

LEMON TREE HOTELS LIMITED

LTHL STOCK APPRECIATION RIGHTS SCHEME -2024

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LEMON TREE HOTELS LIMITED
STOCK APPRECIATION RIGHTS SCHEME – 2024

1. Introduction:

- 1.1** This Scheme shall be called the “LTHL Stock Appreciation Rights Scheme – 2024” hereinafter referred as “the Scheme”.
- 1.2** The Scheme has been approved by the Board of Directors and the Shareholders of the Company on May 29, 2024 and September 26, 2024 respectively.
- 1.3** The Scheme shall be effective from September 26, 2024.
- 1.4** The Scheme has been further amended by the Nomination and Remuneration Committee and Board of Directors on August 08, 2025. The Said amendments have been approved by the Shareholders of the Company on September 25, 2025.

2. Term of the Scheme:

The Scheme shall continue to be in effect up to 8 years from the effective date of the scheme unless terminated earlier by the Board of Directors.

3. Purpose of the Scheme:

3.1 The purpose of the Scheme includes the followings:

- 3.1.1** To motivate the Employees to contribute to the growth, profitability and market capitalisation of the Company;
- 3.1.2** To retain the Employees and reduce the attrition rate of the Employees having critical roles in the Company;
- 3.1.3** To achieve sustained growth and the creation of Shareholder value by aligning the interests of the Employees with the long-term interests of the Company;
- 3.1.4** To create a sense of ownership and participation amongst the Employees to share the value they create for the Company in the years to come; and
- 3.1.5** To provide additional deferred rewards to Employees.

4. Definitions:

4.1 In this Scheme, except where the context otherwise requires, the following expressions or terms shall have the meanings indicated there against.

- 4.1.1. “Applicable Law”** means every law relating to Employee Benefit Schemes in force, including, without limitation to, Companies Act, 2013, SEBI (SBEB) Regulations, as amended, and all relevant revenue, tax, securities or exchange control regulations or corporate laws of India to the extent applicable. The applicable law includes any provision of the applicable law, rule(s), regulation(s), notification(s), circular(s) or any other similar form of directives issued by the competent authority under the relevant applicable law.
- 4.1.2. “Appreciation”** means the difference between the Vesting Date Price, as decided by the Committee in compliance with SEBI (SBEB) Regulations and terms of grant, and SAR Price.
- 4.1.3. “Associate Company”** shall have the same meaning as defined in section 2(6) of the Companies Act, 2013, as amended from time to time.

4.1.4. "Benchmark Market price" means the average of weekly average price of 4 weeks price (Closing) on a recognized stock exchange on which the Shares of the Company are listed on the date immediately prior to the relevant date.

***Explanation** – For the purpose of closing price, the closing price on the stock exchange having higher trading volume shall be considered.*

4.1.5. "Board of Directors" means the Board of Directors of the Company and includes any Committee formed by the Board of Directors, for the purpose of administration and implementation of the Scheme.

4.1.6. "Body Corporate" shall have the same meaning as defined in section 2(11) of the Companies Act. 2013, as amended from time to time.

4.1.7. "Committee" means Nomination and Remuneration Committee of the Company constituted by the Board of Directors and delegated with the powers for the purpose of monitoring, administering, superintending and implementing the Scheme in compliance with SEBI (SBEB) Regulations.

4.1.8. "Company" means Lemon Tree Hotels Limited.

4.1.9. "Companies Act 2013" means the Companies Act, 2013 and rules made thereunder and includes any statutory modifications or reenactments thereof.

4.1.10. "Corporate Action" as understood under the SEBI (SBEB) Regulations, means a change in the capital structure of the Company as a result of Bonus Issue, Rights Issue, Split of Shares and Consolidation of Shares and also consequent to any scheme of merger, demerger, arrangement or any other re-organisation.

4.1.11. "Cessation Date" means the last working day of employment in the Company.

4.1.12. "Directors" means a director appointed to the Board of Directors of the Company.

4.1.13. "Employee/ Eligible Employee":

Employee means

(i) an employee as designated by the company, who is exclusively working in India or outside India; or

(ii) a director of the company, whether a whole-time director or not, including a non-executive director who is not a promoter or member of the promoter group, but excluding an independent director; or

(iii) an employee as defined in sub-clauses (i) or (ii), of the existing unlisted Subsidiaries Company, in India or outside India, of the Company but does not include—

(a) an employee who is a promoter or a person belonging to the promoter group; or

(b) a director who, either himself or through his relative or through any body corporate, directly or indirectly, holds more than ten per cent of the outstanding equity shares of the company.

Eligible Employee mean those employees who have been identified as Eligible on meeting the eligibility criteria set by the Nomination and Remuneration Committee.

4.1.14. "Eligibility Criteria" means the criteria, as may be determined from time to time by the Committee, for grant or vesting of SAR Units.

4.1.15. "Exercise" means making of an application, in such manner and on such format as may be prescribed by the Committee, from time to time, by the Grantee, to the Company for issue of Shares or in lieu of Appreciation earned against vested SAR Units, in accordance with the Scheme. In case of fractions entitlements only, the appreciation shall be made in the form of cash.

4.1.16. "Exercise Date Price" means the price which is calculated by the Committee at the time of exercise of SAR units by the Grantees. The Exercise Date Price shall be calculated in terms of Article 12.3 of the Scheme.

4.1.17. "Exercise Period" means the time period after vesting within which a Grantee should exercise his right to settle Appreciation earned against the vested SAR Units, in form of Shares or payment in cash (in case of fraction entitlement only).

4.1.18. "Grant" means the issue of SAR Units to the Grantee under the Scheme.

4.1.19. "Grant Date" means the date on which the SAR Units are granted to an Employee.

4.1.20. "Grantee" shall mean Employee to whom SAR Units have been granted under the Scheme.

4.1.21. "Group" means two or more companies which, directly or indirectly, are in a position to—

- (i) exercise twenty-six per cent (26%) or more of the voting rights in the other company; or
- (ii) appoint more than fifty per cent (50%) of the members of the Board of Directors in the other company; or
- (iii) control the management or affairs of the other company.

4.1.22. "Independent Director" shall have the same meaning as defined in regulation 16 of SEBI (LODR) Regulations and section 2(47) of the Companies Act, 2013, as amended from time to time.

4.1.23. "Market price" means the latest available closing price on a recognized stock exchange on which the Shares of the Company are listed on the date immediately prior to the relevant date.

Explanation For the purpose of closing price, the closing price on the stock exchange having higher trading volume shall be considered as the market price.

4.1.24. "Permanent Disability" means any disability of whatsoever nature, be it physical, mental or otherwise, which incapacitates or prevents or handicaps a Grantee from performing any specific job, work or task which the said Grantee was capable of performing immediately before such disablement, as determined by the Board of Directors based on a certificate of a medical expert identified by the Company.

4.1.25. "Promoter" shall have the same meaning as defined in regulation 2 of SEBI (SBEB) Regulations, as amended from time to time.

4.1.26. "Promoter Group" shall have the same meaning as defined in regulation 2 of SEBI (SBEB) Regulations, as amended from time to time.

4.1.27. "Relative" shall have the same meaning as defined in section 2(77) of the Companies Act, 2013, as amended from time to time.

4.1.28. "Relevant date" means, -

- i) In the case of grant, the date of the meeting of the Committee on which the grant is made; or
- ii) In the case of vesting, the date of vesting of Options; or
- iii) In the case of exercise, the date on which the notice/letter of exercise is given to the Company by the Grantee.

4.1.29. "SAR Price" means the price which is calculated by the Committee at the time of grant of SAR Units. The SAR Price shall be calculated in terms of Article 8.9 of the Scheme.

4.1.30. "Scheme" shall mean the Lemon Tree Hotels Limited- Stock Appreciation Rights Scheme – 2024 ("**LTHL Stock Appreciation Rights Scheme – 2024**") and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof from time to time.

- 4.1.31. "SEBI (SBEB) Regulations"** means the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof.
- 4.1.32. "SEBI (LODR) Regulations"** means the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and shall include any alteration(s), amendment(s), addition(s), deletion(s), modification(s), or variation(s) thereof.
- 4.1.33. "Shares"** means Equity Shares of the Company, presently having a face value of Rs. 10/- each .
- 4.1.34. "Stock Appreciation Rights Units / SAR Units"** means a right but not an obligation, with respect to each unit, granted to a Grantee to receive Appreciation in the Share Price of the Company, wherein the settlement of such Appreciation so earned shall be made in form of Shares of the Company or in cash (in case of fraction entitlements only), pursuant to exercise of SAR Units subject to the availability of Equity Shares as per Clause 6.1,
- 4.1.35. "Subsidiary or Subsidiaries"** shall include only the unlisted Subsidiary Company of the Company and have the same meaning as defined in regulation 2 of SEBI (LODR) Regulations and section 2(87) of the Companies Act. 2013, as amended from time to time.
- 4.1.36. "Unvested SAR Unit"** means a SAR Unit, which is not vested.
- 4.1.37. "Vested SAR Unit"** means a SAR Unit, which has vested in pursuance to the Scheme and has thereby become exercisable.
- 4.1.38. "Vesting"** means the process by which the Grantee becomes entitled to receive the benefit of a grant made to him under the Scheme.
- 4.1.39. "Vesting Date"** means the date on and from which the SAR Units vests with the Grantees and there by becomes exercisable.
- 4.1.40. "Vesting Date Price"** means the price which is calculated by the Committee at the time of vesting of SAR Units with the Grantees. The Vesting Date Price shall be calculated in terms of Article 10.7 of the Scheme.
- 4.1.41. "Vesting period"** means the period during which the vesting takes place.
- 4.1.42. "Whole Time Director"** shall have the same meaning as defined in section 2(94) of the Companies Act. 2013, as amended from time to time.

4.2 Interpretation:

In this document, unless the contrary intention appears:

- a)** *The singular includes the plural and vice versa.*
- b)** *The word "person" includes an individual, a firm, a body corporate or unincorporated body or authority.*
- c)** *Any word or expression importing the masculine, feminine or neuter genders only, shall be taken to include all three genders.*
- d)** *Any word which is not defined under the Scheme shall be interpreted in line with SEBI (SBEB) Regulations.*
- e)** *Articles headings are for information only and shall not affect the construction of this document.*
- f)** *A reference to an article is respectively a reference to an article of this document.*
- g)** *Reference to any Act, Rules, Statute or Notification shall include any statutory modification, substitution or re-enactment thereof.*

5. Implementation & Administration:

- 5.1** The Company proposes to implement the Scheme through Direct Route for extending benefits to Employees wherein the Company will settle and distribute the Appreciation in the form of Shares in accordance with the Scheme.
- 5.2** Subject to applicable Laws and the framework laid down by the Board of Directors, the Scheme shall be administered by the Committee, which may delegate its duties and powers in whole or in part as it may decide from time to time.
- 5.3** The Committee is authorized to interpret the Scheme, to establish, amend and rescind any rule(s) and regulation(s) relating to the Scheme and to make any other determinations that it deems necessary or desirable for the administration and implementation of the Scheme.
- 5.4** The Committee shall be entitled to invite any person to attend its meetings and participate in the discussions and deliberations, if it may so deem fit. The Committee, in exercise of its powers, may require any information from the management of the Company, and/or seek the assistance of any Employee of the Company as it may deem fit, to fully and effectively discharge its duties.
- 5.5** Any decision of the Committee in the interpretation and administration of the Scheme, as described herein, shall lie within its sole and absolute discretion and shall be final, conclusive and binding on all the parties concerned (including but not limited to, Grantee and/or Employee and their Nominees / Legal heirs).
- 5.6** The Committee shall subject to applicable laws, inter alia, have powers to do following:
- 5.6.1** To delegate its duties and powers in whole or in part as it may decide from time to time to any person or Committee.
 - 5.6.2** To decide upon stopping the SAR Units which were lapsed, forfeited or surrendered under any provisions of the Scheme from re granting.
 - 5.6.3** To increase the pool of SAR Units to be granted under Scheme.
 - 5.6.4** To increase the pool of Shares to be granted under Scheme.
 - 5.6.5** To identify the Employees eligible to participate in the Scheme.
 - 5.6.6** To finalize the eligibility criteria for grant of SAR Units.
 - 5.6.7** To determine the Employees eligible for grant of SAR Units.
 - 5.6.8** To determine the number of SAR Units to be granted to each Grantee and in aggregate subject to the pool of SAR Units of the Scheme.
 - 5.6.9** To decide upon granting of SAR Units to new joinees.
 - 5.6.10** To grant SAR Units to one or more eligible Employees.
 - 5.6.11** To calculate the SAR Price and discount / premium thereof, if any.
 - 5.6.12** To extend the period of acceptance of grant.
 - 5.6.13** To decide the vesting period subject to minimum and maximum period of vesting as stated in Scheme.
 - 5.6.14** To determine the vesting schedule for each Grantee.
 - 5.6.15** To finalize the eligibility criteria for vesting of SAR Units.
 - 5.6.16** To determine the Employees eligible for vesting of SAR Units
 - 5.6.17** To calculate the Vesting Date Price.
 - 5.6.18** To calculate the Exercise Date Price
 - 5.6.19** To decide upon the mode and manner of exercise.
 - 5.6.20** To calculate the Appreciation
 - 5.6.21** To decide the method of calculation of Appreciation
 - 5.6.22** To decide upon distribution of the Appreciation.
 - 5.6.23** To determine the number of Shares to be allotted after calculation of Appreciation value as determined on each vesting date.

- 5.6.24** To pay cash to Grantees upon fractional entitlement in accordance with the Scheme.
- 5.6.25** To determine the specified time period within which the Grantee shall exercise the vested SAR Units in the event of termination or resignation;
- 5.6.26** To determine the conditions under which SAR Units may vest in employees and may lapse in case of termination of employment for misconduct;
- 5.6.27** To decide upon treatment of vested and unvested SAR Units in cases of cessation of employment as specified in the Scheme.
- 5.6.28** To decide upon the treatment of vested and unvested SAR Units in the event of Corporate Actions taking into consideration the following:
 - a.** the number, SAR Price and Benchmark market price of SAR Units shall be adjusted in a manner such that the total value to the Employee of the SAR Units remains the same after the Corporate Action;
 - b.** the vesting period and the life of SAR Units shall be left unaltered as far as possible to protect the rights of the Employees who have been granted such SAR Units.
- 5.6.29** To cancel all or any granted SAR Units in accordance with the Scheme.
- 5.6.30** To accelerate the vesting of SAR Units on a case-to-case basis, subject to completion of minimum 2 year from the date of grant.
- 5.6.31** To decide upon treatment of vested and unvested SAR Units in cases of dispute between the Grantee and Company.
- 5.6.32** To determine the right of an employee to exercise all the SAR's vested in him at one time or at various points of time within the exercise period.
- 5.6.33** To decide upon the treatment of grant, vesting and exercise of SAR units in cases of employees who are on Long Leave.
- 5.6.34** To decide upon the procedure for funding of exercise of SAR's units.
- 5.6.35** To decide upon the procedure for buy-back of specified securities to be undertaken by the Company and the applicable terms and conditions as per applicable laws.
- 5.6.36** To finalize letters and other documents, if any, required to be issued under the Scheme.
- 5.6.37** To re-price the SAR Units which are not exercised, whether or not they have been vested, if the SAR Units rendered unattractive due to fall in the SAR price of the Shares in the market.
- 5.6.38** To establish, amend, suspend or waive such rules and regulations as it shall deem appropriate for the proper administration of the Scheme.
- 5.6.39** To terminate the Scheme.
- 5.6.40** To determine the treatment of lapsed units.
- 5.6.41** To appoint such agents as it shall deem necessary for the proper administration of the Scheme.
- 5.6.42** To determine or impose other conditions to the grant SAR Units under the Scheme, as it may deem appropriate.
- 5.6.43** To frame suitable policies and procedure to ensure that there is no violation of Securities laws, including the SEBI (Prohibition of Insider Trading) Regulations, 2015 and the SEBI (Prohibition of Fraudulent and Unfair Trade Practices Relating to the Securities Market) Regulations, 2003 as amended, by the Company or the Employees.
- 5.7** The powers and functions of the Committee can be specified, varied, altered or modified from time to time by the Board of Directors, subject to the rules and regulations as may be in force. The Board of Directors may further provide that the Committee shall exercise certain powers only after consultation with the Board of Directors and in such case, the said powers shall be exercised accordingly.
- 5.8** A member of the Committee shall abstain from participating in and deciding on any matter relating to grant of any SAR Units to himself.

6. Pool of the Scheme:

- 6.1** The maximum number of SAR Units that may be issued pursuant to this Scheme shall not exceed 1,50,00,000¹ and the maximum number of Equity Shares that may be issued and allotted at any time pursuant to exercise of SAR Units shall not exceed 80,00,000 at a face value of Rs. 10/- each.
- 6.2** If any SAR Unit granted under the Scheme lapses or is forfeited or surrendered under any provision of the Scheme, such SAR Unit shall be added back to the pool and shall be available for further grant under the Scheme unless otherwise determined by the Committee.
- 6.3** Subject to Clause 6.1, further, the maximum number of SAR Units that can be granted and the Shares arise upon exercise of these SAR Units shall stand adjusted in case of corporate action.
- 6.4** The Company reserves the right to increase such number of SAR Units and Shares as it deems fit, in accordance with the applicable laws.

7. Eligibility Criteria's:

- 7.1** The Committee may on the basis of all or any of the following criteria, decide on the Employees / Grantees who are eligible for the grant / vesting of SAR Units under the Scheme and the terms and conditions thereof.
- **Loyalty:** To be determined on the basis of tenure of employment of an Employee / Grantee in the Company and its unlisted existing Subsidiaries.
 - **Performance of Employee / Grantee:** Performance during the financial year on the basis of the parameters decided by the Board of Directors or Committee.
 - **Performance of Company:** Performance of the Company as per the standards set by the Board of Directors or Committee.
- Any other criteria as decided by the Committee in consultation with Board of Directors from time to time.
- 7.2** The Employees / Grantees satisfying the eligibility criteria shall be termed as eligible Employee / Grantee.
- 7.3** New joiners can also participate in the Scheme and be granted SAR Units based upon the discretion of the Committee.
- 7.4** Employees on probationary period shall not be eligible for grant in the Scheme.
- 7.5** Nothing in the Scheme or in any SAR Unit granted pursuant to the Scheme shall confer on any Employee, any right to continue in the employment of the Company or interfere in any way with the right of the Company to terminate the Employee's employment at any time

¹ The original number of SAR units that may be issued under the Scheme was 76,00,000 SAR Units was approved by the Shareholders of the Company vide Special Resolution dated September 26, 2024 and the maximum number of Shares that may be issued and allotted pursuant to exercise of SAR Units shall not exceed 20,00,000 Shares, which stands increased vide Shareholders approval dated September 26, 2024.

8. Grant of SAR Units:

8.1 The Committee shall grant SAR Units to one or more eligible Employees, in accordance with the terms and conditions of the Scheme for the time being in force and subject to

Employee's employment terms or his continuity in the employment, and other parameters as set out by the Committee, if any.

8.2 Subject to availability of SAR Units in the pool under the Scheme, the maximum number of SAR Units that can be granted to any eligible Employee during any one year shall be less than 1% (excluding outstanding warrants and conversions) of the issued capital of the Company at the time of grant. The Committee may decide to grant such number of SAR Units equal to or exceeding 1% (excluding outstanding warrants and conversions) of the issued capital to any eligible Employee as the case may be, subject to the separate approval of the Shareholders in a general meeting.

8.3 The grant of SAR Units shall be communicated to the eligible Employees in writing through grant letter specifying the vesting date, number of SAR Units granted, SAR Price, vesting schedule, the and other terms and conditions thereof.

8.4 No amount shall be payable by an Employee at the time of grant of SAR Units.

8.5 Upon grant, an eligible Employee shall become Grantee under the Scheme.

8.6 The SAR Units granted to the eligible Employees shall not be transferable to any other person.

8.7 The SAR Units granted to the eligible Employees shall not be pledged, hypothecated, mortgaged or otherwise encumbered or alienated in any other manner. At the time of grant, the Committee shall calculate the SAR Price as per Article 8.9 below.

8.8 At the time of grant, the Committee shall specify the methodology for calculation of Appreciation.

8.9 For the purpose of Article 8.7 above, **SAR Price** shall be calculated on the basis of market price as defined in Article 4.1.23 read with Article 4.1.28 of the Scheme.

8.10 The Committee has a power to provide suitable discount or charge premium on such price as arrived above.

9. Method of Acceptance:

9.1 Any Grantee who wishes to accept the grant made pursuant to the Scheme, must deliver a signed copy of grant letter to the Committee or any of its authorized representatives within 7 working days from the date of receipt of the grant letter. The Committee may extend the said period of 7 working days for such duration as it may deem fit for the benefits of the Grantees.

9.2 Any Grantee who fails to return the signed copy of grant letter and/or fails to provide his acceptance within the above-mentioned time period shall, unless the Committee determines otherwise, be deemed to have rejected the grant and the Company shall not be liable to issue any shares in relation to any such appreciation amount for such rejected cases.

9.3 The Grantee is not required to pay any amount at the time of acceptance of the offer. Any Acceptance letter received after the period stated above shall not be valid.

- 9.4** Subject to the terms contained herein, the acceptance in accordance with this Article, of a grant made to a Grantee, shall conclude a contract between the Grantee and the Company, pursuant to which each SAR Unit shall, on such acceptance, be an Unvested SAR Unit.

10. Vesting of SAR Units

- 10.1** Vesting period shall commence after minimum 2 (Two) years from the grant date and shall not exceed the maximum period of 8 (Eight) years from the effective date of the Scheme subject to achievement of milestones as mentioned in 10.2 below .

- 10.2** The vesting schedule will be clearly defined in their grant letter of respective Grantees and vesting shall take place on achievement of Milestone(s) as stated below:

1st Milestone	Achieving Benchmark Market Price equivalent to 1.67x of SAR Price
2nd Milestone	Achieving Benchmark Market Price equivalent to 2.00x of SAR Price
3rd Milestone	Achieving Benchmark Market Price equivalent to 2.34 x of SAR Price
4th Milestone	Achieving Benchmark Market Price equivalent to 2.67x of SAR Price

The vesting Schedules upon achievement of Milestone shall be as follows:

Milestone to be achieved	% of SAR Units to be vested
At the achievement of First Milestone	25% of the SAR Units granted
At the achievement of Second Milestone	25% of the SAR Units granted
At the achievement of Third Milestone	25% of the SAR Units granted
At the achievement of Fourth Milestone	25% of the SAR Units granted

- 10.3** The Actual vesting may further be linked with the eligibility criteria, as determined by the Committee and mentioned in the grant letter.
- 10.4** The Committee shall have the power to modify or accelerate the vesting schedule on a case-to-case basis subject to the minimum gap of 2 (Two) Years between the grant and first vesting.
- 10.5** The SAR Units which get lapsed due to eligibility Criteria in any of the vesting, if any, will get lapsed from the hands of the Grantee.
- 10.6** At the time of vesting, the Committee may on its own discretion in compliance with SEBI (SBEB) Regulations and terms of grant, shall calculate the Vesting Date Price.
- 10.7** For the purpose of Article 10.6 above, Vesting Date Price shall be calculated on the basis of market price as defined in Article 4.1.23 read with Article 4.1.28 of the Scheme.

11. Calculation of Appreciation:

The Committee may calculate the Appreciation using following methodology in compliance with SEBI (SBEB) Regulations:

- 11.1** Upon vesting of SAR Units, the Committee in accordance with SEBI (SBEB) Regulations and terms of grant, shall calculate the Appreciation occurred on such SAR Units. The Appreciation value in this case will be based on the difference between the Respective Vesting Date Price and SAR Price as specified in Article 4.1.2.

- 11.2 The SAR Price shall be same as that communicated to the Grantee at the time of grant of SAR Units and calculated in accordance with Article 8.9 above.
- 11.3 The Vesting Date Price shall be same as that calculated by the Committee in accordance with Article 10.7 above.
- 11.4 The Appreciation so calculated shall be payable in form of Shares as defined in Article 12 of the Scheme.
- 11.5 Provided that, when the Vesting Date Price is less than the SAR Price, then the Appreciation of such units will be treated as NIL, subject re-pricing as per applicable laws.

12. Exercise of SAR Units:

- 12.1 The vested SAR Units can be exercised by Grantees within the exercise period which shall be 1 (One) year from the vesting date.
- 12.2 The vested SAR Units shall be exercisable either wholly or in part, according to the terms and conditions as determined and mentioned under the vesting letter. However, no fraction of a vested SAR Unit shall be exercisable.
- 12.3 At the time of exercise, the Committee may on its own discretion in compliance with SEBI (SBEB) Regulations and terms of grant, shall calculate the Exercise Date Price.
- 12.4 For the purpose of Article 12.3 above, **Exercise Date Price** shall be calculated on the basis of market price as defined in Article 4.1.23 read with Article 4.1.28 of the Scheme.
- 12.5 Upon exercising, the Grantee shall be entitled to receive such number of Equity Shares in lieu of appreciation earned. The number of Equity Shares to be allotted shall be determined by the Committee, by dividing the Appreciation amount by Exercise Date Price.
- 12.6 Upon allotment of the Shares, the Grantee shall become member of the Company. The Shares to be allotted shall rank pari-passu in all respects within the then existing Shares of the Company.
- 12.7 Notwithstanding anything contained elsewhere in the Scheme, the Committee may not allot Shares, in the event of the Grantee being found to be involved in fraud, misfeasance, gross negligence, breach of trust or like event(s) and in such an event(s) the rights under the SAR Units (whether vested or not) shall lapse, forthwith, without any claim on, or recourse to the Company.
- 12.8 If the Vesting or Exercise of SAR Units is prevented by any law or regulation in force and the Company is forbidden to allot Shares pursuant to exercise of SAR Units under such law or regulation, then in such an event the Company shall not be liable to compensate the Grantee in any manner whatsoever.
- 12.9 Notwithstanding anything else contained in this Scheme, if the Grantee does not exercise his vested SAR Units within the time specified, the SAR Units shall stand lapsed.
- 12.10 The Committee shall have the power to cancel all or any of the SAR Units granted under the Scheme, if so required, under any law for the time being in force or the order of any jurisdictional court. In the event of any such cancellation, the Company shall not be liable to compensate the Grantee in any manner.
- 12.11 The SAR shall be deemed to have been exercised when an Eligible Employee makes an application in writing to the Nomination and Remuneration Committee through the Compliance Officer or by any other means as decided by the Nomination and Remuneration Committee for the conversion and settlement of appreciation wholly in the form of Equity Shares against the

SAR Units vested to him. The mode and manner of the Exercise shall be communicated to the Employees individually upon vesting of SAR Units

13. Conversion of Appreciation into Shares:

- 13.1** Upon valid exercise of SAR Units, the Appreciation amount (as defined in 4.1.2 above) shall be converted into Shares of the Company by dividing the Appreciation by Exercise Date Price.
- 13.2** The resulting number of Shares shall be allotted to the Grantee by the Company on payment of Face Value of Shares presently Rs.10/- each for each Share to be allotted.
- 13.3** The payment shall be paid by a cheque or demand draft or any other banking channel in the name of the Company i.e. Lemon Tree Hotels Limited.
- 13.4** Further any remaining fraction entitlement arising to which the Grantee would become entitled to upon exercise of SAR Units would be settled in cash subject to discretion of the Committee.

14. Cessation of Employment:

Date of Cessation of Employment shall be deemed to be following dates:

In Case of Death of Employee- Date of Death;

In case of Permanent disability- Date of Permanent Disability as per medical Practitioner;

In case of Resignation or Retirement/Superannuation- Last working day of the Employee in the Employment.

In case of Termination of Employment – The date of Termination Letter.

Subject to the employment terms of an Employee, the following terms shall be applicable:

14.1 In the event of cessation of employment due to Death

- a)** All SAR Units granted (whether Vested or Unvested) as on date of death would vest immediately in the Legal Heirs / Nominee of the Grantee on that day. The SAR Units would be exercisable by the Legal Heirs / Nominee within a period of 3 (Three) months from the date of death or before the expiry of the overall exercise period as per the Scheme, whichever is earlier. Failing which all the unexercised SAR Units shall lapse irrevocably and the rights there under shall be extinguished.
- b)** All other terms and conditions of the Scheme shall apply to such SAR Units. Provided that, in order to exercise the SAR Units of the deceased Grantee, the Legal Heirs / Nominee have to submit the following documents to the Company, to the satisfaction of the Committee and the Committee may at its discretion waive off the requirement to submit any of the documents:

A. In case nominee is not appointed

- Copy of the Succession Certificate / Probate of Will / Letter of administration/ No objection certificate from the other legal heirs
- Photo copy of the death certificate duly attested by the proper authority (English translated version if in the vernacular language)
- Specimen signature of the person(s) in whose name Shares are to be transmitted (duly attested by the bank).
- Copy of PAN card of the applicant (self – attested).
- Copy of address proof (self – attested)

B. In case nominee is appointed

- Photo copy of the death certificate duly attested by the proper authority (English translated version if in the vernacular language)
- Specimen signature of the person(s) in whose name Shares are to be transmitted (duly attested by the bank)
- Copy of PAN card of the applicant (self – attested).
- Copy of address proof (self – attested)

14.2 In the event of cessation of employment due to Permanent Disability

All SAR Units granted (whether Vested or Unvested) to Grantee as on date of Permanent Disability would vest immediately in him/her or in the Legal Heirs / Nominee of the Grantee on that day. The SAR Units would be exercisable within a period of 3 (Three) months from the date of Permanent Disability or before the expiry of the overall exercise period as per the Scheme, whichever is earlier. Failing which all the unexercised SAR Units shall lapse irrevocably and the rights there under shall be extinguished.

14.3 In the event of cessation of employment due to Resignation or termination *(not due to misconduct or ethical/ compliance violations)*

- a) All unvested SAR Units, on the date of cessation, shall expire and stand terminated with effect from that date.
- b) All vested SAR Units as on that date shall be exercisable by the Grantee by last day of employment in the organization or before expiry of the overall exercise period as per Scheme, whichever is earlier. The vested SAR Units not so exercised shall lapse irrevocably and the rights thereunder shall be extinguished.

14.4 In the event of cessation of employment due to Retirement/Superannuation

- a) All Unvested SAR Units , on the date of cessation, shall continue to vest in accordance with the original vesting schedules even after Retirement or superannuation in accordance with the Company's Policies and provisions of the then prevailing Applicable Law.
- b) All vested SAR Units as on that date shall be exercisable by the Grantee within 1 (One) year from the last day of employment in the Company or before expiry of the overall exercise period as per Scheme, whichever is earlier. The vested SAR Units not so exercised shall lapse irrevocably and the rights thereunder shall be extinguished.
- c) In the event of death of the employee after the retirement/superannuation, all SAR Units granted as on date of death would vest immediately in the Legal Heirs / Nominee of the Grantee on that day. The SAR Units would be exercisable by the Legal Heirs / Nominee as per Article 14.1(a) of the scheme.

14.5 In the event of cessation of employment due to termination *(due to misconduct or ethical/ compliance violations)*

If a Grantee is terminated due to misconduct or ethical/ compliance violations, all SAR Units granted whether vested or unvested shall lapse and stand terminated with immediate effect.

14.6 In the event that a Grantee is transferred or deputed to a Subsidiary prior to vesting or exercise of SAR Units, the vesting and exercise of SAR Units, as per the terms of grant, shall continue in case of such transferred or deputed Grantee even after the transfer or deputation.

- 14.7 In the event of a Grantee going on **Long Leave**, i.e. absence from the office for more than three months, the treatment of SAR Units granted to him/her, whether vested or not, shall be determined by the Committee, whose decision shall be final & binding.
- 14.8 In the event where a **Dispute arises between Grantee and the Company**, vesting and/or exercise of SAR Units will be put on hold till the date of settlement, to the satisfaction of the Committee.
- 14.9 The Committee may modify the terms for cessation of employment as mentioned in foregoing paras 14.1 to 14.8.
- 14.10 **Lock in Requirements:** The Shares allotted to the Grantees pursuant to exercise of SAR Units will not be subject to any lock-in period and can be freely sold by the Grantee.

15. Terms and Conditions of Shares:

- 15.1 Nothing herein is intended to or shall give the Grantee, any right to status of any kind as a Shareholder of the Company in respect of any Share covered by the grant unless the Grantee exercises the SAR Units and becomes the registered Shareholder of the Company.
- 15.2 The Grantee shall not be entitled to any compensation or damages for any loss or potential loss which he may suffer by reason of being unable to exercise a SAR Unit in whole or in part.
- 15.3 The Grantee shall abide by the Company's Code of Conduct for prevention of insider trading and Code of practices and procedures for fair disclosure of unpublished price sensitive information adopted by the Company under SEBI (Prohibition of Insider Trading) Regulations, 2015.
- 15.4 The maximum quantum of benefits that will be provided to every eligible Employee under the Scheme shall be equivalent to the appreciation which shall be the difference between the Vesting Date Price and the SAR Price which shall be settled in equity Shares subject to provision of the Scheme.

16. Notices and correspondence:

- 16.1 Any notice required to be given by a Grantee to the Company or the Committee or any correspondence to be made between a Grantee and the Company or the Committee may be given or made to the Company/ Committee at the corporate office or registered office of the Company or at the place as may be notified by the Company/ Committee in writing or at the specific designated email id of the Company.
- 16.2 Any notice, required to be given by the Company or the Committee to a Grantee or any correspondence to be made between the Company or the Committee and a Grantee shall be given or made by the Company or the Committee on behalf of the Company at the address provided by the Grantee while accepting the SAR Units granted to him/her or at the official email Id of the Grantee.

17. Nomination of Beneficiary:

- 17.1 Each Grantee under the Scheme may nominate, from time to time, any Beneficiary or Beneficiaries to whom any benefit under the Scheme is to be delivered in case of his or her death before he receives all of such benefit. Each such nomination shall revoke all prior nominations by the same Grantee, shall be in a form prescribed by the Company and will be effective only when filed by the Grantee in writing with the Company during the Grantee's lifetime.

18. Corporate Action:

- 18.1** Except as hereinafter provided, any grant made shall be subject to adjustment, by the Committee, at its discretion, as to the number, and price of SAR Units or Shares, as the case may be, in the event of 'Corporate Action' as defined herein.

If there is a 'Corporate Action' of the Company before the SAR Units granted under this Scheme are exercised, the Grantee shall be entitled on exercise of the SAR Units, to such number of resultant Shares to which s/he would have been entitled as if all of the then outstanding SAR Units exercised by him/her, had been exercised before such 'Change in the Capital Structure' had taken place and the rights under the SAR Units shall stand correspondingly adjusted. In the event of a Corporate Action, the Committee, subject to the provisions of applicable laws, shall make fair and reasonable adjustments under the Scheme, as it deems fit, with respect to the number of SAR Units, SAR Price and make any other necessary amendments to the Scheme for this purpose. The vesting period and life of the SAR Units shall be left unaltered as far as possible.

- 18.2** In the event of severance of employment of a Grantee, as a part of reconstitution / amalgamation / sell-off or otherwise, the SAR Units granted and not exercised before such reconstitution / amalgamation / sell-off, shall be exercised as per the terms and conditions determined in the relevant Scheme of such reconstitution / amalgamation / sell-off.
- 18.3** In the event of a dissolution or liquidation of the Company, any vested SAR Units outstanding under the Scheme shall be cancelled if not exercised prior to such event and no compensation shall be payable in respect of the SAR Units so cancelled.

19. Disclosure and Accounting Policies:

- 19.1** The Company shall comply with the requirements of IND-AS and shall use Fair Value method. The Company shall make all the necessary disclosures required under the provisions of the SEBI (SBEB & SE) Regulations, 2021 and other Applicable Laws.
- 19.2** Compensation cost will be booked in the books of account of the Company over the vesting period.
- 19.3** The Company shall comply with the disclosures requirements and the accounting policies prescribed under Regulation 15 of the SEBI (SBEB & SE) Regulations, 2021 or as may be prescribed by regulatory authorities from time to time.

20. Taxability on the Grantee:

- 20.1** The exercisable SAR Units are subject to the applicable provisions of the Income tax Act, 1961.

There would be a double point of Taxation on the Employee:

- **Point 1:** At the time of exercise, the difference between the market price of the Shares as on date of exercise and the face value will be added as a perquisite under salary in the month of exercise. The Grantee will be liable to pay the taxes at the individual slab rate in which he falls.

The payment of perquisite tax, in respect of exercise of the SAR Units shall be made by the Employee to the Company or the Company shall have the right to recover tax from the Grantee.

- **Point 2:** At the time of sale of the Shares of the company by the Grantee. On selling of the Shares, the concerned Employee would be liable to Capital gains tax under as per the applicable provisions of the Income tax laws at the time of sale of the Shares.

21. Surrender of SAR Units:

- 21.1** Any Grantee to whom the SAR Units are granted under this Scheme, may at any time, surrender his SAR Units to the Company. In such case the Company would not be liable to pay any compensation to the Grantee on account of his surrender of SAR Units. The SAR Units so surrendered will be added back to the pool of the Scheme and pursuant to this the Grantee shall cease to have all rights and obligations over such SAR Units.

22. Arbitration:

- 22.1** In the event of a dispute arising out of or in relation to the provisions of this Scheme (including a dispute relating to the construction or performance thereof), the relevant parties shall attempt in the first instance to resolve such dispute through an amicable settlement. The attempt to bring about an amicable settlement shall be considered to have failed as soon as one of the parties hereto, after reasonable attempts, which attempt shall continue for not more than 30 days, gives 10 days' notice thereof to the other party in writing.

- 22.2** In case of such failure, either party may refer the dispute to a single arbitrator jointly appointed by both the parties. The arbitration proceedings shall be held in New Delhi, India under and in accordance with the Arbitration and Conciliation Act, 1996 and any statutory modification or re-enactment thereof. The arbitrator shall give a reasoned award in writing.

The arbitrator shall also decide on the costs of the arbitration proceedings. The parties shall submit to the arbitrator's award and the award shall be enforceable in competent court of law at New Delhi, India

23. Governing Law:

- 23.1** This Scheme and all related documents thereunder shall be governed by and construed in accordance with the SEBI (SBEB) Regulations and other applicable laws of India.

- 23.2** Any term of the Scheme that is contrary to the requirement of the SEBI (SBEB) Regulations or any other applicable laws shall not apply to the extent it is contrary.

- 23.3** The Courts at New Delhi shall have exclusive jurisdiction on any matter arising out of this Scheme.

24. Regulatory Approvals:

- 24.1** The implementation of the Scheme, the Granting of any SAR Units under the Scheme and the issuance of any Shares under this Scheme shall be subject to the procurement by the Company and the Grantee / Nominee / Legal Heirs of all approvals and permits, if any, required by any regulatory authorities having jurisdiction over the Scheme. The Grantee / Nominee / Legal Heirs under this Scheme will, if requested by the Committee/ Company, provide such assurances and representations to the Company or the Committee, as the Committee may deem necessary or desirable to ensure compliance with all applicable legal and accounting requirements.

25. Modification of Scheme:

- 25.1** Subject to the approval of Shareholders, the Committee may, at any time:

- 25.1.1** Revoke, add to, alter, amend or vary all or any of the terms and conditions of the

Scheme or all or any of the rights and obligations of the Grantee;

25.1.2 Formulate various sets of special terms and conditions in addition to those set out herein, to apply to the specific Grantee or class or category of Grantees. Each of such sets of special terms and conditions shall be restricted in its application to those specific Grantee or class or category of such Grantees.

25.2 Any amendment, variation or modification under the Scheme shall not be prejudicial to the interest of the Grantees of the Company.

26. Confidentiality:

26.1 Notwithstanding anything contained in this Scheme, the Grantee shall not divulge the details of the Scheme and/or his holdings to any person except with the prior written permission of the Committee unless so required to do under the applicable laws or any statutes or regulations applicable to such Grantee.

***** End of the Scheme *****

Annexure 1**Example in case of Calculation of Appreciation at vesting by the Committee in accordance with SEBI(SBEB) Regulations and terms of grant:**

SAR Units granted (A)	1,000
SAR Price (B)	Rs. 1,500/-
SAR Units vested (C)	500
Vesting Date Price (D)	Rs. 2,500/-
Appreciation calculated per SAR Unit (E) (E) = (D) - (B)	Rs. 2500/- - Rs. 1500/- = Rs. 1,000/-
Total Appreciation (F) (F) = (C) * (E)	Rs. 1,000/- * 500 = Rs. 5,00,000/-
SAR Units exercised (G)	500
Exercise Date Price (H)	Rs. 3,000/-
Number of Equity Shares allotted (I) (H) = (G) / (D)	Rs. 5,00,000/- / Rs. 3,000/- = 166 Equity Shares
Face Value of Equity Shares (J)	Rs. 10/-
Amount Payable for Equity Shares (K) (K) = (I) * (J)	166 * 10 =Rs. 1,660/-
