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NOTICE

Notice is hereby given that an Extra ordinary General Meeting of the shareholders of Lemon Tree Hotels Limited will be held on Thursday, the 26th day of February, 2015 at Asset No. 6, Aerocity Hospitality District, New Delhi-110037 at 4.00 P.M. to transact the following business:

SPECIAL BUSINESS:

- 1. To consider and if thought fit to pass, with or without modifications, the following resolution as an Ordinary Resolution:**

“RESOLVED THAT in accordance with Section 63 and other applicable provisions of the Companies Act, 2013, read with Rule 14 of the Companies (Share Capital & Debentures) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force), the provisions of the Memorandum and Articles of Association of the Company and subject to such other approvals, consents, permissions and sanctions as may be required from appropriate authorities, if any, consent of the members of the Company be and is hereby accorded to the Board of Directors (‘the Board’, which term shall be deemed to include any Committee thereof) for capitalization of a sum of Rs. 388,24,33,860/- (Rupees Three Hundred and Eighty Eight Crore Twenty Four Lakhs Thirty Three Thousand Eight Hundred and Sixty Only) standing to the credit of Securities Premium Account for issuing fully paid Bonus Shares of Re. 10/- each credited as fully paid shares to the holders of the existing equity shares of the Company whose names shall appear on the Register of Members on the ‘Record Date’ determined for the purpose, in the proportion of 1 (One) equity shares for every 1(one) fully paid up equity share held by them and these shares shall rank pari-passu with the existing shares of the Company.

RESOLVED FURTHER THAT the stock options (whether vested, unvested or yet to be granted) under the Employee Stock Option Schemes of the Company be suitably adjusted.

RESOLVED FURTHER THAT fully paid-up Bonus Shares shall be distributed to the Members of your Company, whose names shall appear on its Register of Members on the Record Date as may be decided by the Board.

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RESOLVED FURTHER THAT no letter of allotment shall be issued in respect of the Bonus Shares and the share certificates in respect of the Bonus Shares shall be issued and dispatched, within such time as prescribed by law and the relevant authorities.

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board of the Company be and are hereby authorized to do all such acts, deeds and things as are necessary to implement the allotment of the Bonus Shares and to execute all documents, communications or filings of the requisite forms and to take all necessary steps as may be required in connection with filings with any governmental Authority, including the Reserve Bank of India and Registrar of Companies.”

2. To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 180, 188 and other applicable provisions, if any, of the Companies Act, 2013 and the rules framed thereunder, and Memorandum and Articles of Association of the Company and such other approvals, consents, permissions and sanctions as may be required from the concerned statutory / regulatory authorities and subject to such terms and conditions as may be imposed by them, if any, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (the “Board”, which expression shall include the Finance committee thereof) to sell and transfer the Company’s operating hotel i.e. Lemon Tree Amarante Beach Resort with all its assets and liabilities including the concerned licenses, permits, consents, approvals whatsoever and the employees, as “going concern” and by way of a slump sale to M/s. Begonia Hotels Pvt Ltd, a wholly owned subsidiary of Lemon Tree Hotels Limited for a lump sum consideration of Rs. 2.00 Crores (Rupees Two Crore only).

RESOLVED FURTHER THAT the Board be and is hereby authorised to do and perform all such acts, deeds, matters and things, as may be necessary, including finalizing the terms and conditions, methods and modes in respect thereof, determining the exact effective date, if needed to be changed and finalizing and executing necessary documents, including contracts, schemes, agreements, deeds of assignment / conveyance and such other documents, file applications and make representations in respect thereof and seek approval from relevant authorities, including Governmental authorities in this regard, and deal with any matters, take necessary steps as the Board may in its absolute discretion deem necessary, desirable or expedient to give effect to this resolution, and to settle any question that may arise in this regard and incidental thereto, without being required to seek any further consent or approval of the Members or otherwise to the end and intent

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that the Members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the Board, be and is, hereby authorised to delegate all or any of the powers herein conferred, to any Director or any other Officer(s) / Authorised Representative(s) of the Company to give effect to the aforesaid resolution.

RESOLVED FURTHER THAT all actions taken by the Board in connection with any matter referred to or contemplated in any of the foregoing resolution are hereby approved, ratified and confirmed in all respects."

3. To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to section 188 of the Companies Act, 2013 and the rules and regulations including the Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable provisions and rules thereto, consent of the members of the company be and is hereby accorded to the Company to enter into an agreement with Iora Hotels P Ltd ('Related Party') for providing services for management of the development of project of Related Party at Mumbai International Airport with effect from 1st March, 2015 on such terms and conditions as detailed in the explanatory statement hereto.

RESOLVED FURTHER THAT Mr. Patanjali G. Keswani, Chairman & Managing Director, Mr. Rattan Keswani, Deputy Managing Director, Mr. Rahul Pandit, President & Executive Director and Mr. Kapil Sharma, Chief Financial Officer be and are hereby severally authorized to execute the Development Management agreement and other documents in the form and substance as finalized with the Related Party and to file necessary forms with the Registrar of Companies, NCT of Delhi & Haryana and to do such other acts, things, deeds as may be deemed essential and incidental for the purpose."

4. To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to section 188 of the Companies Act, 2013 and the rules and regulations including the Rule 15 of the Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable provisions and rules, consent of the

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shareholders of the company be and is hereby accorded to the Company to enter into an agreement with Nightingale Hotels Private Limited ('Related Party') for providing services for management and operation of its hotel at Gachibowli, Hyderabad with effect from 1st March, 2015 on such terms and conditions as detailed in the explanatory statement hereto.

RESOLVED FURTHER THAT Mr. Patanjali G. Keswani, Chairman & Managing Director, Mr. Rattan Keswani, Deputy Managing Director, Mr. Rahul Pandit, President & Executive Director and Mr. Kapil Sharma, Chief Financial Officer be and are hereby severally authorized to execute the Hotel Operating agreement and other documents in the form and substance as finalized with the Related Party and to file necessary forms with the Registrar of Companies, NCT of Delhi & Haryana and to do such other acts, things, deeds as may be deemed essential and incidental for the purpose."

5. To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the applicable provisions of the Companies Act, 2013 or Companies (Share Capital and Debentures) Rules, 2014 or any amendments thereto and the provisions of the Memorandum and Articles of Association of the Company, consent of the members of the Company be and is hereby accorded to the Company to amend the terms and conditions of the EMPLOYEE STOCK OPTION PROGRAM 2006 ('ESOP Scheme') as detailed in the explanatory statement hereto.

RESOLVED FURTHER THAT Mr. Patanjali G. Keswani, Chairman & Managing Director, Mr. Kapil Sharma, CFO and Ms. Suman Singh, DGM & Group Company Secretary of the Company be and are hereby severally authorized to submit the copy of the amended ESOP Scheme to any regulatory authority and to file necessary forms with the Registrar of Companies, NCT of Delhi & Haryana and to do all such acts, deeds and things as may be necessary or incidental to give effect to this resolution".

6. To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the applicable provisions of the Companies Act, 2013, read with Companies (Share Capital and Debentures) Rules, 2014, and

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any other applicable rules, if any, and the provisions of the Memorandum and Articles of Association of the Company, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (the "Board", which expression shall include the committee thereof) to grant a maximum of 42,00,000 (Forty Two Lacs) Employees Stock options to the employees of the Company at an exercise price of Rs 21.50/- per option and on such other terms and conditions in accordance with the Employee Stock Option Program 2006 duly amended in terms of the applicable provisions of the Companies Act, 2013 ('ESOP Scheme') and in such manner as it may deem fit.

RESOLVED FURTHER THAT in case of any further rights issue, bonus issue or merger, the options granted shall be proportionately adjusted and the above ceiling shall be deemed to be increased accordingly.

RESOLVED FURTHER THAT the Board is authorized to exercise all such authorities, powers and functions as may be necessary or required for the purpose of grant of options under the ESOP Scheme, including the terms and conditions for grant, issue, vesting and exercise of Options, and/ or concerning issue of shares, if any, to do all other acts or things which are necessary, expedient or desirable in this connection and to settle any question or doubt that may arise in relation thereto."

7. To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT in accordance with the applicable provisions of the Companies Act, 2013, read with Companies (Share Capital and Debentures) Rules, 2014, and any other applicable rules, if any, and the provisions of the Memorandum and Articles of Association of the Company, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (the "Board", which expression shall include the committee thereof) to grant a maximum of 29,50,000 (Twenty Nine Lacs Fifty Thousand) Employees Stock options to the employees of the subsidiary/associate company(ies) at an exercise price of Rs. 21.50/- per option and on such other terms and conditions in accordance with the Employee Stock Option Program 2006 duly amended in terms of the applicable provisions of the Companies Act, 2013 ('ESOP Scheme') and in such manner as it may deem fit.

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RESOLVED FURTHER THAT in case of any further rights issue, bonus issue or merger, the options granted shall be proportionately adjusted and the above ceiling shall be deemed to be increased accordingly.

RESOLVED FURTHER THAT the Board is authorized to exercise all such authorities, powers and functions as may be necessary or required for the purpose of grant of options under the ESOP Scheme, including the terms and conditions for grant, issue, vesting and exercise of Options, and/ or concerning issue of shares, if any, to do all other acts or things which are necessary, expedient or desirable in this connection and to settle any question or doubt that may arise in relation thereto."

8. To consider and if thought fit to pass, with or without modifications, the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Section 62 of the Companies Act, 2013 (including any statutory modification or re-enactment thereof for the time being in force), read with Companies (Share Capital and Debentures) Rules, 2014, and any other applicable rules, if any, and subject to the provisions of the Memorandum and Articles of Association of the Company, the consent of the shareholders of the Company be and is hereby accorded to the Board of Directors of the Company (the "Board", which expression shall include the committee thereof) to issue and allot a maximum of 30,00,000/- (Thirty Lacs) Equity Shares of face value of Rs. 10/- each of the Company, in one or more tranches, to the Employees of the Company and/or its subsidiary/associate company(ies) on exercise of vested options at such exercise price and other terms and conditions in terms of the Employee Stock Option Program/Scheme of the Company ('ESOP Scheme') and in such manner as it may deem fit.

RESOLVED FURTHER THAT the equity shares may be allotted, either directly or through the trust, in accordance with the ESOP Scheme and that it may also envisage providing of any financial assistance to the trust upto a maximum of Rs. 10,00,00,000/- (Rupees Ten Crore only) to acquire, purchase and subscribe to the equity shares of the Company as per ESOP Scheme.

RESOLVED FURTHER THAT such equity shares shall rank pari-passu in all respects with the existing fully paid up equity shares of the Company.

RESOLVED FURTHER THAT the Board of Directors or Nomination & Remuneration Committee thereof is authorized to exercise all such authorities, powers and functions as may be necessary or required for the purpose of formulation and/or

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implementation of ESOP Scheme, including the terms and conditions for grant, issue, vesting and exercise of Options, and/ or concerning issue of shares, and lock in, if any, and to do all such acts and deeds as may be necessary to give effect to this resolution and to settle any question or doubt that may arise in relation thereto.”

RESOLVED FURTHER THAT for the purpose of giving effect to this Resolution, the Board be and is hereby authorized to do all such acts, deeds and things as are necessary to implement the allotment of the Equity Shares and to execute all documents, communications or filings and to take all necessary steps as may be required in connection with filings with any governmental Authority, including the Registrar of Companies.”

**BY ORDER OF THE BOARD
FOR LEMON TREE HOTELS LIMITED**

**DATE: 19.02.2015
PLACE: New Delhi**

**SD/-
SUMAN SINGH
DGM & GROUP COMPANY SECRETARY**

NOTES:

1. The relative Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Item Nos. 1 to 8 is annexed hereto.
2. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.** The proxy form duly completed and signed should reach the company's registered office not later than 48 hours before the commencement of the meeting.
3. Members holding shares in physical form are requested to kindly notify the Company of any change in their addresses so as to enable the Company to address future communication to their correct addresses.

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EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

In conformity with the provisions of Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out all material facts relating to the business under Item Nos. 1 to 8 mentioned in the accompanying Notice.

Item No. 1: ISSUANCE OF BONUS SHARES TO THE MEMBERS OF THE COMPANY

The members are informed that the Board of Directors of the Company hereby recommend for approval of the shareholders, issue of bonus shares to the holders of equity shares of the Company in the ratio of 1:1 i.e. One fully paid up bonus equity share of Rs.10/- each for every one fully paid up equity shares of Rs.10/- each held by increasing the Issued, Subscribed and Paid-up Share Capital of the Company after capitalization of Rs. 388,24,33,860/- (Rupees Three Hundred Eighty Eight Crore Twenty Four Lakhs Thirty Three Thousand Eight Hundred and Sixty Only) by utilizing the amount standing to the credit of securities premium account as per the Audited Accounts of the Company for the financial year ended March 31, 2014.

The fully paid-up Bonus Shares shall be distributed to the Members of the Company, whose names shall appear on its Register of Members on the Record Date fixed by the Board of Directors or the Share Allotment Committee of your Company.

The Directors, Key managerial personnel of your Company and their relatives are interested in this resolution to the extent of their respective shareholdings in the Company, if any.

The Board of Directors of your Company recommends this Ordinary Resolution for your approval.

Item No.2: SALE AND TRANSFER OF LEMON TREE AMARANTE BEACH RESORT, GOA ON 'SLUMP SALE BASIS'

The members are informed that the Board of Directors (the "Board") of Lemon Tree Hotels Limited ("LTHL/Company") at its meeting held on 19th February, 2015, agreed and approved the sale and transfer of its operating resort i.e. Lemon Tree Amarante Beach Resort, Goa ("LTABR") along with all its assets and liabilities including all

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concerned licences, permits, consents and approvals whatsoever as well as its employees, to M/s. Begonia Hotels P Ltd, a wholly owned subsidiary of LTHL with effect from the close of business hours on 28th February, 2015 as “going concern” and by way of a slump sale for a lump sum consideration of Rs. 2.00 crores. The proposed sale and transfer will ensure that the services of concerned employees will be transferred to the Transferee with continuity of service and on the terms and conditions of service, no less favorable than the existing ones.

The Proposed Transaction is a sale of company’s operating undertaking and also a related party transaction under Section 188 of the Act as the same is being sold to its wholly owned subsidiary(ies).

(i)	Name of the related party	BEGONIA HOTELS PVT LTD (“Related Party”)
(ii)	Nature of relationship	Wholly Owned subsidiary of Company
(iii)	Nature, Material terms, monetary value and particulars of the contract or arrangement;	The proposed transaction involves sale and transfer of ‘Lemon Tree Amarante Beach Resort, Goa’ to Begonia Hotels Private Limited by way of a slump sale for a lump sum consideration of Rs. 2.00 crore (Rupees Two Crores only) with effect from the date as may be decided by the Board including the Finance Committee.
(iv)	Any Advance Paid Or Received For The Contract Or Arrangement, If Any	Nil
(v)	The pricing and other commercial terms, both included as part of contract and not considered as part of the contract	‘Lemon Tree Amarante Beach Resort, Goa’ is being transferred, for a lump sum consideration by way of a slump sale, as a “going concern” along with all its assets and liabilities including all concerned licences, permits, consents and approvals whatsoever as well as its employees.
(vi)	whether all factors relevant to the contract have been considered, if not, the details of factors not	Yes

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	considered with the rationale for not considering those factors;	
(vii)	Any other information relevant or important for the members to take a decision on the proposed resolution	All important information pursuant to Section 102(1) of the Companies Act, 2013 has been mentioned in the foregoing paragraphs.

The members consent is sought to authorize the Company to enter the aforementioned transactions with the Related Party.

The Board is accordingly proposing this Special resolution for the consideration of the Members other than the members being related parties and interested in the transaction and thereby prohibited to vote as per the provisions of Section 188 of the Act for passing the Special Resolution as set out in the above Notice.

None of the Directors, Key managerial personnel of the Company or their relatives are concerned or interested in the resolution except as mentioned herein above.

ITEM NO. 3: EXECUTION OF DEVELOPMENT MANAGEMENT AGREEMENT WITH IORA HOTELS PRIVATE LIMITED (RELATED PARTY)

The Company is proposing to enter into Development Agreement with Iora Hotels Private Limited for managing the development of its Project at Mumbai International Airport.

The following disclosure(s) for availing or rendering of any services from or to the related party is made in accordance with the provisions of Section 188 of the Companies Act, 2013 and Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014.

(i)	Name of the related party	IORA HOTELS PVT LTD (" Iora/Related Party ")
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	Nature of relationship	Indirect subsidiary through its subsidiary M/s. Fleur Hotels P Ltd															
(ii)	Nature, Duration of The Contract And Particulars Of The Contract Or Arrangement	Development Management Agreement for rendering services w.e.f. 1 st March, 2015 to Iora for management and development of project of Iora at Mumbai International Airport (' Project ').															
(iii)	Material terms, monetary value and particulars of the contract or arrangement;	<p>Development Management Fee shall be 6% of the Actual/Agreed Development Cost of the Project of Iora.</p> <p>Development Cost means the costs and fees and expenses properly paid by Iora in relation to the development of the Project excluding Land Cost, cost of financing and all fees or payments made to the Company (whether for professional services or otherwise).</p> <p>For the avoidance of doubt, Land Cost, cost of financing and all fees or payments made to the Company (whether for professional services or otherwise) and the costs and expenses incurred for procuring the services of external vendors and consultants shall not be considered for calculation of the Development Management Fee.</p> <p>The Development Management Fee shall be receivable from Iora according to the following schedule:</p> <table border="1"> <thead> <tr> <th>Sr. No.</th> <th>Project Stage</th> <th>% of Total fees payable</th> </tr> </thead> <tbody> <tr> <td>1</td> <td>Acquisition of Land</td> <td>30%</td> </tr> <tr> <td>2</td> <td>Submission of Building Plans</td> <td>20%</td> </tr> <tr> <td>3</td> <td>Start of Construction</td> <td>10%</td> </tr> <tr> <td>4</td> <td>Completion of Structure</td> <td>20%</td> </tr> </tbody> </table>	Sr. No.	Project Stage	% of Total fees payable	1	Acquisition of Land	30%	2	Submission of Building Plans	20%	3	Start of Construction	10%	4	Completion of Structure	20%
Sr. No.	Project Stage	% of Total fees payable															
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Lemon Tree Hotels Limited

(CIN No. U74899DL1992PLC049022)

Registered Office: Asset No. 6, Aerocity Hospitality District, New Delhi-110037

T +91 11 4605 0101, F +91 11 46050110. E hi@lemontreehotels.com www.lemontreehotels.com

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		5	Start of Operations	20%
		<p>The Company for providing the development management services may hire external vendors and consultants, without prior approval of Iora, for architecture, designing, interiors, horticulture, other services, and project management services for the Projects. Notwithstanding anything to the contrary contained herein, the costs and expenses in relation to such services of the external vendors and consultants shall be borne by Iora. It is clarified that (a) the costs and expenses in relation to such services shall aggregate to 9% of the Actual Development Costs, (which shall be paid through the Company) and (b) such costs and expenses shall not be considered for the purpose of calculation of the Development Management Fee.</p>		
(iv)	Any Advance Paid Or Received For The Contract Or Arrangement, If Any	Nil		
(v)	The Manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract	The pricing is commensurate with the general trend in the industry for other development projects and is at the rates prevalent in the market for such services.		
(vi)	whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering	Yes		

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	those factors;	
(vii)	Any other information relevant or important for the members to take a decision on the proposed resolution	The transaction for entering into agreement for providing development management services is advantageous for the Company and Iora, considering the experience of the Company in developing its hotels across India and is proposed to be entered in compliance with Section 188 and other applicable provisions of the Companies Act, 2013 and the rules thereto.

The members consent is sought to authorize the Company to enter into Development management agreement with the Related Party.

The Board is accordingly proposing this Special resolution for the consideration of the Members other than the member being related party and interested in the transaction and thereby prohibited to vote as per the provisions of Section 188 of the Act for passing the Special Resolution as set out in the above Notice.

None of the Directors, Key managerial personnel of the Company or their relatives are concerned or interested in the resolution except as mentioned herein above.

ITEM NO. 4: EXECUTION OF HOTEL OPERATING AGREEMENT WITH NIGHTINGALE HOTELS PRIVATE LIMITED (RELATED PARTY)

The Company is proposing to enter into Hotel Operating Agreement with Nightingale Hotels Private Limited for availing hotel operating services for its hotel at Gachibowli, Hyderabad.

The following disclosure(s) for availing or rendering of any services from or to the related party is made in accordance with the provisions of Section 188 of the Companies Act, 2013 and Rule 15 of Companies (Meetings of Board and its Powers) Rules, 2014.

(i)	Name of the related party	Nightingale Hotels Private Limited ('Related Party/NHPL')
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	Nature of relationship	Wholly owned Subsidiary
(ii)	Nature, Duration of The Contract And Particulars Of The Contract Or Arrangement	Hotel Operating Agreement for a term of 12 years w.e.f. 1 st March, 2015 for providing services for management and operation of hotel of NHPL at Gachibowli, Hyderabad
(iii)	Material terms, monetary value and particulars of the contract or arrangement;	<p><u>Base Fees:</u> 3.5 % of Gross Income of the Hotel on a calendar monthly basis;</p> <p><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%;</p> <p><u>Reimbursements for Additional Services :</u> (i) all traveling, telephone, telegraph, subsistence, telex, postal, and other expenses (ii) the fees and reimbursable expenses</p>
(iv)	Any Advance Paid Or Received For The Contract Or Arrangement, If Any	Nil
(v)	The Manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract	The pricing is commensurate with the general trend in the hospitality industry for other hotel operators and is at the rates prevalent in the market for such services.
(vi)	whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors;	Yes

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(vii)	Any other information relevant or important for the members to take a decision on the proposed resolution	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.
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The members consent is sought to authorize the Company to enter into Hotel Operating agreement with the Related Party.

The Board is accordingly proposing this Special resolution for the consideration of the Members other than the member being related party and interested in the transaction and thereby prohibited to vote as per the provisions of Section 188 of the Act for passing the Special Resolution as set out in the above Notice.

None of the Directors, key managerial personnel of the Company or their relatives are concerned or interested in the resolution except as mentioned herein above.

ITEM NO. 5: VARIATION IN TERMS OF EMPLOYEES STOCK OPTION PROGRAM

The members are apprised that the Employee Stock Option Program, 2006 (ESOP Scheme) of the Company, as approved by its shareholders by way of special resolution on 25th August, 2006, is required to be amended to align with the applicable provisions of Companies Act, 2013 and the Companies (Share Capital and Debentures) Rules, 2014. The provisions of the ESOP Scheme 2006 which are being varied/ amended are definition of Employees, trustees, minimum vesting period, time of vesting in case of death or permanent incapacity, affect of merger/amalgamation, restriction on the transferability of the option, exercise on resignation or termination. The amended ESOP Scheme shall be applicable from the date of passing of this resolution. The beneficiaries of such variation are the Employees as defined in the amended ESOP Scheme.

The salient features of the ESOP Scheme of the Company, post the proposed amendment in terms of the Companies Act, 2013 and rules thereto, are given in the table hereinbelow :

(a)	Total options to be granted	The stock options under the ESOP Scheme of the Company can be granted upto a maximum
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		number duly adjusted for the bonus etc. in terms of the provisions of the Memorandum and Articles of the Association of the Company.
(b)	Identification of the classes of employees entitled for Employees Stock Option Program ('ESOP')	<p>The eligible 'Employees' under the ESOP Scheme of the Company are (a) permanent employees of Company; (b) directors of the company (excluding the independent directors); (c) employees of subsidiary or holding or associate company(ies).</p> <p>An employee, who is a promoter or belongs to the promoter group and a director who either by himself or through his relative or through any body corporate, directly or indirectly holds more than 10% of the outstanding equity shares of the company shall not be eligible to participate in the ESOP Scheme.</p>
(c)	Appraisal process for determining the eligibility of the employee to ESOP	The appraisal process for determining the eligibility of the employee will be governed by the Nomination and Remuneration Policy, HR policies of the Company and will be based on criteria such as the seniority of the employee, length of service, performance record, merit of the employee, future potential contribution by the employee and / or any such other criteria that may be determined in terms of the said policies of the Company.
(d)&(e)	Requirement of Vesting and Period of Vesting/maximum period within which options shall be vested	Vesting of options shall commence after a period of minimum one (1) year from the date of grant, and will extend up to a maximum period of four (4) years from the date of grant unless the vesting is pre-poned after the completion of minimum period of one (1) year in terms of the ESOP Scheme.
(f)	Exercise Price	The exercise price for the purpose of the grant of options will be computed at 80% of the fair value applicable for that financial year or as prescribed and approved by the Board from time to time.
(g)	Exercise period and the process of Exercise	The exercise period may commence from the date of vesting and the vested options would be eligible to be exercised on the Vesting Date itself

Lemon Tree Hotels Limited
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		or anytime after vesting in terms of the ESOP Scheme.
(h)	Lock in Period	There shall be no lock in after the options have vested.
(i)	Maximum number of options/Shares to be issued per employee and in aggregate	There is no maximum limit for grant per employee or in aggregate, however, grant of options to identified employees, during any one year, equal to or exceeding one percent of the issued capital of the company at time of grant of option can happen only with the approval of the shareholders by a separate resolution.
(j)	The method which the company shall use to value its options	Fair value as determined and approved by the Board from time to time.
(k) & (l)	the conditions under which option vested in employees may lapse and the specified time period within which the employee shall exercise the vested options in the event of a proposed termination of employment or resignation of employee; and	In the event of resignation or termination of the eligible Employee, all Options vested but not exercised shall automatically lapse unless such options are exercised within a reasonable time as specified in terms of the ESOP Scheme or as extended by the Chairman & Managing Director of the Company in his sole discretion.
(m)	Statement for compliance of applicable accounting standards	The Company will comply with the applicable accounting standards

As the scheme will entail further shares to be offered to persons other than existing shareholders of the company, consent of the members is sought pursuant to the provisions of Section 62 and all other applicable provisions, if any, of the Act.

The Directors, Key Managerial Personnel(s) are concerned or interested in the above resolution only to the extent to their eligibility for grant of the options in terms of the ESOP Scheme of the Company. However, the relative of the Directors and KMP's, are not interested in the said resolution.

The Board of Directors recommends the Special resolution for the approval of the members.

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ITEM NO. 6 & 7: GRANT OF OPTIONS TO EMPLOYEES OF COMPANY AND SUBSIDIARY/ ASSOCIATE COMPANIES

In accordance with the applicable provisions of the Companies Act, 2013 and the Companies (Share Capital & Debentures) Rules, 2014, a separate resolution is required to be passed if the benefits of the scheme are to be extended to employees/directors of the subsidiary or holding company or to the identified employees, 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 of option.

Since, the Company intends to extend the benefits of the amended ESOP Scheme to the employees of the Company and to the employees of the subsidiary/associate company(ies), hence, separate resolution(s) under item no. 6 and 7 are being proposed to be passed by way of special resolution to grant stock options of the Company respectively to the employees of the company and to the employees of the subsidiary/associate companies or such other persons as may be permitted from time to time, under prevailing laws, rules and regulations, and/or amendments thereto from time to time. The members are further informed that maximum number of options to be granted and the exercise price as mentioned in resolution(s) under item no. 6 and 7 are post proportionate adjustment due to the bonus issue under item no 1.

The Directors, Key Managerial Personnel(s) of the Company are concerned or interested in the above resolution only to the extent to their eligibility for grant of the options in terms of the ESOP Scheme of the Company. However, the relative of the Directors and KMP's, are not interested in the said resolution.

Your directors, therefore, recommend the resolution 6 and 7 to be passed as special resolutions by the members.

ITEM No. 8: ISSUANCE OF SHARES ON EXERCISE OF VESTED OPTIONS IN TERMS OF THE ESOP SCHEME OF COMPANY

The members are informed that the Board of Directors has recommended for approval of shareholders, issuance and allotment upto a maximum of 30,00,000 Equity Shares of face value Rs 10. each, in one or more tranches to the employees on exercise of vested option as per ESOP Scheme of the Company. As this may entail offering of further shares to persons other than existing shareholders of the company, consent of the members is sought pursuant to the provisions of Section 62 and all other applicable provisions, if any, of the Act.

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The members are further informed that the Board of Directors has also recommended providing financial assistance to the ESOP Trust upto a maximum of Rs. 10,00,00,000/- (Rupees Ten Crore only) for acquiring, purchasing and subscribing to the equity shares of the Company for the benefit of the Employees as per ESOP Scheme of the Company.

The details as required in terms of the Rule 16 (2) of the Companies (Share Capital and Debentures Rules are given in the table hereinbelow :

(a)	Class of employees for whose benefit the scheme is being implemented and money is being provided for purchase of or subscription to shares	The eligible 'Employees' as defined under the ESOP Scheme of the Company.
(b)	Particulars of the trustee or employees in whose favor such shares are to be registered	The shares are registered in the name of Employees whose vested options are exercised through Krizm Hotels P Ltd Employee Welfare Trust ('ESOP Trust')
(c)	Particulars of trust and name, address, occupation and nationality of trustees and their relationship with the promoters, directors or key managerial personnel, if any	Krizm Hotels P Ltd Employees Welfare Trust B-6/17, Safdarjung Enclave, New Delhi-110029 The New Trustees as appointed are Resident Indian and are the employees of the Company and not related to the promoters, directors or key managerial personnel in any other way.
(d)	Interest of key managerial personnel, directors or promoters in such scheme or trust and effect thereof;	The Key managerial personnel, Directors are concerned or interested in the ESOP Scheme only to the extent of their eligibility for grant of the options in terms of the ESOP Scheme of the Company. The Promoters do not have any interest in the ESOP Scheme or Trust other than motivating and retaining the Employees and providing them the opportunity for wealth creation.
(e)	the detailed particulars of benefits which will accrue to the employees from the implementation	The ESOP Scheme provides the Employees the opportunity for wealth creation by participating in the share capital of the Company.

Lemon Tree Hotels Limited
(CIN No. U74899DL1992PLC049022)

Registered Office: Asset No. 6, Aerocity Hospitality District, New Delhi-110037
T +91 11 4605 0101, F +91 11 46050110. E hi@lemontreehotels.com www.lemontreehotels.com

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	of the scheme;	
(f)	the details about who would exercise and how the voting rights in respect of the shares to be purchased or subscribed under the scheme would be exercised	<p>The vested options of the Employees identified based on criteria of seniority of the employee, length of service, performance record, merit of the employee, future potential contribution by the employee and / or any such other criteria in terms of the policy of the Company will be exercised through ESOP Trust.</p> <p>The voting rights in respect of the shares subscribed on the exercise of vested options will be exercised by the Employees on behalf of whom the vested options will be exercised by the Esop Trust.</p>

None of the Directors, key managerial personnel of the Company or their relatives are concerned or interested in the resolution except as mentioned herein above.

The Board of Directors recommends the special resolution for your approval.

**BY ORDER OF THE BOARD
FOR LEMON TREE HOTELS LIMITED**

**DATE: 19.02.2015
PLACE: New Delhi**

**SD/-
SUMAN SINGH
DGM & GROUP COMPANY SECRETARY**

Form No. MGT-11

Proxy Form

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN : U74899DL1992PLC049022
Name of the company : Lemon Tree Hotels Limited
Registered Office : Asset No. 6, Aerocity Hospitality District,
New Delhi-110037

Name of the member(s):

Registered address:

E-mail Id:

Folio No./Client Id:

DP ID:

I/We, being the member(s) of _____ shares of the above named company, hereby appoint

1. Name: _____

Address: _____

E-mail Id: _____

Signature: _____, or failing him

2. Name: _____

Address: _____

E-mail Id: _____

Signature: _____

As my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the ~~Annual General meeting~~/Extraordinary general meeting of the company, to be held on the February 26, 2015, at 04.00 ~~a.m.~~/p.m. at Asset No. 6, Aerocity Hospitality District, New Delhi and at any adjourned thereof:

I direct my Proxy to vote on the resolutions in the manner as indicated below:

Resolutions For/ Against

Agenda	Voting instructions
Item No. 1 (of the notice for EGM, dated 19 th February, 2015)	
Item No. 2 (of the notice for EGM, dated 19 th February, 2015)	
Item No. 3 (of the notice for EGM, dated 19 th February, 2015)	
Item No. 4 (of the notice for EGM, dated 19 th February, 2015)	
Item No. 5 (of the notice for EGM, dated 19 th February, 2015)	
Item No. 6 (of the notice for EGM, dated 19 th February, 2015)	
Item No. 7 (of the notice for EGM, dated 19 th February, 2015)	
Item No. 8 (of the notice for EGM, dated 19 th February, 2015)	

Signed this on day of2015

Signature of shareholder

Signature of Proxy holder(s)

Revenue Stamp Re. 1/-

INSTRUCTIONS FOR SIGNING AND LODGING THE PROXY FORM

1. The Proxy to be effective should be deposited at the Registered Office of the Company not less than FORTY-EIGHT HOURS before the commencement of the Meeting.
2. A Proxy need not be a member of the Company.
3. In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
4. This form of proxy confers authority to demand or join in demanding a poll.
5. The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the Meeting.
6. This is optional. Please put For/Against in the appropriate column against the Resolutions indicated in the Box. If a member leaves the "For" or "Against" column blank against any or all the Resolutions, the proxy will be entitled to vote in the manner he/she thinks appropriate. If a member wishes to abstain from voting on a particular Resolution, he/she should write "Abstain" across the boxes against the Resolution.

LEMON TREE HOTELS LIMITED

CIN: U74899DL1992PLC049022

Regd. Office: Asset No. 6, Aerocity Hospitality District,
New Delhi-110037

Telephone No.: 011-46050101; Fax: 011-46050110

Website: E hi@lemontreehotels.com; www.lemontreehotels.com

ATTENDANCE SLIP

EXTRA ORDINARY GENERAL MEETING

Date: 26th February, 2015; Time: 4.00 p.m.

Venue: Asset No. 6, Aerocity Hospitality District, New Delhi-110037

I / We hereby record my/our presence at the Extra-ordinary General Meeting of the Company at Asset No. 6, Aerocity Hospitality District, New Delhi-110037 on Thursday, February 26, 2015 at 4.00 p.m.

Member's Folio

Member's/Authorised
Representative/Proxy's
name in Block Letters

Member's/Authorised
Representative/Proxy's
Signature

Note:

1. Sign this attendance slip and hand it over at the attendance verification counter at the entrance of meeting hall.
2. Bodies Corporate, whether a company or not, who are members, may attend through their authorised representatives appointed under Section 113 of the Companies Act, 2013. A copy of authorisation should be deposited with the Company.
3. Electronic copy of Notice of the Extra-Ordinary General Meeting (EGM) alongwith proxy form and the attendance slip and has been/is being sent to all the members whose email address is registered with the Company unless any member has requested for a hard copy of the same. Members receiving electronic copy and attending the EGM can print copy of this Attendance Slip.
4. Physical copy of the Notice of the EGM along with the proxy form and attendance slip is sent in the permitted mode(s) to all members whose email is not registered or have requested for a hard copy.