase	7260992	0.93
		7260992	0.93	31.03.2016				

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

Sl No.	Name of the Shareholders	No of Share as at 01.04.2015/ 31.03.2016	% of total shares of Company	Date	Increase/ Decrease in shareholding	Reason	Cumulative Share holding during the year	
							No of shares	% of total shares of Company
1	Maplewood Investment Ltd. (Non-Resident Company)	192908118	24.84	01.04.2015	Nil	No Change	192908118	24.84
		192908118	24.79	31.03.2016				
2	APG Strategic Real Estate Pool N.V. (Non-Resident Company)	102880914	13.25	01.04.2015				
				19.06.2015	15850000	Purchase	118730914	15.29
		118730914	15.26	31.03.2016				

Sl No.	Name of the Share-holders	No of Share as at 01.04.2015/ 31.03.2016	% of total shares of Company	Date	Increase/ Decrease in share-holding	Reason	Cumulative Share holding during the year	
							No of shares	% of total shares of Company
3	RJ Corp Ltd. (Formerly Arctic Drinks Ltd)	78748368	10.14	01.04.2015	Nil	No Change	78748368	10.14
		78748368	10.12	31.03.2016				
4	Palms International Investments Ltd. (Non-Resident Company)	23856072	3.07	01.04.2015	Nil	No Change	23856072	3.07
		23856072	3.07	31.03.2016				
5	Five Star Hospitality Investment Ltd. (Non-Resident Company)	24766544	3.19	01.04.2015				
				22.04.2015	-1116728	Transfer	23649816	3.05
		23649816	3.04	31.03.2016				
6	R K Jaipuria, Karta-M/s. R K Jaipuria & Sons (HUF)	13999416	1.80	01.04.2015	Nil	No Change	13999416	1.80
		13999416	1.80	31.03.2016				
7A	Dianmo Holdings Ltd. (OCB) –Repat Basis	13676250	1.76	01.04.2015	Nil	No Change	13676250	1.76
		13676250	1.76	31.03.2016				
7B	Dianmo Holdings Ltd. (OCB)-Non repat basis	787500	0.10	01.04.2015	Nil	No Change	787500	0.10
		787500	0.10	31.03.2016				
8	Whispering Resorts Pvt. Ltd.	10479270	1.35	01.04.2015	Nil	No Change	10479270	1.35
		10479270	1.35	31.03.2016				
9	Citron Ltd. (Non-Resident Company)	10317600	1.33	01.04.2015	Nil	No Change	10317600	1.33
		10317600	1.33	31.03.2016				
10	Mezbaan Hoteliers Pvt. Ltd.	8640000	1.11	01.04.2015	Nil	No Change	8640000	1.11
		8640000	1.11	31.03.2016				

(v) Shareholding of Directors & KMP

Sl. No.	Name of the Directors/KMP's	No of Share as at 01.04.2015/31.03.2016	% of total shares of Company	Date	Increase/Decrease in share-holding	Reason	Cumulative Share holding during the year	
							No of shares	% of total shares of Company
1.	Mr. Patanjali Govind Keswani-Chairman & Managing Director	2252960	0.29	01.04.2015				
				19.06.2015	-525000	Transfer	1727960	0.22
				09.07.2015	55008	Purchase	1782968	0.23
				29.10.2015	22500	Purchase	1805468	0.23
		1805468	0.23	31.03.2016				
2	Mr. Rattan Keswani-Deputy Managing Director	Nil	Nil		Nil		Nil	Nil
3	Mr. Ravi Kant Jaipuria-Director	Nil	Nil		Nil		Nil	Nil
4	Mr. Niten Malhan-Director	Nil	Nil		Nil		Nil	Nil
5	Mr. Sachin Doshi-Director	Nil	Nil		Nil		Nil	Nil
6	Mr. Gopal Sitaram Jiwaraajka-Independent Director	657270	0.08	01.04.2015	Nil	No change	657270	0.08
		657270	0.08	31.03.2016				

Sl. No.	Name of the Directors/ KMP's	No of Share as at 01.04.2015/ 31.03.2016	% of total shares of Company	Date	Increase/ Decrease in share- holding	Reason	Cumulative Share holding during the year	
							No of shares	% of total shares of Company
7	Mr. Sanjeev Kaul Duggal- Independent Director	Nil	Nil		Nil		Nil	Nil
8	Mr. Aditya Madhav Keswani- Director	Nil	Nil		Nil		Nil	Nil
9	Mrs. Ila Dubey- Director	2864292	0.37	01.04.2015				
				12.01.2016	100000	Purchase	2964292	0.38
		2964292	0.38	31.03.2016				
10	Mr. Kapil Sharma- Chief Financial Officer	1368864	0.18	01.04.2015				
				22.04.2015	-239000	Transfer	1129864	0.15
		1129864	0.15	31.03.2016				
11	Ms. Suman Singh- AGM & Group CS	39780	0.01	01.04.2015	Nil	No change	39780	0.01
		39780	0.01	31.03.2016				

V. INDEBTEDNESS**(Amount in Rupees)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	3,286,415,047	-	-	3,286,415,047
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,641,937	-	-	1,641,937
Total (i+ii+iii)	3,288,056,984	-	-	3,288,056,984
Change in Indebtedness during the financial year				
Additions	11,664,890,142	-	-	11,664,890,142
Reduction	11,502,521,988	-	-	11,502,521,988
Net Change	162,368,154	-	-	162,368,154
Indebtedness at the end of the financial year				
i) Principal Amount	3,448,783,201	-	-	3,448,783,201
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	1,641,455	-	-	1,641,455
Total (i+ii+iii)	3,450,424,656			3,450,424,656

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**A. Remuneration to Managing Director, Whole time director and/or Manager:**

Sl. No	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount (In Rupees)
		Mr. Patanjali G. Keswani	Mr. Rahul Pandit	Mr. Rattan Keswani	
1.	Gross salary				
(a)	Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	24,274,750.00	1,191,548.00	13,902,667.00	39,368,965.00
(b)	Value of perquisites u/s 17(2) of the Income tax Act, 1961	6,995,611.00	355,478.00	9,900.00	7,360,989.00
(c)	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option	-	-	4,272,700.00	4,272,700.00
3	Sweat Equity	-	-	-	-
4	Commission as % of profit	-	-	-	-
	others (specify)				
5	Others#	-	-	2,472,951.00	2,472,951.00
	Total (A)##	31,270,361.00	1,547,026.00	20,658,218.00	53,475,605.00
	Ceiling as per the Act###	-	-	-	-

Others include provision of bonus, wherever applicable.

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.

Unlisted companies 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 Rule 7(2) of Companies (Appointment & Remuneration of Managerial Personnel Rules), 2014

B. Remuneration to other directors: -- NIL --

Sl. No	Particulars of Remuneration	Name of the Directors	Amount
1	Independent Directors		
	(a) Fee for attending board committee meetings		
	(b) Commission		
	(c) Others, please specify		
	Total (1)		
2	Other Non Executive Directors		
	(a) Fee for attending board committee meetings		
	(b) Commission		
	(c) Others, please specify.		
	Total (2)		
	Total (B)=(1+2)		
	Total Managerial Remuneration		
	Overall Ceiling as per the Act.		

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

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CFO	CS	Total (In Rupees)
1	Gross Salary				
(a)	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	N.A	5,452,433.00	1,180,931.00	6,633,364.00
(b)	Value of perquisites u/s 17(2) of the Income Tax Act, 1961		43,850.00	21,600.00	65,450.00
	Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		-	-	-
2	Stock Option		4,041,500.00	1,519,280.00	5,560,780.00
3	Sweat Equity		-	-	-
4	Commission		-	-	-
	as % of profit				
	others, specify				
5	Others		-	-	-
	Total (c) #		9,537,783.00	2,721,811.00	12,259,594.00

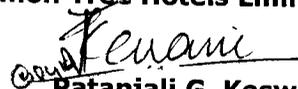
#Total includes the amount of stock options calculated by multiplying the number of stock option the face value of the equity shares of the Company.

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.

Date: 07.09.2016
Place: New Delhi

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


Patanjali G. Keswani
Chairman & Managing Director

INDEPENDENT AUDITOR'S REPORT

To the Members of Lemon Tree Hotels Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of Lemon Tree Hotels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its loss, and its cash flows for the year ended on that date.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 37 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Sanjay Vij

per Sanjay Vij

Partner

Membership Number: 95169

Place of Signature: London

Date: June 21, 2016



S.R. BATLIBOI & Co. LLP

Chartered Accountants

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

Re: Lemon Tree Hotels Limited (the Company)

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

Name of the Statute	Nature of dues	Disputed amount	Amount paid under protest	Period to which the amount relates	Forum where dispute is pending
Service Tax Rule, 1994	Service Tax	7,005,000	Nil	October 2007-March 2009	Central Excise and Service Tax Appellate Tribunal
Maharashtra Luxury Tax Act, 1987	Luxury Tax	3,600,000	Nil	FY 2010-11	Mumbai Tribunal



S.R. BATLIBOI & Co. LLP

Chartered Accountants

Service Tax Rule, 1994	Service Tax	3,705,975	Nil	FY 2012-13	Central Excise and Service Tax Appellate Tribunal
Service Tax Rule, 1994	Service Tax	9,367,000	Nil	FY 2013-14	Central Excise and Service Tax Appellate Tribunal

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to a financial institution, bank, debenture holders or government.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. Further, according to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment or private placement of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.



S.R. BATLIBOI & CO. LLP

Chartered Accountants

- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

Sanjay V

per Sanjay Vij

Partner

Membership Number: 95169

Place of Signature: London

Date: June 21, 2016



**ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE
STANDALONE FINANCIAL STATEMENTS OF LEMON TREE HOTELS LIMITED**

**Report on the Internal Financial Controls under Clause (f) 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, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (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.



S.R. BATLIBOI & Co. LLP

Chartered Accountants

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

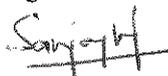
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India

For S.R. Batliboi & CO. LLP

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005



per Sanjay Vij

Partner

Membership Number: 95169

Place of Signature: London

Date: June 21, 2016



Lemon Tree Hotels Limited
Balance Sheet as at March 31, 2016

	Notes	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	7,781,021,630	7,764,867,720
Reserves and surplus	4	1,466,802,194	1,617,011,779
		<u>9,247,823,824</u>	<u>9,381,879,499</u>
Non-current liabilities			
Long-term borrowings	5	2,810,666,789	2,786,779,569
Deferred tax liabilities (net)	6	-	-
Other long term liabilities	7	91,352,738	72,394,376
Long-term provisions	8	7,842,644	6,264,474
		<u>2,909,862,171</u>	<u>2,865,438,419</u>
Current liabilities			
Short-term borrowings	9	441,917,905	416,366,460
Trade payables			
• Total outstanding dues of micro enterprises and small enterprises	10	386,925	810,921
• Total outstanding dues of creditors other than micro enterprises and small enterprises	10	314,079,006	295,063,687
Other current liabilities	10	330,165,652	150,355,148
Short-term provisions	8	9,920,937	8,895,116
		<u>1,096,470,425</u>	<u>871,491,332</u>
Total		<u>13,254,156,420</u>	<u>13,118,809,250</u>
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	11	4,533,700,773	4,318,888,345
Intangible assets	11	3,689,923	6,284,542
Capital work-in-progress	12	52,704,497	117,789,394
Non-current investments	13	5,790,455,436	5,636,354,186
Deferred assets (net)	6	-	-
Loans and advances	14	2,431,055,841	2,723,627,803
Other non-current assets	15	59,428,176	63,904,342
		<u>12,871,034,646</u>	<u>12,866,848,612</u>
Current assets			
Inventories	16	22,914,405	19,973,853
Trade receivables	17	170,679,121	106,977,986
Cash and bank balances	18	50,459,903	42,128,823
Loans and advances	14	71,872,151	54,869,100
Other current assets	15	67,196,194	28,010,876
		<u>383,121,774</u>	<u>251,960,638</u>
Total		<u>13,254,156,420</u>	<u>13,118,809,250</u>

Summary of significant accounting policies 2.1

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

As per our report of even date

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

per Sanjay Vij
Partner
Membership No. 95169

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

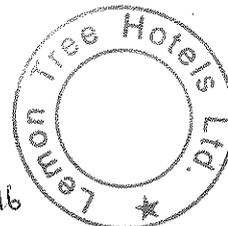
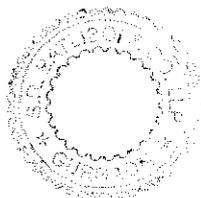
Patanjali G. Keswani
(Chairman & Managing Director)
DIN-00002974

Kapil Sharma
(Chief Financial Officer)

Suman Singh
(AGM & Group
Company Secretary)

Place: New Delhi
Date: June 21, 2016

Place: London
Date: June 21, 2016



Lemon Tree Hotels Limited
Statement of Profit and Loss for the year ended March 31, 2016

	Notes	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Income			
Revenue from operations	19	1,932,831,744	1,880,345,056
Profit on sale of investment	43	-	355,321,749
Other income	20	13,378,843	10,180,122
Total (I)		1,946,210,587	2,245,846,927
Expenses			
Consumption of food and beverages	22	129,993,174	131,808,074
Employee benefit expense	23	454,543,150	469,109,563
Other expenses	24	878,660,978	917,232,618
Total (II)		1,463,197,302	1,518,150,255
Earnings before interest, tax, depreciation and amortisation (EBITDA) (I-II)		483,013,285	727,696,672
Depreciation and amortisation expense	25	218,373,088	227,565,307
Interest income	21	(2,938,889)	(3,617,092)
Finance costs	26	425,634,891	461,766,077
Profit/(loss) before tax		(158,055,805)	41,982,380
Profit / (loss) from continuing operations before tax		(158,055,805)	13,019,320
Tax expenses for continuing operations			
Current Tax (MAT)		-	2,604,873
Income tax for earlier years			
Adjustment of tax relating to earlier years		1,091,010	11,146
MAT payable		-	3,535,149
MAT credit written off/ (entitlement)		-	9,100,969
Wealth tax expense		161,000	106,000
Net tax expense from continuing operations		1,252,010	15,358,137
Loss from continuing operations after tax (A)		(159,307,815)	(2,338,817)
Profit from discontinuing operations before tax (refer note 29(b))		-	28,963,060
Tax expenses for discontinuing operations			
Current Tax (MAT)		-	5,794,857
Income tax for earlier years			
MAT payable		-	7,864,367
MAT credit written off/ (entitlement)		-	20,246,211
Net tax expense from discontinuing operations		-	33,905,435
Loss from discontinuing operations after tax (B)		-	(4,942,375)
Loss for the year (A+B)		(159,307,815)	(7,281,192)
Loss per share (Nominal value of shares Rs.10 (Previous year : Rs 10))	27		
Basic			
Computed on the basis of loss from continuing operations		(0.20)	(0.00)
Computed on the basis of total loss for the year		(0.20)	(0.01)
Diluted			
Computed on the basis of loss from continuing operations		(0.20)	(0.00)
Computed on the basis of total loss for the year		(0.20)	(0.01)

Summary of significant accounting policies 2.1

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

As per our report of even date

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

per Sanjay Vij
Partner
Membership No. 95169

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

Patanjali G. Keswani
(Chairman & Managing Director)

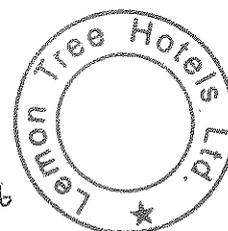
DIN-00002974

Suman Singh
(AGM & Group
Company Secretary)

Kapil Sharma
(Chief Financial Officer)

Place : New Delhi
Date : June 21, 2016

Place : London
Date : June 21, 2016



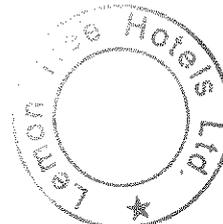
Lemon Tree Hotels Limited

Cash flow statement for the year ended March 31, 2016

	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
A. Cash flow from operating activities		
Profit/(Loss) before tax	(158,055,805)	41,982,380
Adjustments to reconcile profit/(loss) before tax to net cash flows:		
Depreciation and amortisation expenses	218,373,088	227,565,307
Advance written off	16,050,895	-
Provision for gratuity	1,716,953	1,186,955
Provision for leave encashment	30,496	(660,981)
Provision for loyalty programme	(1,145,938)	151,926
Employee stock option cost	(45,170)	209,914
Provision for doubtful debts	671,360	-
Excess provision/ credit balances written back	(1,376,232)	(2,711,604)
Profit on sale of investments	-	(355,321,749)
Provision for slow moving/ non moving stock	810,927	1,039,702
Amortization of ancillary cost	7,192,970	11,896,316
Loss on sale of fixed assets	2,055,086	2,548,159
Loss on slump sale	-	32,451,429
Interest and Finance Charges	403,410,536	432,289,210
Operating profit before working capital changes:	486,750,276	389,009,874
Movements in working capital:		
(Increase) in trade receivables	(64,372,495)	(14,363,369)
Decrease/(increase) in loans and advances and other current assets	(20,906,666)	5,152,618
(Increase)/decrease in inventories	(3,751,479)	2,038,641
Increase in liabilities and provisions	107,753,235	41,270,697
Cash Generated from Operations	505,472,871	423,108,461
Direct taxes paid (net of refunds)	(39,438,641)	(24,092,605)
Net cash flow from operating activities (A)	466,034,230	399,015,856
B. Cash flows used in investing activities		
Purchase of fixed assets, including CWIP and capital advances	(69,450,459)	(93,992,365)
Proceeds from sale of fixed assets	3,483,529	7,086,402
Proceeds from slump sale	-	20,000,000
Purchase of non current investments	(154,101,250)	(2,076,849,560)
Proceeds from sale of investments	-	1,136,341,660
Loans given to subsidiaries	(145,649,999)	(332,059,002)
Loans repaid by subsidiaries	127,707,609	1,015,292,798
Movement in margin money held as security	306,573	(535,391)
Interest received	2,938,889	3,617,092
Net Cash flow used in investing activities (B)	(234,765,108)	(321,098,366)
C. Cash flows used in financing activities		
Proceeds from issuance of share capital	25,297,310	91,206,190
Proceeds from long term borrowings	220,439,629	643,285,412
Repayment of long term borrowings	(83,622,920)	(470,778,050)
Proceeds/(repayment) from/of short term borrowings	25,551,445	(157,523,853)
Interest and finance charges paid	(403,410,536)	(432,289,210)
Ancillary cost paid	(7,192,970)	(11,896,315)
Net Cash flow used in financing activities (C)	(222,938,042)	(337,995,826)



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Lemon Tree Hotels Limited**Cash flow statement for the year ended March 31, 2016**

	March 31, 2016	March 31, 2015
	(Rupees)	(Rupees)
Net increase/(decrease) in cash and cash equivalents (A + B + C)	8,331,080	(260,078,336)
Cash and cash equivalents at the beginning of the year	42,128,823	302,207,159
Cash and cash equivalents at the end of the year	50,459,903	42,128,823
Components of cash and cash equivalents		
Cash on Hand	2,416,030	3,950,761
Balances with Scheduled Banks in - Current accounts	48,043,873	38,178,062
Total cash and cash equivalents (note 18)	50,459,903	42,128,823

Notes:

The cash flow statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements.

Summary of significant accounting policies

2.1

As per our report of even date

For S.R. Batliboi & Co. LLP

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

Sanjay V

per Sanjay Vij

Partner

Membership No. 95169



For and on behalf of the Board of Directors of

Lemon Tree Hotels Limited

Patanjali G. Keswani

Patanjali G. Keswani

(Chairman & Managing Director)

DIN-00002974

Suman Singh

Suman Singh

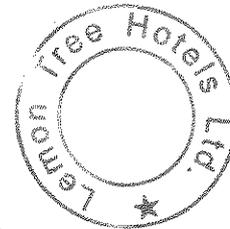
(AGM & Group

Company Secretary)

Kapil Sharma

Kapil Sharma

(Chief Financial Officer)



Place: London

Date: June 21, 2016

Place: New Delhi

Date: June 21, 2016

Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

1. Corporate Information

Lemon Tree Hotels Limited (the company) is a public company domiciled in India. The Company owns and manages chain of hotels, motels, resorts, restaurants, etc. under the brand name of Lemon Tree Hotel, Lemon Tree Premier and Red Fox Hotel.

2. Basis of preparation

The financial statements of the company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies

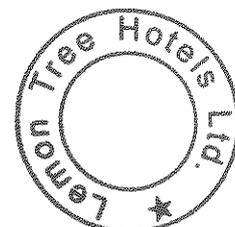
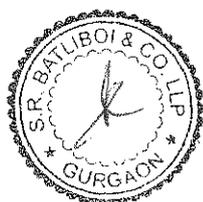
Change in accounting policies

The company has adopted component accounting as required under Schedule II to the Companies Act, 2013 from 1 April 2015. The company was previously not identifying components of tangible assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of property, plant and equipment.

Due to application of Schedule II to the Companies Act, 2013, the company has changed the manner of depreciation for its tangible assets. Now, the company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. These components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The company has used transitional provisions of Schedule II to adjust the impact of component accounting arising on its first application. If a component has zero remaining useful life on the date of component accounting becoming effective, i.e., 1 April 2015, its carrying amount, after retaining any residual value, is charged to the statement of profit and loss. The carrying amount of other components, i.e., components whose remaining useful life is not nil on 1 April 2015, is depreciated over their remaining useful lives.

The company has also changed its policy on recognition of cost of major inspection/ overhaul. Earlier company used to charge such cost of major inspection/ overhaul directly to statement of profit and loss, as incurred. On application of component accounting, the major inspection/ overhaul is identified as a separate component of the asset at the time of purchase of new asset and subsequently. The cost of such major inspection/ overhaul is depreciated separately over the period till next major inspection/ overhaul. Upon next major inspection/ overhaul, the costs of new major inspection/ overhaul are added to the asset's cost and any amount remaining from the previous inspection/ overhaul is derecognized.

There is no material impact on the change of the aforesaid accounting policy of the Company.



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

(a) **Use of estimates**

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) **Tangible fixed assets**

Fixed assets are stated at cost net of accumulated depreciation and impairment losses if any. The cost comprises the purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

The Company adjusts exchange differences arising on translation/ settlement of long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset to the cost of the asset and depreciates the same over the remaining life of the asset. In accordance with MCA circular dated August 9, 2012, exchange differences adjusted to the cost of fixed assets are total differences, arising on long-term foreign currency monetary items pertaining to the acquisition of a depreciable asset, for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

(c) **Intangible assets**

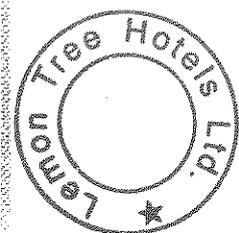
Software is stated at cost of acquisition and includes all attributable costs of bringing the software to its working condition for its intended use.

(d) **Depreciation / Amortisation on fixed assets**

Depreciation on fixed assets is provided on Straight Line Method over its economic useful life of fixed assets as estimated by the management which is in line with corresponding useful life prescribed under Schedule II of the Companies Act, 2013, whichever is higher.

Fixed Assets	Useful life considered (SLM)	Useful life as per Schedule II
Plant & Machinery	15 Year	15 Year
Building*	60 Years	60 years
Electrical installations and fittings	10 Years	10 Years
Office Equipments	5 Years	5 years
Furniture and Fixtures	10 Years	10 Years
Vehicles	8 Years	8 years
Computers	3 Years	3 years
Softwares	3 Years	3 Years

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



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

From April 1, 2014, Schedule II of the Companies Act, 2013 had become applicable to the Company. Accordingly, in the previous year the Company had revised the estimated useful life of its assets from rates prescribed under Schedule XIV of the Companies Act, 1956 to the rates and useful life prescribed under Schedule II of Companies Act, 2013. The written down value of fixed assets as at April 1, 2014 is being depreciated on prospective basis at the rate prescribed under Schedule II of the Companies Act, 2013. This change in accounting estimate had resulted in increase in depreciation & amortization expenses and correspondingly decreases in profit (before tax) for the previous year by Rs 79,099,807.

(e) Impairment of tangible & intangible 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) net selling price 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.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

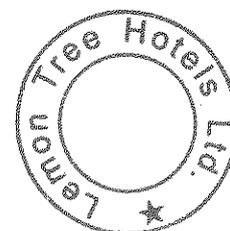
(f) Investments

Investments which are readily realisable and intended to be held for not more than a year from the date on which such investments are made are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties. If an investment is acquired, or partly acquired, by the issue of shares or other securities, the acquisition cost is the fair value of the securities issued. If an investment is acquired in exchange for another asset, the acquisition is determined by reference to the fair value of the asset given up or by reference to the fair value of the investment acquired, whichever is more clearly evident.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

(g) Leases

Where the Company is lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

Leases (other than land), where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

(h) Stamp duty on registration of lease agreement

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.

(i) Conversion charges for land obtained over lease

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.

(j) Inventories

Stock of food & beverages, stores and operating supplies are valued at lower of cost and net realisable value. Cost is determined on a first in first out basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs necessary to make sale.

(k) Revenue recognition

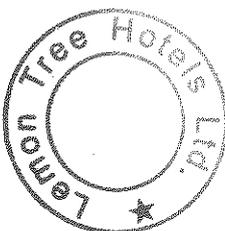
Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Rooms, Restaurant, Banquets and Other Services

Revenue from guest accommodation is recognized on a day to day basis after the guest checks into the hotels and are stated net of allowances. Sale of food and beverage are recognized at the points of serving these items to the guests. Incomes from other services are recognized as and when services are rendered. The Company collects service tax, value added taxes (VAT) and luxury tax on behalf of the government and therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Shortfall of billing over revenue as at the year-end is carried in financial statement as accrued revenue separately.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

Dividends

Dividend income is recognised when the Company's right to receive payment is established by the reporting date.

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.

Export Benefits

Under the Served from India Scheme introduced by Government of India, an exporter of service is entitled to certain export benefits on foreign currency earned. The export benefits are accounted for in the year of export, whenever there is certainty of its realization.

(l) Foreign currency translation

Foreign currency transactions and balances

(i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

(ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are measured at fair value or other similar valuation denominated in a foreign currency are translated using the exchange rate at the date when such value was determined.

(iii) Exchange Differences

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

1. Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
2. Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
3. All other exchange differences are recognized as income or as expenses in the period in which they arise.

(iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of forward exchange contract is amortized and recognized as an expense/ income over the life of the contract. Exchange differences on such contracts, except the contracts which are long-term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or as expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items is recognized in accordance with paragraph (iii)(1) and (iii)(2).



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2016

(m) Retirement and other employee benefits

i. Retirement benefits in the form of Provident Fund (contributed to the Regional PF Commissioner) 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.

ii. 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.

iii. Gratuity liability is defined benefit obligations. Gratuity liability of employees is accounted for on the basis of Company's contribution of premium on policy taken from Life Insurance Corporation of India. Provision is made for shortfall, if any, in the contribution made as compared to the actuarial valuation of the gratuity liability on projected unit credit method at the close of the year.

iv. Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

v. The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet, to the extent 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.

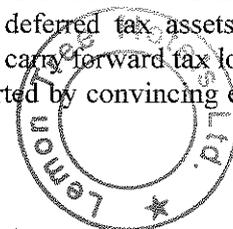
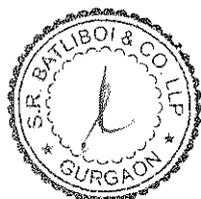
vi. Actuarial gains / losses are immediately taken to statement of profit and loss and are not deferred.

(n) Income taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

In the situations where the Company is entitled to a tax holiday under the Income-tax Act, 1961 enacted in India or tax laws prevailing in the respective tax jurisdictions where it operates, no deferred tax (asset or liability) is recognized in respect of timing differences which reverse during the tax holiday period, to the extent the Company's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of timing differences which reverse after the tax holiday period is recognized in the year in which the timing differences originate. However, the Company restricts recognition of deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized. For recognition of deferred taxes, the timing differences which originate first are considered to reverse first.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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 tax assets and deferred taxes liabilities relate to the same taxable entity and the same taxation authority.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the *Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961*, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

(o) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events of bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

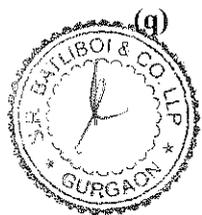
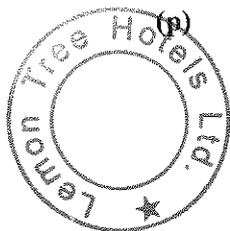
For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(p) Provisions

A provision is recognized when an enterprise has a present obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of obligation. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(q) Cash and Cash equivalents

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2016

(r) Employee Stock Compensation Cost

Employees (including senior executives) of the Company receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

In accordance with the *Guidance Note on Accounting for Employee Share-based Payments*, the cost of equity-settled transactions is measured using the intrinsic value method and recognized, together with a corresponding increase in the "Stock options outstanding account" in reserves. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and is recognized in employee benefits expense.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total intrinsic value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

(s) Borrowing Costs

Borrowing cost includes interest and amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. Ancillary borrowing cost such as processing fee/loan arrangement fees are amortized over the term of the loan. All other borrowing costs are expensed in the period they occur.

(t) Segment Reporting

As the Company's business activity falls within a single primary business segment 'Hoteliering business' within India, the disclosure requirements of Accounting Standard (AS-17) "Segment Reporting" issued under Companies (Accounting Standard) Rules, 2006 is not applicable.

The Company operates primarily in India and there is no other significant geographical segment.

(u) Amalgamation Accounting

The Company treats an amalgamation in the nature of merger if it satisfies all the following criteria:

i. All the assets and liabilities of the transferor company become, after amalgamation, the assets and liabilities of the transferee company.

ii. Shareholders holding not less than 90% of the face value of the equity shares of the transferor company (other than the equity shares already held therein, immediately before the amalgamation, by the transferee company or its subsidiaries or their nominees) become equity shareholders of the transferee company.

iii. The consideration for amalgamation receivable by those equity shareholders of the transferor company who agree to become shareholders of the transferee company is discharged by the transferee company wholly by the issue of equity shares, except that cash may be paid in respect of any fractional



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2016

shares.

iv. The business of the transferor company is intended to be carried on, after the amalgamation, by the transferee company.

The transferee company does not intend to make any adjustment to the book values of the assets and liabilities of the transferor company, except to ensure uniformity of accounting policies.

All other amalgamations are in the nature of purchase.

The Company accounts for all amalgamations in the nature of merger using the pooling of interest method. The application of this method requires the Company to recognize any non-cash element of the consideration at fair value. The Company recognizes assets, liabilities and reserves, whether capital or revenue, of the transferor company at their existing carrying amounts and in the same form as at the date of the amalgamation. The balance in the statement of profit and loss of the transferor company is transferred to the general reserve or as may be specified by court. The difference between the amount recorded as share capital issued, plus any additional consideration in the form of cash or other assets, and the amount of share capital of the transferor company is adjusted in reserves.

(v) Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

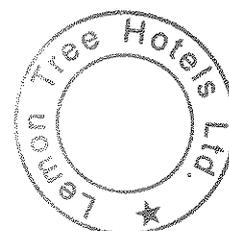
(w)

Provision for Loyalty Programmes

Loyalty Programme reward points are provided for based on actuarial valuation. A provision is recognized for such programmes based upon expected usage of reward points by the members, as estimated by actuarial valuation.

(x) Measurement of EBITDA

As permitted by the Guidance Note, the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company does not include depreciation and amortization expense, interest income, finance costs and tax expense.



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2016

3. Share Capital

	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Authorized Shares		
998,550,000 (March 31, 2015: 998,550,000) equity shares of Rs. 10/- each	9,985,500,000	9,985,500,000
145,000 (March 31, 2015: 145,000) 5% Redeemable Cumulative Preference Shares of Rs.100 /- each	14,500,000	14,500,000
	10,000,000,000	10,000,000,000
Issued, subscribed and fully paid-up shares		
778,102,163 (March 31, 2015: 776,486,772) equity shares of Rs. 10 /- each fully	7,781,021,630	7,764,867,720
Total issued, subscribed and fully paid up share capital	7,781,021,630	7,764,867,720

(a) Reconciliation of the equity shares outstanding at the beginning and at the end of the year :

Equity shares

	March 31, 2016		March 31, 2015	
	No. of shares	Amount (Rupees)	No. of shares	Amount (Rupees)
At the beginning of the year	776,486,772	7,764,867,720	128,626,781	1,286,267,810
Issued during the year - Bonus issue	-	-	646,125,652	6,461,256,520
Issued during the year - Exercise of ESOP	419,539	4,195,390	57,423	574,230
Issued during the year - other than ESOP	1,195,852	11,958,520	1,676,916	16,769,160
Shares outstanding at the end of the year	778,102,163	7,781,021,630	776,486,772	7,764,867,720

(b) Terms/rights attached to equity shares

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

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

	March 31, 2016		March 31, 2015	
	No. of shares	% holding in the class	No. of shares	% holding in the class
Equity shares of Rs. 10 each fully paid up				
Maplewood Investment Limited	192,908,118	24.79	192,908,118	24.84
Spank Management Services Private Limited	180,122,627	23.15	163,266,970	21.03
RJ Corp Limited	78,748,368	10.12	78,748,368	10.14
APG Strategic Real Estate Pool N.V.	118,730,914	15.26	102,880,914	13.25

(d) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the company, please refer note 32

(e) The Company in earlier years had allotted, from time to time, 10,800,000 total Warrants to promoters, convertible into equity shares at the option of the holder at a price to be decided by the Board of Directors. The total warrants converted till date being 6,369,500 (March 31, 2015: 6,369,500). The remaining 4,430,500 warrants were lapsed during earlier year.*

(f) 2,400,000 (March 31, 2015: 2,400,000) equity shares of Rs. 10 each had been issued on conversion of warrants in accordance with the shareholders' agreement dt. July 25, 2006 at price pre-determined in the said Shareholders' agreement. *

(g) 5,164,955 (March 31, 2015: 5,164,955) equity shares of Rs. 10 each had been issued on conversion of options in accordance with the shareholders' agreement dt. July 25, 2006 at price pre-determined in the said Shareholders' agreement. *

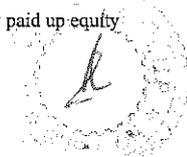
(h) 894,766 (March 31, 2015: Nil) equity shares of Rs. 10 each had been issued on conversion of options in accordance with the shareholders' agreement dt. July 25, 2006 at price pre-determined in the said Shareholders' agreement.

(i) 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, 2016 No. of shares	March 31, 2015 No. of shares
Equity shares allotted as fully paid, pursuant to amalgamations	32,486,000	32,486,000
premium and capital redemption reserve	646,125,652	646,125,652

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

* Subsequent to this, the Company during the previous year had issued equity shares twice as bonus issue in the proportion of 2 equity shares for every 1 fully paid up equity share and 1 equity share for every 1 fully paid up equity share respectively.



Lemon Tree Hotels Limited

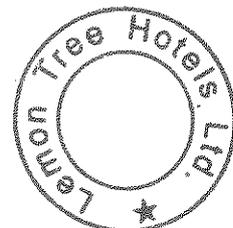
Notes to financial statements for the year ended March 31, 2016

4. Reserves and Surplus

	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Capital redemption reserve		
Balance as per the last financial statements	4,500,000	4,500,000
	<u>4,500,000</u>	<u>4,500,000</u>
Securities premium account		
Balance as per the last financial statements	860,597,972	7,247,738,024
Add: premium on issue of shares	7,773,038	73,256,292
Add: additions on ESOPs exercised (excluding transferred from stock options outstanding)	1,370,362	606,508
Add: transferred from stock options outstanding	350,901	253,668
Less: amounts utilized toward issue of fully paid bonus shares	-	6,461,256,520
Closing balance	<u>870,092,273</u>	<u>860,597,972</u>
Employee stock option outstanding		
Gross employee stock compensation for options granted in earlier years	2,659,037	2,702,791
Add:- provision/(reversal) for the year (Refer note 32)	(45,170)	209,914
Less:- transferred to securities premium on exercise of stock options	(350,901)	(253,668)
Closing balance	<u>2,262,966</u>	<u>2,659,037</u>
General reserve		
Balance as per the last financial statements	303,523,524	303,523,524
Closing balance	<u>303,523,524</u>	<u>303,523,524</u>
Surplus in the Statement of Profit and Loss		
Balance as per last financial statements	445,731,246	453,012,438
Loss for the year	(159,307,815)	(7,281,192)
Net surplus in the statement of Profit and Loss	<u>286,423,431</u>	<u>445,731,246</u>
Total reserves and surplus	<u>1,466,802,194</u>	<u>1,617,011,779</u>



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5. Long-term borrowings

	Non-current portion		Current maturities	
	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Term Loans				
Indian rupee loans from Banks (Secured)				
Kotak Mahindra Bank Limited (Refer note 1, 2 & 3 below)	221,604,724	74,665,692	72,303,812	20,000,004
Andhra Bank (Refer note 4 below)	242,007,667	266,007,667	24,000,000	15,000,000
The Ratnakar Bank Limited (Refer note 5 & 6 below)	520,100,250	562,451,250	42,356,000	15,000,000
Yes bank Limited (Refer note 7 below)	1,218,750,000	1,243,750,000	25,000,000	6,250,000
Vehicle loans (Refer note 8 below)	8,304,148	12,744,960	5,278,695	9,879,014
Indian rupee loans from others (Secured)				
Tourism Finance Corporation of India Limited (Refer note 9 & 10 below)	207,900,000	227,160,000	19,260,000	17,140,000
Aditya Birla Finance Limited (Refer note 11 below)	392,000,000	400,000,000	8,000,000	-
	2,810,666,789	2,786,779,569	196,198,507	83,269,018
Amount disclosed under the head "Other current liabilities "(Note 10)	-	-	(196,198,507)	(83,269,018)
Net Amount	2,810,666,789	2,786,779,569	-	-

1) Term Loan from Kotak Mahindra Bank Limited was taken during financial year 2013-14 and carries interest rate of 12.50%. The loan is repayable in 60 monthly installments of Rs 1,666,667 each along with interest subsequently after disbursement beginning from April 2013. The Term Loan is secured by way of:

- Exclusive charge on all existing and future current assets of the borrower's hotels located at Gurgaon (city centre new), Aurangabad, Indore, Chandigarh and Sector-29, Gurgaon.
- Subsequent 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, Chandigarh and Sector-29, Gurgaon on which bank has exclusive charge.
- Mortgage of Immovable property at Sector-29, Gurgaon.
- Personal Guarantee of Mr. Patanjali G. Keswani.

2) Term Loan from Kotak Mahindra Bank Limited was taken during financial year 2014-15 and carries interest rate of 11.95%. The loan is repayable in 20 quarterly installments post the end of the moratorium period. The Term Loan is secured by way of:

- Exclusive charge on all existing and future current assets of the borrower's hotels located at Gurgaon (city centre new), Aurangabad, Indore, Chandigarh and Sector-29, Gurgaon.
- Subsequent 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, Chandigarh and Sector-29, Gurgaon on which bank has exclusive charge.
- Mortgage of Immovable property at Sector-29, Gurgaon.
- Personal Guarantee of Mr. Patanjali G. Keswani.

3) Term Loan from Kotak Mahindra Bank Limited is taken during financial year 2015-16 and carries interest rate of 11.95%. The loan is repayable in 20 quarterly installments post the end of the moratorium period. The Term Loan is secured by way of:

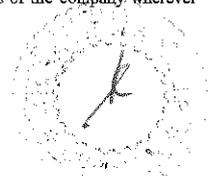
- Exclusive charge on all existing and future current assets of the borrower's hotels located at Gurgaon (city centre new), Aurangabad, Indore, Chandigarh and Sector-29, Gurgaon.
- Subsequent charge over all existing and future current assets of the Company except current assets of the company's hotels located at Gurgaon (city centre new), Aurangabad, Indore, Chandigarh and Sector-29, Gurgaon on which bank has exclusive charge.
- Mortgage of Immovable property at Sector-29, Gurgaon.
- Personal Guarantee of Mr. Patanjali G. Keswani.

4) Rupee term loan from Andhra Bank was taken during earlier year (for part financing hotel at Property No. 6, Hospitality District, Delhi International Airport, Delhi under the brand name of "Red Fox Hotel") and carries interest rate @ base rate+3.50% (Currently 11.50%). The loan is repayable in scattered quarterly installment beginning from March 2014. Interest is payable monthly as and when due. It is secured by:

- First pari-passu charge on all the Project's immovable properties (except land), present and future.
- 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.
- 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.
- First charge by way of assignment or creation of charge in favor of the lender of (a) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in agreements (Development Agreement, Management Agreement, Construction Contract), duly acknowledged and consented to by the counter party; (b) all the rights, title, interest, benefits, claims and demands whatsoever of the Borrower in clearances; (c) all the rights, title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee, performance bond provided by any party to the Project Documents and; (d) all Insurance Contracts/Insurance Proceeds;
- 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;
- Right of substitution and other rights under the Substitution Agreement, on pari-passu basis with other lenders.

5) Rupee term loan from The Ratnakar Bank Limited was taken during financial year 2011-12 (for financing the Hotel at Property No. 6, Hospitality District, Delhi International Airport, Delhi) and carries interest rate @ base rate+2.75% (Currently 11.50%). The loan is repayable in scattered quarterly installment beginning from March 2014. Interest is payable monthly as and when due. It is secured by:

- First charge on all the Project's immovable properties (except land), present and future subject to prior confirmation from panel advocates/Legal Department of the Bank.
- A first charge by way of hypothecation of all the project's movables including movable plant & machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future.
- A first charge on the project's book debts, operating cash flows, receivables, commissions, bank accounts (wherever held), revenues of whatever nature and wherever arising, present and future subject to prior charge of bankers on specified current assets for securing working capital facilities.
- First charge by way of assignment or creation of charge in favour of the lender of
 - > all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in agreements (Development Agreement, Management Agreement, Construction Contract), duly acknowledged and consented to by the counter party;
 - > all the rights, title, interest, benefits, claims and demands whatsoever of the Borrower in clearances;
 - > all the rights, title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee, performance bond provided by any party to the Project Documents
 - > all Insurance Contracts/Insurance Proceeds;
- Charges on the Letter of credit/ Escrow Account, Trust and Retention Account, Debt Service Reserve Account and other reserves and any other bank accounts of the company wherever maintained;
- Right of substitution and other rights under the Substitution Agreement.



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

6) Rupee term loan from The Ramakar Bank Limited of Rs 300,000,000 was taken during financial year 2013-14 and carries interest rate @ base rate +1.55% (Currently 12.20%). The loan is repayable in scattered quarterly installment beginning from June 2016. Interest is payable monthly as and when due. It is secured by :

a) First pari passu charge on the current assets, entire movable fixed assets and immovable assets of the following properties:

- > 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

7) Rupee term loan from Yes Bank Limited was taken during financial year 2013-14 and carries interest rate @ base rate + 0.80% (Currently 12.05%). The loan is repayable in scattered quarterly installment beginning from December 2015. Interest is payable monthly as and when due. It is secured by :

a) First pari passu charge on all immovable fixed assets, movable fixed assets and current assets (both present and future) including land and building of the following properties:

- > 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

8.) Vehicle loans are secured by hypothecation of underlying motor vehicles acquired out of such loans. Rate of interest of these loans ranges from 9.00 % to 14.00 %. These loans are repaid on agreed monthly installments.

9.) Rupee term loan from Tourism Finance Corporation of India Limited was taken during financial year 2008-09 and carries interest rate @ prime lending rate + 0.50% (currently 13.00%). The loan is repayable in quarterly installment of 4,285,000 each along with interest beginning from April 2010. It is secured by way of:

a.) first charge by way of hypothecation of all the movables (save and except book debts) of the Company at Aurangabad Hotel subject to prior charge of bankers on specified movable assets for securing working capital facilities.

b) Corporate Guarantee of Meringue Hotels Private Limited and Personal Guarantee of Mr. Patanjali G. Keswani.

10.) Rupee term loan from Tourism Finance Corporation of India Limited was taken during financial year 2014-15 and carries interest rate @ prime lending rate + 0.50% (currently 13.00%). The loan is repayable in 40 set up quarterly installment along with interest beginning from April 2016. It is secured by 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.

11) Rupee term loan from Aditya Birla Finance Limited was taken during financial year 2014-15 and carries interest rate @ benchmark rate + 2.30% (Currently 11.80%). The loan is repayable in scattered quarterly installment beginning from December 2016. Interest is payable monthly as and when due. It is secured by :

a) First pari passu charge on all immovable fixed assets, movable fixed assets and current assets (both present and future) including land and building of the following properties:

- > 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



6. Deferred tax liabilities (net)

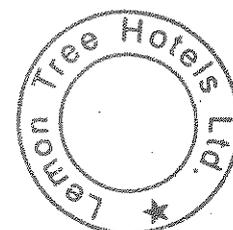
	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation/amortisation charged for financial reporting	341,490,539	308,048,902
Gross deferred tax liability	341,490,539	308,048,902
Deferred tax asset		
Effect of unabsorbed depreciation and business loss (Also refer note 41)	299,496,025	270,916,468
Effect of expenditure debited to Statement of Profit and Loss in the current year but allowed for tax purposes in following years	36,366,611	31,937,180
Provision for doubtful debts and advances	307,195	79,000
Provision for gratuity	3,109,288	2,525,695
Provision for leave compensation	1,982,723	1,972,357
Provision for loyalty programme	228,697	618,202
Gross deferred tax asset	341,490,539	308,048,902
Deferred tax liability/(asset) (net)	-	-

7. Other long term liabilities

	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Others		
Security deposits	-	1,123,085
Lease equalisation reserve	91,352,738	71,271,291
	91,352,738	72,394,376



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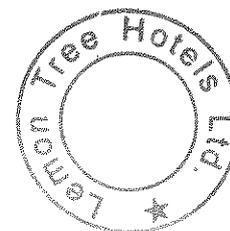
Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2016

8. Provisions

	Long Term		Short Term	
	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Provision for employee benefits				
Provision for gratuity (Refer note 33)	7,842,644	6,264,474	1,305,010	1,166,227
Provision for leave compensation	-	-	5,833,253	5,802,757
	<u>7,842,644</u>	<u>6,264,474</u>	<u>7,138,263</u>	<u>6,968,984</u>
Others				
Provision for wealth tax (Net of advance tax of Rs. 240,768 (previous year Rs 135,948))	-	-	163,539	107,359
Provision for loyalty programme (Refer note 34)	-	-	672,835	1,818,773
Provision for contingencies (Refer note 34)	-	-	1,946,300	-
	-	-	2,782,674	1,926,132
	<u>7,842,644</u>	<u>6,264,474</u>	<u>9,920,937</u>	<u>8,895,116</u>



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9. Short-term borrowings

	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Cash credit from banks (Secured)	441,917,905	416,366,460
Total	441,917,905	416,366,460

A The Cash credit facility from Kotak Mahindra Bank is repayable on demand and carries interest rate of 12.90% p.a. and is secured by way of:

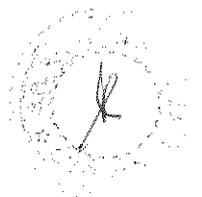
- Exclusive charge on all existing and future current assets of the borrower's hotels located at Gurgaon (city centre new), Aurangabad, Indore, Chandigarh and Sector-29, Gurgaon.
- Subsequent charge over all existing and future current assets of the Company except current assets of the company's hotels located at Gurgaon (city centre new), Aurangabad, Indore, Chandigarh and Sector-29, Gurgaon on which bank has exclusive charge.
- Mortgage of Immovable property at Sector-29, Gurgaon.
- Personal Guarantee of Mr. Patanjali G. Keswani.

B. The Cash credit facility from Yes Bank is repayable on demand and carries interest rate of 12.05% p.a. and is secured by way of:

- First pari passu charge on all immovable fixed assets, movable fixed assets and current assets (both present and future) including land and building of the following properties:
 - > 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

10. Other current liabilities

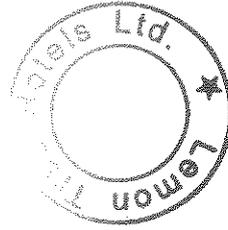
	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Trade payables		
Total outstanding dues of micro enterprises and small enterprises (refer note 47 for details of dues to micro and small enterprises)	386,925	810,921
Total outstanding dues of creditors other than micro enterprises and small enterprises	314,079,006	295,063,687
	314,465,931	295,874,608
Other liabilities		
Book overdraft	24,830,676	-
Current maturities of long term borrowings (Refer note 5)	196,198,507	83,269,018
Interest accrued but not due on borrowings	1,641,455	1,641,937
Amount payable in respect of purchase of fixed assets	38,088,577	15,182,788
Advance from customers	36,014,462	11,129,101
Outstanding dues of other creditors	-	6,456,531
Others		
TDS payable	12,620,322	10,522,901
VAT payable	4,386,062	2,482,640
WCT payable	2,133,247	327,949
Luxury tax payable	11,231,388	8,722,005
Service tax payable	645,434	8,237,625
Other statutory dues	2,375,522	2,382,653
	330,165,652	150,355,148
Total	644,631,583	446,229,756



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2016

Particulars	(All amounts in Rupees)														
	Tangible Assets										Intangible Assets				
	Freehold land	Leasehold Improvements	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)	Software	Total (Intangible Assets)
As at April 1, 2014	883,894,206	2,476,356	1,730,047,641	1,257,883,490	549,441,682	239,036,984	111,915,386	23,638,123	363,915,492	103,704,212	39,367,214	86,160,913	5,391,481,899	47,062,261	47,062,261
Additions	-	-	215,841	1,630,560	3,366,365	2,153,931	4,128,850	1,100,895	2,274,473	-	1,589,829	6,305,618	22,766,362	1,694,784	1,694,784
Disposals on slump sale*	12,168,000	-	119,528,362	-	17,060,525	12,411,013	10,337,008	1,073,555	20,539,056	6,334,728	2,998,448	2,764,809	205,215,504	507,304	507,304
Disposals	-	-	-	-	457,888	521,500	36,908	44,000	-	-	-	14,564,536	15,624,832	-	-
As at March 31, 2015	871,726,206	2,476,356	1,610,735,120	1,259,314,050	535,289,634	228,258,402	105,670,520	23,621,463	345,650,909	97,369,484	37,958,595	75,137,186	5,193,407,925	48,249,741	48,249,741
Additions	-	-	222,914,368	7,877,057	74,355,403	26,892,788	15,225,279	1,649,969	49,685,963	11,863,819	5,256,280	4,131,798	419,852,724	1,353,664	1,353,664
Disposals	-	-	-	-	181,234	278,151	660,787	232,249	-	-	110,138	10,444,389	11,906,948	-	-
Other adjustments	-	-	101,568	-	21,645	3,205	198,037	16,988	48,419	-	-	389,862	-	-	-
- Exchange Differences	-	-	14,533,265	-	-	-	-	-	-	-	-	-	-	-	-
- Borrowing Costs	-	-	1,848,284,321	-	609,485,448	254,876,244	120,433,049	25,056,171	395,385,291	109,233,303	43,104,737	68,824,595	5,616,276,828	49,603,405	49,603,405
As at March 31, 2016	871,726,206	2,476,356	1,848,284,321	1,267,391,107	609,485,448	254,876,244	120,433,049	25,056,171	395,385,291	109,233,303	43,104,737	68,824,595	5,616,276,828	49,603,405	49,603,405
Depreciation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at April 1, 2014	-	2,476,356	187,528,807	61,054,989	109,218,170	50,720,175	18,689,458	10,363,579	125,777,889	87,337,559	26,673,214	39,251,093	719,091,289	34,698,532	34,698,532
Charge for the year	-	-	25,370,143	10,548,782	43,466,947	30,337,853	13,509,857	8,669,624	61,901,612	4,578,196	9,023,739	12,430,514	219,837,267	7,728,040	7,728,040
Disposals on slump sale*	-	-	15,741,902	-	6,226,994	6,891,636	2,532,471	1,065,635	14,934,528	6,334,728	2,559,834	58,418,704	461,373	461,373	461,373
Disposals	-	-	-	-	124,616	-	-	170,453	-	-	13,572	5,681,631	5,990,272	-	-
As at March 31, 2015	-	2,476,356	197,157,048	71,603,771	146,333,507	74,166,392	29,666,844	17,797,115	172,744,973	85,581,027	33,123,547	43,869,000	874,519,580	41,965,199	41,965,199
Charge for the year	-	-	24,785,017	32,950,511	38,608,073	31,808,857	12,652,911	6,869,051	44,721,040	8,919,531	3,388,855	9,720,959	214,424,805	3,948,283	3,948,283
Disposals	-	-	-	-	67,049	278,151	49,994	245,718	-	-	56,642	5,670,776	6,368,330	-	-
As at March 31, 2016	-	2,476,356	221,942,065	104,554,282	184,874,531	105,697,098	42,269,761	24,420,448	217,466,013	94,500,558	36,455,760	47,919,183	1,082,576,055	45,913,482	45,913,482
Net Block	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2016	871,726,206	-	1,626,342,256	1,162,836,825	424,610,917	149,179,146	78,163,288	635,723	177,919,278	14,732,745	6,648,977	20,905,412	4,533,700,773	3,689,923	3,689,923
As at March 31, 2015	871,726,206	-	1,413,578,072	1,187,910,279	388,956,127	154,092,010	76,003,676	5,824,348	172,903,936	11,788,437	4,835,048	31,268,186	4,318,888,345	6,284,542	6,284,542

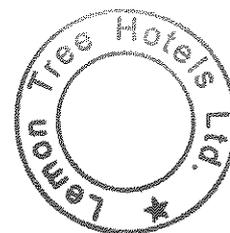
* Refer Note 29 (a)



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2016

12. Capital work-in-progress

	As at March 31, 2016 (Rupees)	As at March 31, 2015 (Rupees)
Hotel at Shimla		
Material	36,245,714	31,996,310
Project staff expenses	5,160,274	4,563,078
Salary wages & bonus	2,971,685	2,971,685
Professional charges	8,059,524	7,399,524
Others	267,300	267,300
	52,704,497	47,197,897
Hotel at Gurgaon, City Centre		
Material	336,500,227	51,261,963
Professional charges	32,556,633	11,746,678
Borrowing cost	14,533,265	3,315,906
Salary, wages & bonus	9,809,169	2,989,771
Project staff expenses other than salary	3,340,306	1,386,879
Misc.Gov.expenses/fees	4,183,683	890,300
	400,923,283	71,591,497
Less: scrap sale	1,000,000	1,000,000
	399,923,283	70,591,497
Less:- Capitalised during the year	399,923,283	-
	-	70,591,497
	52,704,497	117,789,394
Total	52,704,497	117,789,394



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

13. Non-current investments

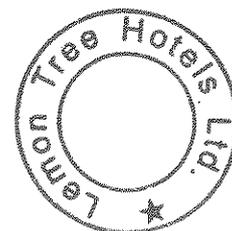
	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Trade Investments (valued at cost unless stated otherwise)		
Unquoted equity instruments		
Investment in subsidiaries (Also refer note 38)		
34,374,498 (March 31, 2015: 33,745,748) equity shares of Fleur Hotels Private Limited of Rs.10 each fully paid. (Also refer note 30)	4,430,720,235	4,325,718,985
8,667,000 (March 31, 2015: 8,667,000) Equity shares of PSK Resorts & Hotels Private Limited of Re.1 each fully paid.	265,909,885	265,909,885
5,945,400 (March 31, 2015: 5,945,400) equity shares of Canary Hotels Private Limited of Re.1 each fully paid.	182,428,031	182,428,031
495,000 (March 31, 2015: 495,000) Equity shares of Sukhsagar Complexes Pvt Ltd of Rs.10 each fully paid.	152,466,000	152,466,000
75,000,000 (March 31, 2015: 75,000,000) Equity shares of Nightingale Hotels Pvt Ltd of Re.1 each fully paid.	93,140,000	93,140,000
571,428 (March 31, 2015: 571,428) equity shares of Manakin Resorts Pvt. Ltd. of Rs.10 each fully paid.	39,068,839	39,068,839
10,854,592 (March 31, 2015: 193,832) equity shares of Begonia Hotels Private Limited of Re.1 each fully paid.	4,885,682	4,885,682
200,000 (March 31, 2015: 200,000) Equity shares of Oriole Dr Fresh Hotels Pvt Ltd of Rs.10 each fully paid.	2,002,000	2,002,000
700,000 (March 31, 2015: 700,000) equity shares of Carnation Hotels Private Limited of Re.1 each fully paid.	700,000	700,000
375,000 (March 31, 2015: 375,000) Equity shares of Grey Fox Project Management Company Private Limited of Re.1 each fully paid.	375,000	375,000
100,000 (March 31, 2015: 100,000) Equity shares of Pelican Facilities Management Pvt Ltd of Re.1 each fully paid.	100,094	100,094
100,000 (March 31, 2015: 100,000) equity shares of Dandelion Hotels Private Limited of Re.1 each fully paid.	100,000	100,000
200,000 (March 31, 2015: 100,000) equity shares of Lemon Tree Hotel Company Private Limited of Re.1 each fully paid.	200,000	100,000
100,000 (March 31, 2015: 100,000) Equity shares of Red Fox Hotel Company Private Limited of Re.1 each fully paid.	100,000	100,000
Others		
2,567 (March 31, 2015: 2,567) equity shares of SEP Energy Private Limited of Rs.10 each fully paid.	25,670	25,670
Preference shares (unquoted)		
Investment in subsidiaries (Also refer note 38)		
1,790,000 (March 31, 2015: 1,790,000) 5% Redeemable Cumulative Preference Shares of Oriole Dr. Fresh Hotels Private Limited of Rs.100 each fully paid.*	179,179,000	179,179,000
2,700,000 (March 31, 2015: 2,700,000) 10% Redeemable Cumulative Preference shares of Canary Hotels Private Limited of Re.100 each fully paid.**	270,000,000	270,000,000
240,000 (March 31, 2015: 50,000) 5% Redeemable Cumulative Preference shares of Canary Hotels Private Limited of Re.100 each fully paid.***	24,000,000	5,000,000
350,000 (March 31, 2015: 350,000) 5% Redeemable Cumulative Preference shares of Carnation Hotels Private Limited of Re.100 each fully paid.***	35,000,000	35,000,000
420,000 (March 31, 2015: 370,000) 5% Redeemable Cumulative Preference shares of Grey Fox Project Management Company Private Limited of Re.100 each fully paid.****	42,000,000	37,000,000
680,000 (March 31, 2015: 430,000) 5% Redeemable Cumulative Preference shares of Sukhsagar Hotels Private Limited of Re.100 each fully paid.***	68,000,000	43,000,000
Government Securities (Unquoted, investments other than trade)		
Six Years National Saving Certificates	55,000	55,000
TOTAL	5,790,455,436	5,636,354,186
Aggregate market value - Quoted	-	-
Aggregate book value - Unquoted	5,790,455,436	5,636,354,186
	5,790,455,436	5,636,354,186

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

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

***The preference shares will be redeemed either at the option of the Company or at the option of the subsidiary at any-time after the expiry of one year or before expiry of ten years.

****The preference shares will be redeemed either at the option of the Company or at the option of the subsidiary at any-time after the expiry of one year or before expiry of five years.



14. Loans and advances

	Non- Current		Current	
	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
(Unsecured, considered good)				
Capital advances*	81,981,444	399,626,499	-	-
Security deposits	717,260,246	716,715,647	1,051,288	1,051,288
Loans & advance to related parties				
to subsidiaries (note 28 & 38)	1,331,301,522	1,310,363,713	111,180	3,106,599
Advance to Krizm Hotels Private Limited Employees Welfare Trust (note 32 (b))	84,556,512	116,796,512	-	-
Advances recoverable in cash or kind or for value to be received	-	-	11,186,289	10,161,981
Other loans and advances				
Advance income tax, tax deducted and collected at source (Net of provision amounting to Rs. 117,303,248 (previous year Rs 118,234,793))	136,405,401	98,162,591	-	-
Commission receivable	-	-	287,589	377,366
Prepaid stamp duty (Also refer note 2.1 (h))	21,115,693	23,639,983	2,551,040	2,551,040
Prepaid conversion charges (Also refer note 39)	52,261,310	53,267,948	1,006,638	1,006,638
Prepaid expenses	-	-	15,065,752	17,554,828
Loans to employees	6,173,713	5,054,910	-	2,500,000
Balances with statutory / government authorities	-	-	40,612,375	16,559,360
	2,431,055,841	2,723,627,803	71,872,151	54,869,100

*During an earlier year, the Company had entered into an 'agreement to sell' with developer to purchase certain parts of built-up structure along with proportionate interest in the land to establish and operate a four star hotel at Jaipur and had given an advance to developer of Rs. 352,050,895 (including other expenses of Rs. 37,538,885). 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 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 Rs. 336,000,000 till the year end. As per the revised consent terms, the developer has agreed to repay the balance amount and interest for delayed payment by August 31, 2016. The Company has accordingly adjusted the amount already received amounting to Rs. 336,000,000 against the carrying value of advance to developer and has written off the balance amount of other expenses amounting to Rs. 16,050,895 as 'advances written off' in the Statement of Profit & Loss. The balance amount would be recorded when the uncertainty of ultimate collectability is settled.

15. Other assets

	Non- Current		Current	
	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
(Unsecured, considered good)				
Non current bank balances (note18)	25,309,864	25,616,437	-	-
Unamortized expenditure				
Ancillary cost of arranging the borrowings	34,118,312	38,287,905	4,143,276	4,143,276
Others				
Interest accrued on deposits with banks and others	-	-	9,973,102	7,537,003
Accrued revenue	-	-	53,079,816	16,330,597
	59,428,176	63,904,342	67,196,194	28,010,876



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

16. Inventories

(valued at lower of cost and net realisable value)

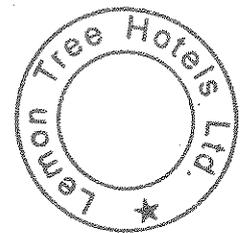
	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Food and beverages (excluding liquor and wine)	4,802,691	3,346,357
Liquor and wine	3,813,501	2,750,065
Stores, cutlery, crockery, linen, provisions and others	14,298,213	13,877,431
	22,914,405	19,973,853

17. Trade receivables

	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	7,497,670	11,442,501
Unsecured, considered doubtful	903,781	232,421
	8,401,451	11,674,922
Less: Provision for doubtful receivables	903,781	232,421
	7,497,670	11,442,501
Other Receivables		
Unsecured, considered good	163,181,451	95,535,485
	170,679,121	106,977,986



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Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2016

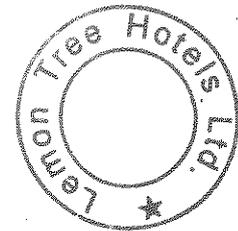
18. Cash and bank balances

	Non- Current		Current	
	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Cash and cash equivalents				
Cash on hand	-	-	2,416,030	3,950,761
Balances with banks in:				
- current accounts	-	-	48,043,873	38,178,062
	-	-	50,459,903	42,128,823
Other bank balances				
Margin money *	25,309,864	25,616,437	-	-
Amount disclosed under non-current assets (note 15)	(25,309,864)	(25,616,437)	-	-
	-	-	50,459,903	42,128,823

*Margin money includes deposits receipts lien marked with banks against guarantees issued in favour of various Government departments.



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Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

19. Revenue from operations

	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Sale of products and services		
- Room rental	1,180,843,838	1,093,870,519
- Food and beverage (excluding liquor and wine)	294,655,986	306,763,164
- Liquor and wine	29,481,070	28,713,157
- Banquet rentals	7,258,540	6,409,004
- Telephone and telex	3,479,074	4,608,346
- Other Services	143,040,247	145,516,788
Other operating revenues		
- Management fee	274,072,989	294,464,078
	1,932,831,744	1,880,345,056

20. Other income

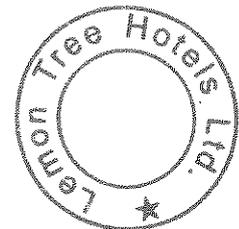
	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Income from serve for India scheme	9,356,569	5,641,634
Rental income	1,291,272	1,291,272
Excess provision/ credit balances written back	1,376,232	2,711,604
Miscellaneous income	1,354,770	535,612
	13,378,843	10,180,122

21. Interest income

	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Interest income on		
- Bank deposits	2,820,086	2,584,059
- Others	118,803	1,033,033
	2,938,889	3,617,092



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Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

22. Consumption of food and beverages

	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
(a) Consumption of food & beverages excluding liquor & wine		
Inventory at the beginning of the year	3,346,357	4,187,795
Add: purchases	120,391,729	119,585,359
	123,738,086	123,773,154
Less: inventory at the end of the year	4,802,691	3,346,357
Cost of food and beverage consumed	118,935,395	120,426,797
(b) Consumption of liquor & wine		
Inventory at the beginning of the year	2,750,065	4,303,841
Add: purchases	12,121,215	9,827,501
	14,871,280	14,131,342
Less: inventory at the end of the year	3,813,501	2,750,065
Cost of liquor and wine consumed	11,057,779	11,381,277
	129,993,174	131,808,074

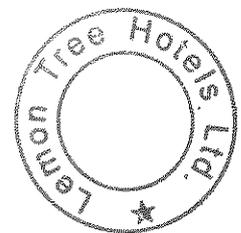
23. Employee benefit expense*

	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Salaries, wages and bonus	383,937,058	403,709,344
Contribution to provident and other funds	16,103,686	17,171,243
Employee stock option cost (Refer Note 32)	(45,170)	209,914
Gratuity expense	2,317,780	1,810,719
Leave compensation expenses	395,435	486,374
Staff welfare expenses	51,834,361	45,721,969
	454,543,150	469,109,563

* Net of amount capitalized during the year amounting to Rs 6,819,398 (March 31, 2015 Rs 3,576,982)



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24. Other expenses*

	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Consumption of stores, cutlery, crockery, linen, provisions and others	62,330,597	64,068,613
Power and fuel	170,474,764	175,201,557
Guest transportation	42,385,064	45,651,100
Spa expenses	3,018,581	3,415,491
Subscription charges	3,863,753	6,244,319
Repair and maintenance		
- Buildings	12,396,620	10,906,097
- Plant and machinery	29,762,312	30,973,210
- Others	27,749,581	15,872,152
Rent	151,084,014	134,896,969
Rates and taxes	42,175,257	36,691,175
Insurance	4,661,492	4,386,166
Communication costs	53,277,695	45,526,520
Printing and stationery	10,562,174	11,159,405
Traveling and conveyance	12,521,283	11,234,282
Vehicle running and maintenance	9,588,473	12,945,326
Advertisement and business promotion	11,839,195	21,707,726
Architect and design fee (Also refer Note 48)	99,727,979	142,637,379
Commission -other than sole selling agent	19,732,883	12,195,401
Security and cleaning expenses	31,042,061	31,314,923
Membership and subscriptions	2,701,214	1,580,439
Legal and professional fees	45,613,050	49,822,339
Advances written off	16,050,895	-
Freight and cartage	1,916,739	1,936,552
Donations	187,200	103,690
Loss on sale of fixed assets	2,055,086	2,548,159
Provision for doubtful debts	671,360	-
Loss on slump sale (Also refer Note 29 (a))	-	32,451,429
Payment to auditor	4,720,000	3,934,075
Provision for slow/non moving inventory	810,927	1,039,702
Miscellaneous expenses	5,740,729	6,788,422
	878,660,978	917,232,618

* Net of amount capitalized during the year amounting to Rs 27,313,960 (March 31, 2015: Rs 11,619,340)

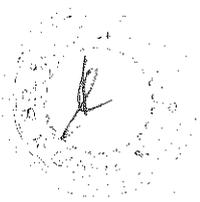
Payment to auditor**As auditor:**

- Statutory audit fee	3,950,000	3,000,000
- Tax audit fee	100,000	100,000

In other capacity:

- Audit of consolidated financial statements	500,000	500,000
- Reimbursement of expenses	170,000	334,075

	4,720,000	3,934,075
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Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

25. Depreciation and amortisation expense

	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Depreciation on tangible assets	214,424,805	219,837,267
Amortization of intangible assets	3,948,283	7,728,040
	218,373,088	227,565,307

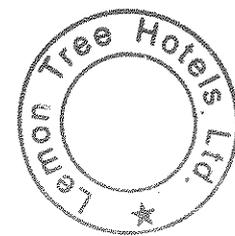
26. Finance costs*

	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Interest		
- on term loans from banks	275,230,036	328,571,161
- on loans from others	79,642,454	61,163,771
- on vehicle loans	1,936,403	3,011,653
- on other credit facilities from banks	46,586,158	39,523,529
- on income tax	15,485	19,096
Amortization of ancillary borrowing costs	7,192,970	11,896,316
Prepayment charges	158,954	2,404,734
Bank charges (including commission on credit card collection)	14,872,431	15,175,817
	425,634,891	461,766,077

* Net of amount capitalized during the year amounting to Rs 11,217,360. (March 31, 2015 Rs 3,315,906)

27. Loss per share

	March 31, 2016 (Rupees)	March 31, 2015 (Rupees)
Computation of basic earning per share		
Loss from continuing operations after tax (A)	(159,307,815)	(2,338,817)
Loss from discontinuing operations after tax (B)	-	(4,942,375)
Loss for the year	(159,307,815)	(7,281,192)
Weighted average number of equity shares in calculating basic EPS	777,246,165	776,486,772
Basic earnings per share in Rupees of face value of Rs. 10		
Computed on the basis of loss from continuing operations	(0.20)	(0.00)
Computed on the basis of total loss for the year	(0.20)	(0.01)
Computation of diluted earning per share		
Loss from continuing operations after tax (A)	(159,307,815)	(2,338,817)
Loss from discontinuing operations after tax (B)	-	(4,942,375)
Loss for the year	(159,307,815)	(7,281,192)
Weighted average number of equity shares in calculating diluted EPS	777,246,165	776,486,772
Diluted earnings per share in Rupees of face value of Rs. 10		
Computed on the basis of loss from continuing operations	(0.20)	(0.00)
Computed on the basis of total loss for the year	(0.20)	(0.01)



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2016

28. Related Party Disclosure

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

Subsidiary Company

- Begonia Hotels Private Limited
- Carnation Hotels Private Limited
- Celsia Hotels Private Limited
- Fleur Hotels Private Limited
- Dandelion Hotels Private Limited
- Hyacinth Hotels Private Limited
- Lemon Tree Hotel Company Private Limited
- Manakin Resorts Private Limited
- Meringue Hotels Private Limited
- PSK Resorts & Hotels Private Limited
- Nightingale Hotels Private Limited.
- Oriole Dr. Fresh Hotels Private Limited
- Red Fox Hotel Company Private Limited
- Sukhsagar Complexes Private Limited
- Pelican Facilities Management Private Limited
- Grey Fox Project Management Company Private Limited
- Canary Hotels Private Limited
- Valerian Management Services Private Limited
- Ophrys Hotels Private Limited
- Iora Hotels Private Limited
- Inovia Hotels and Resorts Limited

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

Key Management Personnel

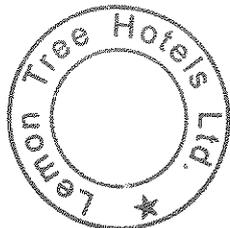
- Mr. Patanjali Govind Keswani (Chairman and Managing Director)
- Mrs. Sharanita Keswani wife of Mr. Patanjali Govind Keswani- Director (upto February 19, 2015)
- Rahul Pandit (President & Executive Director) upto May 8, 2015
- Rattan Keswani (Deputy Managing Director)

Relatives of key management personnel

- Mrs. Sharanita Keswani wife of Mr. Patanjali Govind Keswani (From February 20, 2015)

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

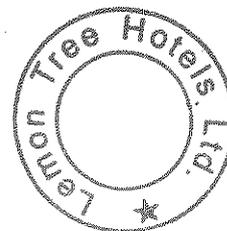
- Spank Management Services Private Limited
- Toucan Real Estates Private Limited
- HeadStart Institute Private Limited
- Aster Hotels and Resorts Private Limited
- Buzzard Real Estates Private Limited
- Crow Real Estates Private Limited
- Myna Real Estates Private Limited
- Unistar Hotels Private Limited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



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2016

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

Chief Financial Officer	: Mr. Kapil Sharma
Company Secretary	: Mrs. Suman Singh



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Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2016

Transactions with Related Party	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
Reimbursement of expenses paid on behalf of party				
Fleur Hotels Private Limited	1,271,092	-	-	-
	(2,513,302)	(-)	(-)	(-)
Begonia Hotels Private Limited	1,519,831	-	-	-
	(14,009,411)	(-)	(-)	(-)
Carnation Hotels Private Limited	471,467	-	-	-
	(192,655)	(-)	(-)	(-)
Nightingale Hotels Private Limited	-	-	-	-
	(11,591,197)	(-)	(-)	(-)
Others	163,069	-	-	-
	(2,816,174)	(-)	(-)	(-)
Amount Received by the Party on behalf of the company				
Fleur Hotels Private Limited	6,361,252	-	-	-
	(3,006,822)	(-)	(-)	(-)
Hyacinth Hotels Private Limited	5,645,245	-	-	-
	(19,441,055)	(-)	(-)	(-)
Others	1,031,186	-	-	-
	(1,090,185)	(-)	(-)	(-)
Loans (given)				

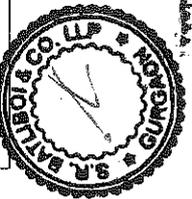
Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2016

	(22,193,580)	(-)	(-)	(-)
Valerian Management Services Private Limited	13,472,600			
	(9,144,700)	(-)	(-)	(-)
Lease Rent Paid				
Hyacinth Hotels Private Limited	17,897,222	-	-	-
	(16,720,144)	(-)	(-)	(-)
Reimbursement of expenses incurred on company's behalf				
Fleur Hotels Private Limited	2,808,210	-	-	-
	(1,569,704)	(-)	(-)	(-)
Hyacinth Hotels Private Limited.	24,566,549	-	-	-
	(20,942,039)	(-)	(-)	(-)
Others	22,757	-	-	-
	(65,448)	(-)	(-)	(-)
Amount Received on Behalf of Party by the Company				
Begonia Hotels Private Limited	3,121,263	-	-	-
	(16,082,927)	(-)	(-)	(-)
Fleur Hotels Private Limited	7,456,756	-	-	-
	(8,424,207)	(-)	(-)	(-)
Hyacinth Hotels Private Limited	7,218,885	-	-	-
	(6,418,533)	(-)	(-)	(-)
Others	3,413,012	-	-	-
	(2,622,493)	(-)	(-)	(-)
Loans (taken)				
Celsia Hotels Private Limited	-	-	-	-
	(352,500,000)	(-)	(-)	(-)
Interest paid (Net of TDS)				
Celsia Hotels Private Limited	-	-	-	-
	(4,173,361)	(-)	(-)	(-)
Loan (Repaid)				



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2016

Manakin Resorts Private Limited	-	-	-	-	-
	(3,897,384)	(-)	(-)	(-)	(-)
Celsia Hotels Private Limited	-	-	-	-	-
	(356,856,147)	(-)	(-)	(-)	(-)
Remuneration paid					
Mr. Patanjali G Keswani	-	34,834,464	-	-	-
	(-)	(31,339,746)	(-)	(-)	(-)
Mr. Rahul Pandit	-	1,407,743	-	-	-
	(-)	(7,219,853)	(-)	(-)	(-)
Mr. Rattan Keswani	-	13,066,902	-	-	-
	(-)	(20,637,050)	(-)	(-)	(-)
Mr. Kapil Sharma	-	6,022,730	-	-	-
	(-)	(5,221,250)	(-)	(-)	(-)
Mrs. Suman Singh	-	1,522,879	-	-	-
	(-)	(1,231,285)	(-)	(-)	(-)
Fees for professional services					
Mrs. Sharanita Keswani	-	-	4,358,244	-	-
	(-)	(3,239,580)	(400,884)	(-)	(-)
Capital Advance					
Toucan Real Estates Private Limited	-	-	-	-	38,500,000
	(-)	(-)	(-)	(-)	(-)
Guarantees given for Loan Taken By					
Fleur Hotels Private Limited	1,350,000,000	-	-	-	-
	(-)	(-)	(-)	(-)	(-)
Canary Hotels Private Limited	250,000,000	-	-	-	-
	(250,000,000)	(-)	(-)	(-)	(-)
Hyacinth Hotels Private Limited	860,500,000	-	-	-	-
	(860,500,000)	(-)	(-)	(-)	(-)
Sukhsagar Complexes Private Limited	450,000,000	-	-	-	-
	(450,000,000)	(-)	(-)	(-)	(-)
Ortle Dr. Fresh Hotels Private Limited	250,000,000	-	-	-	-



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2016

Nightingale Hotels Private Limited	(220,000,000)	(-)	(-)	(-)
	600,000,000	-	-	-
	(550,000,000)	(-)	(-)	(-)
Subscription to Share Capital				
Preference Shares of Grey Fox Project Management Company Private Limited	5,000,000	-	-	-
	(37,000,000)	(-)	(-)	(-)
Preference Shares of Canary Hotels Private Limited	19,000,000	-	-	-
	(5,000,000)	(-)	(-)	(-)
Equity shares of Fleur Hotels Private Limited	105,001,250	-	-	-
	(1,884,252,390)	(-)	(-)	(-)
Preference Shares of Sukhsagar Complexes Private Limited	25,000,000	-	-	-
	(43,000,000)	(-)	(-)	(-)
Others	100,000	-	-	-
	(107,581,000)	(-)	(-)	(-)
Sale of Investment				
Hyacinth Hotels Private Limited	-	-	-	-
	(112,180,000)	(-)	(-)	(-)
Others	-	-	-	-
	(14,541,660)	(-)	(-)	(-)
Management/Development Fees Received (including Service Tax)				
Celsia Hotels Private Limited	17,671,956	-	-	-
	(14,024,870)	(-)	(-)	(-)
Inovoa Hotels & Resorts Limited	9,604,629	-	-	-
	(5,750,758)	(-)	(-)	(-)
Fleur Hotels Private Limited.	52,517,773	-	-	-
	(231,545,090)	(-)	(-)	(-)
Iora Hotels Private Limited.	119,700,000	-	-	-
	(56,180,000)	(-)	(-)	(-)
Hyacinth Hotels Private limited	33,811,764	-	-	-



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2016

Others	(15,347,126)	(-)	(-)	(-)
	21,414,654	-	-	-
	(330,716)	(-)	(-)	(-)
Training Fees Paid				
HeadStart Institute Private Limited	-	-	-	-
	(-)	(-)	(-)	(255,900)
Balances outstanding at the year end				
Meringue Hotels Private Limited	963,965,264	-	-	-
	(961,965,264)	(-)	(-)	(-)
Ortolo Dr. Fresh Hotels Private Limited	331,834,218	-	-	-
	(215,469,358)	(-)	(-)	(-)
Hyacinth Hotels Private Limited.	389,573,291	-	-	-
	(378,824,947)	(-)	(-)	(-)
Others	82,326,809	-	-	1,567,500
	(136,317,703)	(314,311)	(-)	(-)

- Remuneration to the key management does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.



Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2016****29(a). Slump sale**

During previous year, in terms of shareholder's approval u/s 180 and 188 of the Companies Act and pursuant to the resolution passed at the Board meeting held on February 19, 2015, the Company has sold its hotel property at Goa to one of its 100% subsidiary M/s Begonia Hotels Private Limited on a going business basis under a slump sale arrangement for a lump sum consideration of Rs. 20,000,000 and recognized a loss of Rs. 32,451,429 as computed follows:

Assets/Liabilities Head	(Rs.) Net assets transferred
Trade Receivables	3,992,772
Loans and Advances	1,489,988
Inventories	2,763,320
Fixed Assets (net)	146,842,732
Other Assets	1,437,662
Trade Payables	(12,784,237)
Borrowings	(85,000,000)
Other Liabilities	(5,808,017)
Provisions	(482,791)
Net assets transferred	52,451,429
Sale consideration as per the undertaking transfer agreement	20,000,000
Loss on sale of assets/ business	32,451,429

(b). Discontinuing operation

The following statement shows the revenue and expenses of discontinuing operations:

	March 31, 2016	March 31, 2015
Revenue	-	137,285,912
Expenses	-	64,125,329
Earnings before interest, tax, depreciation and amortization	-	73,160,583
Finance costs	-	31,824,438
Depreciation and amortization	-	12,373,085
Profit before tax	-	28,963,060
Income-tax expense	-	33,905,435
Profit/ (loss) after tax	-	(4,942,375)

The carrying amounts of the total assets and liabilities disposed off during previous year are as follows:

	March 31, 2016	March 31, 2015
Total assets	-	156,526,474
Total liabilities	-	104,075,045
Net assets	-	52,451,429



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

The net cash flows attributable to the Discontinuing Division are as below:

	March 31, 2016	March 31, 2015
Operating activities	-	73,886,726
Investing activities	-	(1,746,853)
Financing activities	-	(30,613,916)
Net cash inflows	-	41,525,957

30. Amalgamation

During the previous year, pursuant to and in terms of the Scheme of Arrangement ("the Scheme") under section 391 and section 394 of the Companies Act, 1956, approved by order dated March 18, 2014 of the Hon'ble High Court of Delhi and effective from June 26, 2014 (on filing of the certified copy of the Order of the High Court in the office of the Registrar of Companies), Citrus Hotels Private Limited (CHPL) (a subsidiary of the Company) has been amalgamated with Fleur Hotels Private Limited (FHPL) (another subsidiary of the Company). As per the approved Scheme, the appointed date was April 1, 2013.

In accordance with the scheme of amalgamation, Fleur Hotels Private Limited had issued 2,666,667 equity shares of Rs. 10 each at par, fully paid up, to the Company in exchange ratio of eight fully paid up equity shares of Rs 10 each of FHPL for every three ordinary share of Rs 10/- each held in CHPL.

31. Capital and other Commitments

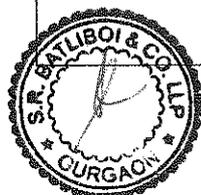
- (i) Estimated amount of contracts remaining to be executed and not provided for Rs. 286,491,629 (previous year Rs. 414,903,746).
- (ii) For commitments relating to lease arrangements, please refer note 36.

32. Employee Stock Option Plans:

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

The Company has provided various share-based payment schemes to its employees. During the year ended March 31, 2016 the following schemes were in operation:

	Plan 1 (2005)	Plan 2 (2006)
Date of grant	November 15, 2005 and April 1, 2006	September 1, 2006, April 1, 2007, October 1, 2007, April 1, 2008, January 12, 2009, April 1, 2009, April 1, 2010, October 1, 2010, April 1, 2011, April 1, 2012, April 1, 2015
Date of Board Approval	September 23' 2005	July 18' 2006
Date of Shareholder's approval	November 15' 2005	August 25, 2006
Number of options granted	387,300	12,762,207
Method of Settlement	Equity	Equity
Vesting Period	12-48 months	12-48 months
Exercise Period	5 years from the date of vesting	5 years from the date of vesting
Vesting Conditions	Employee remaining in the employment of the enterprise during the vesting period.	Employee remaining in the employment of the enterprise during the vesting period.



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

Details of vesting:

Vesting period from the grant date	Vesting Schedule	
	Plan 1 (2005)	Plan 2 (2006) *
On completion of 12 months	30%	10%
On completion of 24 months	20%	20%
On completion of 36 months	20%	30%
On completion of 48 months	30%	40%

* All ESOP's under ESOP Plan 2006 are granted as per general vesting schedule defined in the scheme except for ESOP's granted on 12th January 2009 and 328,008 ESOP's granted on April 1, 2012 for which specific vesting schedule was decided.

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

	2015-16		2014-15	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	9,000	3.38	1,500	20.25
Granted during the year	-	-	-	-
Bonus issued during the year	-	-	7,500	-
Forfeited during the year	-	-	-	-
Exercised during the year	-	-	-	-
Expired during the year	-	-	-	-
Outstanding at the end of the year	9,000	3.38	9,000*	3.38*
Exercisable at the end of the year	-	-	-	-
Weighted average remaining contractual life (in years)	1.00	-	1.00	-
Weighted average fair value of options granted during the year	-	-	-	-

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

	2015-16		2014-15	
	Number of Options	Weighted Average Exercise Price(Rs.)	Number of Options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	3,456,282	14.65	710,494	90.73
Granted during the year	8,205,000	21.50	-	-
Bonus issued during the year	-	-	3,495,047*	-
Forfeited during the year	171,769	18.10	691,836	18.03
Exercised during the year	419,539	12.94	57,423	20.56
Expired during the year	-	-	-	-
Outstanding at the end of the year	11,069,974	19.26	3,456,282	14.65
Exercisable at the end of the year	3,685,476	16.19	2,071,607	14.32
Weighted average remaining contractual life (in years)	3.46	-	3.42	-
Weighted average fair value of options granted during the year	-	-	-	-

*During the previous year, the Company has issued equity shares twice as bonus issue in the proportion of 2



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

equity shares for every 1 fully paid up equity share and 1 equity share for every 1 fully paid up equity share respectively. As per the aforesaid plan, the number of options not yet vested as on the balance sheet date has been accordingly increased and weighted average exercise price has been accordingly decreased.

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

	Range of exercise prices (Rs.)		Number of options outstanding		Weighted average remaining contractual life of options (in years)		Weighted average exercise price (Rs.)	
	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015	As at March 31, 2016	As at March 31, 2015
Plan 1	3.38	3.38	9,000	9,000	1.00	1.00	3.38	3.38
Plan 2	10.00-16.50	2.93-20.56	11,069,974	3,456,282	3.46	3.42	12.94	20.56

Stock Options granted

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

	Plan 1 (2005)		Plan 2 (2006)	
	2016	2015	2016	2015
Weighted average share price	-	-	16.50	-
Exercise Price	-	-	21.50	-
Volatility	-	-	10%	-
Life of the options granted in years	-	-	8	-
Expected dividends	-	-	-	-
Average risk-free interest rate	-	-	7.99%	-
Expected dividend rate	-	-	-	-

Effect of the employee share-based payment plans on the statement of profit and loss and on its financial position:

	For the year ended March 31, 2016	For the year ended March 31, 2015
Total Employee Compensation Cost pertaining to share-based payment plans	(45,170)	209,914
Compensation Cost pertaining to equity-settled employee share-based payment plan included above	(45,170)	209,914
Liability for employee stock options outstanding as at year end	2,262,966	2,659,037
Deferred Compensation Cost	-	144,105

Since the enterprise used the intrinsic value method the impact on the reported net profit and earnings per share by applying the fair value method (As per the guidance note on "Accounting for Employees Share Based Payments" issued by ICAI).



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

	For the year ended March 31, 2016	For the year ended March 31, 2015
Loss as reported	(159,107,815)	(7,281,192)
Add: Employee stock compensation under intrinsic value method	(45,170)	209,914
Less: Employee stock compensation under fair value method	13,990,314	1,324,985
Proforma loss	(173,143,299)	(8,396,263)
Loss Per Share		
Basic		
- As reported	(0.20)	(0.00)
- Pro forma	(0.22)	(0.01)
Diluted		
- As reported	(0.20)	(0.00)
- Pro forma	(0.22)	(0.01)

- b) The Board of directors of the Company has established Krizm Hotels Private Limited Employees Welfare Trust (hereafter referred to as "Trust") for holding the shares allotted on the exercise of options by employees, for the benefit of the eligible employees in accordance with terms and conditions of ESOPs plan. Total advance given to Krizm Hotels Private Limited Employees Welfare Trust at the year end is Rs. 84,556,512 (previous year Rs. 116,796,512).

33. Gratuity and other post retirement benefit plans:

The Company has a defined benefit gratuity plan. Gratuity (being administered by a Trust) is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months. The benefit vests on the employee completing 5 years of service. The Gratuity plan for the Company is a defined benefit scheme where annual contributions are deposited to a Gratuity Trust Fund established to provide gratuity benefits. The Trust Fund has taken a Scheme of Insurance, whereby these contributions are transferred to the insurer. The Company makes provision of such gratuity asset/ liability in the books of accounts on the basis of actuarial valuation as per the Projected unit credit method. Plan assets also include investments and bank balances used to deposit premiums until due to the insurance company.

Statement of profit and loss

Net employee benefit expense recognized in Employee Cost:

	For the year ended March 31, 2016	For the year ended March 31, 2015
Current service cost	2,078,925	2,083,348
Employees transferred to Begonia Hotels Private Limited during the accounting period*	-	(332,728)
Interest cost on benefit obligation	1,501,107	1,507,805
Expected return on plan assets	(1,063,283)	(970,143)
Net actuarial loss recognized in the year	(415,062)	(891,315)
Net benefit expense	2,101,687	1,396,967
Actual return on plan assets	9,45,468	1,000,554



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

*During the previous year Company had transferred certain employees to 'Begonia Hotels Private Limited' (its subsidiary) on a specified date. Pursuant to which the liability w.r.t. gratuity had also been transferred amounting to Rs 332,728 for the period of service rendered by those employees till the date of transfer to Begonia Hotels Private Limited.

Balance sheet

Benefit Asset/Liability

	As at March 31, 2016	As at March 31, 2015
Present Value of defined benefit obligation	20,500,422	19,244,960
Fair value of plan assets	11,352,768	11,814,259
Plan Asset/ (Liability)	(9,147,654)	(7,430,701)

Changes in the present value of the defined benefit obligation are as follows:

	For the year ended March 31, 2016	For the year ended March 31, 2015
Opening Defined benefit obligation	19,244,960	17,331,094
Interest cost	1,501,107	1,507,805
Employees transferred to Begonia Hotels Private Limited during the accounting period	-	(332,728)
Current service cost	2,078,925	2,083,348
Benefits paid	(1,791,693)	(483,655)
Actuarial gain on obligation	(532,877)	(860,904)
Closing Defined benefit obligation	20,500,422	19,244,960

Changes in the fair value of plan assets are as follows:

Opening Fair value of plan assets	11,814,259	11,087,348
Expected return	1,063,283	970,143
Contributions by employer	384,734	210,012
Benefits paid	(1,791,693)	(483,655)
Actuarial gain/(losses)	(117,815)	30,411
Closing Fair value of plan assets	11,352,768	11,814,259

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

	As at March 31, 2016	As at March 31, 2015
	%	%
Investments with insurer	100	100

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

	For the year ended March 31, 2016	For the year ended March 31, 2015
	%	%
Discount rate	7.30	7.80
Expected rate of return on plan assets	8.35	9.00
Increase in Compensation cost	5.00	5.00
Employee turnover	26.00	26.00



Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2016**

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The Overall Expected rate of return on assets is determined based on the Market Prices prevailing on that date applicable to the period over which the obligation is to be settled. There has been significant change in the expected rate of return on assets due to change in the market scenario.

Amounts for the current and previous four periods are as follows:

	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Defined benefit obligation	20,500,422	19,244,960	17,331,094	15,840,983	10,728,068
Plan assets	11,352,768	11,814,259	11,087,348	10,500,223	9,821,387
Surplus / (deficit)	(9,147,654)	(7,430,701)	(6,243,746)	(5,340,760)	(906,681)
Experience adjustments on plan liabilities - (loss)/gain	773,820	1,288,604	496,500	(3,820,051)	(568,874)
Experience adjustments on plan assets - (loss)/gain	(117,815)	30,411	(31,425)	(9,006)	(19,933)

The Company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contribution expected to be paid to the plan during the annual period beginning after the balance sheet date as required by para 120 (o) of the Accounting Standard – 15 (Revised) on Employee benefits are not disclosed.

34. Provisions

- (a) A provision on Loyalty programme reward points is recognized based upon expected usage of reward points by the members, as estimated by actuarial valuation. The movement in the provision for Loyalty programme costs is as follows:

	As at March 31, 2016	As at March 31, 2015
Opening Balance	1,818,773	1,666,847
Provision created/(reversed) during the year	(27,491)	919,181
Provision utilized during the year	(1,118,447)	(767,255)
Closing Balance	672,835	1,818,773



Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2016**

(b) A provision for contingencies is recognized based upon expected claims against the Company. The movement in the provision is as follows:

	As at March 31, 2016	As at March 31, 2015
Opening Balance	-	-
Provision created/(reversed) during the year	1,946,300	-
Provision utilized during the year	-	-
Closing Balance	1,946,300	-

35. Segment Reporting

Hoteliering business is the Company's only business segment and domestic operations is the only geographical segment and hence disclosure of segment wise information is not applicable under Accounting Standard 17 – "Segment Reporting".

36. Operating Lease

The Company has taken office premises and hotel properties 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, New Delhi and Chandigarh). The lease for hotel property at Indore, Aurangabad, Gurgaon, New Delhi and Chandigarh are non-cancellable for a period of twenty-nine, twenty-two, thirty and sixty years respectively.

The Company has recognized the following expenses as rent in the statement of profit and loss, in respect of various operating leases:

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Lease Rent on Hotel Properties	128,021,731	125,532,532
Rent on Office Premises	2,517,277	2,076,625
Rent of staff hostel	10,545,006	7,287,812
Total	151,084,014	134,896,969

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Minimum Lease Payments :		
Not later than one year	105,304,628	100,285,893
Later than one year but not later than five years	437,433,223	428,049,615
Later than five years	3,696,602,277	3,809,217,140
Total	4,239,340,128	4,337,552,648



Lemon Tree Hotels Limited
Notes to financial statements for the year ended March 31, 2016

37. Contingent liabilities not provided for:

(a) Guarantees given on behalf of:

	As at March 31, 2016	As at March 31, 2015
Canary Hotels Private Limited	250,000,000	250,000,000
Hyacinth Hotels Private Limited	860,500,000	860,500,000
Sukhsagar Complexes Private Limited	450,000,000	450,000,000
Oriole Dr. Fresh Hotels Private Limited	250,000,000	220,000,000
Nightingale Hotels Private Limited	600,000,000	550,000,000
Fleur Hotels Private Limited	1,350,000,000	-
Total	3,760,500,000	2,330,500,000

(b) Contingent Liabilities

	As at March 31, 2016	As at March 31, 2015
Matter of service tax credit	20,077,975	28,720,000
Luxury tax	3,600,000	3,600,000
Total	23,677,975	32,320,000

(c) During the previous year, the Company had received a show cause notice dated April 25, 2014 from Collector of Stamps, Delhi ('Department'), wherein the department was of the view that prima facie the Company has not paid stamp duty as per Indian Stamp Act, 1899 on right to use the land given by Delhi International Airport (P) Ltd. (DIAL) under the Development Agreement dated May 25, 2009 ('DA'). The Company contested the matter and the Department pursuant to the response received from all the developers of area where the Company's project is located, and arguments thereon, passed a common order on July 14, 2014 ("Order") and subsequently, the Company and its directors received show cause notice dated August 14, 2014 from the Department as to why criminal prosecution for non- payment of requisite stamp duty should not be initiated against them. The Company along with certain other developers had filed a writ petition before the Honorable High Court of Delhi (HC) and the HC vide its order dated August 25, 2014 has granted ex- parte interim stay from all proceedings under the Order including the said show cause notice dated August 14, 2014. The next date of hearing before the HC is scheduled for August 28, 2016. The Company, based on advice from legal experts, is of the view that there is no likelihood of any liability devolving on the Company on this ground and no adjustment is required in these financial statements in this regard.

38. The management has assessed to extend its continued financial support to enable the subsidiaries to meet its working capital and other financing requirements. The management has analyzed the business projections of these subsidiaries and believes that there is no diminution other than temporary. Accordingly no provision is considered against these investments.

39. The Company in the earlier years paid conversion charges of Rs. 60,398,302 in respect of land taken for lease of 60 years for construction of hotel building. The Company has amortized Rs. 1,006,638 (Previous year Rs. 1,006,638) 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 (i) above. The balance amount of Rs. 53,267,948 (Previous year Rs. 54,274,586) has been shown in Note 14 as 'Prepaid conversion charges.'



Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

40. During the year, the Company has made preferential allotments of 894,766 (previous year 314,352) equity shares to parties and companies covered in the register maintained under section 189 of the Act. The management has confirmed that the shares under preferential allotment are issued at fair price based on the price as determined by an independent third party valuer and approved by the shareholders in the meeting dated July 30, 2015.
41. The Company follows Accounting Standard (AS-22) "Accounting for Taxes on Income", notified by Companies Accounting Standards Rules 2006, (as amended). The Company has timing differences between accounting and tax records which suggest accounting for deferred tax assets. In view of there being no virtual certainty of availability of sufficient future taxable income against which the deferred tax asset (net) on business losses at the close of the year can be realized, deferred tax assets have been recognized only to the extent of deferred tax liabilities.
42. According to the transfer pricing norms under the Income-tax Act, 1961, the Company is required to compute arm's length prices and maintain adequate documentation in respect of domestic transactions with associated enterprises. The Company is in the process of completing a study to ascertain whether such domestic transactions with associated enterprises are in compliance with the transfer pricing norms referred to above. The management is confident that after the completion of analysis, no adjustments are likely to be made in this regard.
43. a) During the previous year, the company sold its shareholding in Hyacinth Hotels Private Limited (a wholly owned subsidiary company) to Fleur Hotels Private Limited (it's another subsidiary company). The Company had recognised a gain of Rs 348,933,749 on such sale of equity shares. The approvals for the aforesaid transaction from the Board of Directors and valuation report from an independent valuer had already been taken by the Company in the previous years.
- b) Further to the above the company during the previous year, after taking approval from the Board of directors and based on the valuation report from an independent valuer sold its shareholding in Meringue Hotels Private Limited (a subsidiary company) to Dandelion Hotels Private Limited (its wholly owned subsidiary company). The Company had recognised a gain of Rs 6,388,000 on such sale of equity shares.
- c) During the year, the Company's shareholding in M/s Begonia Hotels Private Limited (another subsidiary Company) has reduced from 100% to 74.11% due to the further capital infusion in the aforesaid subsidiary by APG Strategic Real Estate Pool N.V. ('the investor') on preferential allotment basis. Considering there is no change in the investment value/ no. of shares of the Company in M/s Begonia Hotels Private Limited, no profit/ loss has been recognized in the Statement of Profit & Loss.
44. 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% (previous year 42.47%) stake of Fleur Hotels Private Limited (a subsidiary Company). As per the Shareholder's agreement, all new hotel projects will first be offered to the subsidiary. There are no other significant commitments to the investor.
45. During the earlier years, the Company had entered into a sub license agreement with M/s Hyacinth Hotels Private Limited (a subsidiary of the Company) as part of Infrastructure development and services agreement entered between M/s Hyacinth Hotels Private Limited and Delhi International Airport Limited (DIAL) to develop a hotel at Aero City, New Delhi for an initial term of 27 years, extendable at the option of the Company for an additional period of 30 years provided DIAL gets the extension from Airport Authority of India. DIAL is committed to take over the building at 'Book values', as defined in the aforesaid agreement in case the agreement is not extended further. Accordingly the building is depreciated over the estimated useful life of 22 years after reducing the expected residual value as contractually recoverable from DIAL in case the agreement is not extended.



Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2016**

As per the aforesaid agreement, the Company has paid advance for development of infrastructure facilities of Rs.104,632,000 (previous year Rs.104,632,000), an unspent money will be refunded by DIAL to Hyacinth and by Hyacinth to Company. The management based on the discussion and assessment believes the cost of development would be equal to advances and has recorded the provision for development of infrastructure facilities as capital expenditure and believes that no further adjustment is required in these financial statements.

46. Supplementary Statutory Information

46.1	Earnings in foreign currency (Accrual basis)	For the year ended March 31, 2016	For the year ended March 31, 2015
	Room, Restaurant and other services	223,020,235	193,746,633
		223,020,235	193,746,633

46.2	Expenditure in foreign currency (Accrual basis)	For the year ended March 31, 2016	For the year ended March 31, 2015
	Commission / Advertisement and business promotion	24,410,681	20,870,037
		24,410,681	20,870,037

46.3	Value of imports calculated on CIF basis	For the year ended March 31, 2016	For the year ended March 31, 2015
	Capital goods	14,456,771	4,278,330
		14,456,771	4,278,330

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Lemon Tree Hotels Limited**Notes to financial statements for the year ended March 31, 2016****47. Details of dues to Micro, Small and Medium Enterprises as per MSMED Act, 2006.**

	As at March 31, 2016	As at March 31, 2015
the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	386,925	810,921
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	4,976	12,769
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

48. During the year, the Company has incurred Rs. 99,727,979 (previous year Rs 142,637,379) on architect and design fees after taking approval from shareholders in meeting dated July 24, 2014. The management has confirmed that the same has been at arm's length and for business purpose.

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Lemon Tree Hotels Limited

Notes to financial statements for the year ended March 31, 2016

49. Previous year comparatives

The Company has reclassified previous year figures to conform to this year's classification.

As per our report of even date

For S.R. Batliboi & Co. LLP

ICAI Firm Registration No. 301003E/E300005

Chartered Accountants



per Sanjay Vij
Partner

Membership No. 95169



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

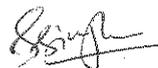


Patanjali G. Keswani
(Chairman & Managing
Director)

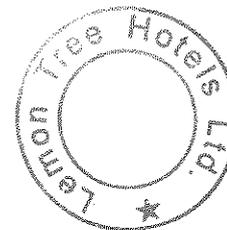
DIN:00002974



Kapil Sharma
(Chief financial officer)



Suman Singh
(AGM & Group
Company Secretary)



Place: *London*

Date: *June 21, 2016*

Place: New Delhi

Date: *June 21, 2016*