

POLICY FOR DETERMINATION OF MATERIAL SUBSIDIARY

I. PREAMBLE

Lemon Tree Hotels Limited (the “**Company**”), is required to formulate a policy for determination of a material subsidiary in accordance with the Listing Regulations.

The Company aims to fulfill its responsibility to the Stock Exchanges and Investors by identifying and disclosing Material Subsidiaries (defined below) in this Policy for determination of a material subsidiary (the “**Policy**”). The Policy has been framed by the Board of Directors of the Company in its meeting held on June 15, 2017.

II. DEFINITIONS

“**Company Laws**” means the Companies Act and/or the Old Companies Act (where applicable);

“**Companies Act**” shall mean the Indian Companies Act, 2013 and “**Old Companies Act**” shall mean the Indian Companies Act, 1956 along with relevant rules, regulations and amendments thereto issued from time to time;

“**Company Subsidiary**” shall mean a subsidiary of the Company in accordance with the Company Laws;

“**Other SEBI Laws**” shall mean the (i) SEBI Act, 1992, (ii) Securities Contracts (Regulation) Act, 1956, (iii) Depositories Act, 1996, and any rules, regulations issued thereunder, and any amendments issued thereto from time to time; and

“**Listing Regulations**” shall mean the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

III. OBJECTIVE

This Policy provides the minimum threshold for determining a “Material Subsidiary”.

IV. POLICY

1. A Company Subsidiary shall be considered as a “Material Subsidiary” if the income or net worth of the Company exceeds twenty per cent (20%) of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.
2. One Independent Director of the Company shall be a Director on the Board of the Unlisted Material Subsidiary incorporated in India.

V. DISPOSAL OF MATERIAL SUBSIDIARY

The Company, without the prior approval of the members by Special Resolution in its General Meeting, shall not:

- a) Dispose of shares in Material Subsidiaries that reduces its shareholding (either on its own or together with other subsidiaries) to less than 50%; or
- b) Cease to exercise control over the Material Subsidiary; or
- c) Sell, dispose or lease of assets amounting to more than 20% of the assets of the Material Subsidiary on an aggregate basis during a financial year;

Except in cases where such divestment and/or the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal.

VI. EFFECTIVE DATE

The Policy shall be effective on the date of listing of Equity Shares of the Company at the Stock Exchange(s).

VII. AMENDMENTS TO THE POLICY

This Policy may be amended by the Board, as and when deemed fit, or, in accordance with Applicable Laws.

VI. QUERIES AND CLARIFICATIONS

Any queries or clarifications in relation to this Policy may be addressed to Company Secretary of the Company.