

HOTEL OPERATING AGREEMENT

For SUBHAMASTHU INFRA PROJECTS

B. Chandra

Partner



HOTEL OPERATING AGREEMENT

This **Hotel Operating Agreement** ("hereinafter referred to as the '**Agreement**') is executed at Bengaluru on this 4th day of November, 2023 ("**Effective Date**") by and

Between:-

Subhamasthu Infra Projects, a partnership firm, registered with the Registrar of Firms, Medchal Malkajgiri District, vide Regn. No. 2135 of 2020, having its registered office at Plot No 36, H. No. 1-4-63/3, Radha Nilayam, Sneha Nagar, Street No. 8, Habsiguda Uppal- Hyderabad 500007, Telangana State represented through its authorized signatory, Mr. Israel Battula, by way of authority letter dated March 1, 2022 (hereinafter referred to as "**Owner**", which term unless repugnant to the context shall include its successors in interest and permitted assigns) of **ONE PART**;

AND

CARNATION HOTELS PRIVATE LIMITED, a company incorporated under the Companies Act, 1956 and having its registered office at Asset No. 6, Aerocity Hospitality District, New Delhi – 110037, represented through its authorized signatory, Mahesh S Aiyer, CEO, by way of board resolution dated November 2, 2023 (hereinafter referred to as "**Operator**", which term unless repugnant to the context shall include its successors in interest and permitted assigns) of the **OTHER PART**.

The Owner and the Operator are hereinafter collectively referred to as "Parties" and individually as "Party".

R E C I T A L S

- A. **WHEREAS** The Owner is in the hotel business.
- B. **AND WHEREAS** The Owner is the absolute owner of all that piece and parcel of land together with the building constructed including any additional construction thereon and measuring approximately 2641.52 Sq. Mtr, located at Sy No. 150/part of Gundlapally Village, Yadagirigutta Mandal, Yadadri Bhongir District, Yadagirigutta, Telangana **hereinafter referred to as "Site")** and has financed, built, furnished and equipped a Hotel/Land of 150 Room Keys on the said land, further detailed hereunder (as further defined in Article I – under the head "Hotel");
- C. **AND WHEREAS** The Owner shall be responsible for raising all debt and equity to finance, construct and renovate, fully furnish and equip, in every respect, a hotel of international standards in accordance with the terms and conditions of this Agreement;
- D. **AND WHEREAS** the Owner wishes to construct a fully operational Hotel on the Site to be operated by Operator as per its Brand Standards and has approached Operator in this regard and has represented to Operator that there is no impediment to the Owner entering into such an Agreement with the Owner.
- E. **AND WHEREAS** in view of the above the Owner contemplates to retain the services of Operator for operating and marketing the Hotel for which the Owner has satisfied himself about the expertise of Operator and has full trust and confidence, and the Owner has approached Operator for the same, which Operator has indicated its willingness.

For SUBHAMASTHU INFRA PROJECTS

B. Chetty

Partner



F. **AND WHEREAS** Operator is agreeable to render such services to the Owner.

NOW THIS AGREEMENT WITNESSETH AND IN RECEIPT OF VALUABLE CONSIDERATION, THE SUFFICIENCY OF WHICH IS ACKNOWLEDGED BY THE PARTIES, IT IS EXPRESSLY AGREED BY AND BETWEEN THE PARTIES HERETO AS FOLLOWS:

ARTICLE-I

DEFINITIONS AND INTERPRETATION

1.1. Definitions

For the purpose of this Agreement, the terms defined hereunder in this Section shall have the meanings herein specified unless the context otherwise requires:

"Affiliate" means any other person that controls, is controlled by or is under common control with the Party. For the purposes of this definition, "control" means the possession of the power to direct or cause the direction of the management and policies of the controlled entity through the ownership or ultimate ownership of more than 50% (Fifty Percent) of all voting or equity securities. Notwithstanding the above, any direct or indirect subsidiary, associate, group company of the Operator shall at all times be deemed to be an Affiliate of the Operator and any direct or indirect subsidiary, associate, group company of the Owner shall at all times be deemed to be an Affiliate of the Owner.

"Annual Operation Plan (AOP)" shall mean the plan in accordance with Brand Manuals and keeping in view the market conditions, the competition forecast, foreseeable operating expenses up to gross operating profit (as per Indian GAAP), marketing needs of the Hotel, expected occupancies, turnover and shall consist of:

- (a) Projection of the Gross Operating Revenues
- (b) Budget for operating expenses
- (c) Projection of operating cash flows
- (d) Annual marketing plan
- (e) Capital Expenditure Plan
- (f) Refurbishment and Renovation Plan / FFE

"Agreement" shall mean this instrument with Annexure, s schedules alongwith exhibits as originally executed and delivered, or if amended or supplemented in writing as so amended or supplemented, and any renewal thereof and overrides all previous correspondence and representations, if any, made expressly or impliedly. The relationship of the parties hereto shall be solely and exclusively governed by the terms agreed or in such further amendments as may be agreed by the parties in writing.

"Auditor" means the statutory Auditor appointed by the Owner for the purpose of auditing the accounts of the Hotel.

"Brand" means "Keys Select by Lemon Tree Hotels" which is the exclusive trademark and copyright of the Lemon Tree Hotels Limited.

"Brand Owner" means Lemon Tree Hotels Limited, having its registered office at Asset No. 6. Aerocity Hospitality District, New Delhi - 110037

For SUBHAMASTHU INFRA PROJECTS

B. Chetty
Partner



"Brand Standards" shall mean all standards, policies and programs in effect from time to time by the Operator for all Lemon Tree Hotels on pan India basis as appropriate and fit for the purpose of a hotel operated under the Brand and which are applicable to the operation of substantially all of the hotels managed / operated by the Operator / Brand Owner under the Brand

"Business Day" shall mean any business day upon which banks are open for business in the city in which the Hotel is located.

"Capital Expenditure" shall mean and include expenditure on buying capital assets namely, plant and machinery, equipment, civil works, additions thereto and replacements that are necessary for the operation of the Hotel in accordance with the terms of this Agreement.

"Claim" shall mean any claim, action, proceeding, demand or allegation or any threatened claim, action, proceeding, demand or allegation of whatever nature, whether in contract, tort (including negligence) or otherwise.

"Confidential Information" shall mean information relating to Operators business that derives value from being not generally known to others, including the terms of this Agreement, the Brand Manuals, Guest Data, list of approved suppliers, proprietary software, fees and terms of all system programs and services, and any documents or information specifically designed by Operator orally or in writing as confidential or by its nature would reasonably be understood to be confidential or proprietary.

"Execution Date" means 04th November 2023, the date of execution/signing of this Agreement.

"Expert" shall mean an independent expert mutually agreed by both Parties as being an independent and nationally recognized hotel expert with at least ten (10) years' senior management experience in the hospitality field in India.

"Financial Year" means the twelve (12) month period commencing on the first (1st) day of April in each year and ending on the thirty-first (31st) day of March of the next year.

"Furniture, Furnishings and Equipment" or "FF&E" shall mean and include all movable furniture, furnishings, fixtures and equipment located in or used in connection with the operation of the Hotel, other than the operating equipment, the operating supplies and any items contained within the walls and ceilings of the structure (which are deemed to be a part of the Hotel building).

"GOP Margin" means the Gross Operating Profit divided by the Gross Revenue for the relevant period.

"Governmental Authority(ies)" shall mean any statutory authority, government, department, municipal authority, regulatory agency, commission, board, tribunal, court or other entity authorized to make Laws.

"Gross Revenue" means all receipts, revenues, income and proceeds of sale of any kind, derived directly or indirectly, from the operation of the Hotel and its facilities, and without limiting the generality of the foregoing, gains from foreign exchange fluctuations pertaining to operating income/expenses, SPA income, service charges / common maintenance charge for providing services and facilities to persons occupying shops and commercial space in the Hotel, and proceeds, if any, from business interruption or other loss of income insurance,

mark ups on bought outs and commissionable items (for example, car rentals, travel desk services, concierge services such as movie tickets and florist services), service charge (gratuities) not paid out to Hotel employees and all other revenues accruing from the use of these facilities net of direct and /or indirect taxes due to the Local Authorities and any other taxes imposed by any Governmental Authority including Goods and Services Tax. It being specifically understood and agreed that Gross Revenue shall not include:

- (a) interest income;
- (b) any income arising out of the sale of fixed assets;
- (c) service charge paid out to employees, however service charge retained by the hotel, will be treated as income.
- (d) Loans and interest thereon taken by Owner;
- (e) proceeds of insurance (save for proceeds of business interruption insurance mentioned in Article XI);
- (f) sums and credits received in settlement for loss, theft or damage to property, and proceeds of sales of property (real and personal);
- (g) receipts attributable, under the accrual method of accounting pursuant to generally accepted accounting practice or the Indian GAAP, to a different Financial Year provided that in the event of a conflict, the provisions of this Agreement and subsequently the Indian GAAP shall apply; and
- (h) proceeds of condemnation or sales or conveyances made in lieu thereof.

"Gross Operating Profit" or "GOP" means the amount, if any, by which the Gross Revenue of the Hotel for each Financial Year is in excess of the Operating Expenses, including adequate provision for bad and doubtful debts, of the Hotel for such Financial Year. It is understood and agreed that in determining the Gross Operating Profit for any Financial Year, no adjustment shall be made for or on account of any losses and/or deficiency in the Gross Operating Profit relating to any prior Financial Year or Years.

"Gross Room Revenue" means the revenue generated from the sale of Hotel rooms and Hotel rooms related packages.

"Hotel" means the hotel of 150 Room Keys located at approximately 2641.52 Sq. Mtr, located Plot Nos 11,12,13,19,20 & 21 at Sy No. 150/part of Gundlapally Village, Yadagirigutta Mandal, Yadadri Bhongir District, Yadagirigutta, Telangana/ land acquired by way of purchase and has financed, built, furnished and equipped a Hotel of 150 Keys on the said land, further detailed hereunder and includes all its immovable and movable assets and items therein and the terms and conditions of this Agreement shall cover any future extensions or expansions of the Hotel constructed installed or kept in or appurtenant to the Hotel as per plans as well as also all additions, extensions, modifications thereto and includes all easements, entry and exit rights befitting the Hotel premises including all land and improvements used in connection with the Hotel. For the purposes of this Agreement, the (term) 'Hotel', shall be distinct from the Owner or the Owning Company.

"Indemnified Party" has the meaning set forth in Section 12.2 (D) (2).

For SUBHAMASTHU INFRA PROJECTS
B. Chetty
Partner



"Indemnifying Party" has the meaning set forth in Section 12.2 (D) (2).

"Indian GAAP" – the conventions, rules, procedures and practices, consistently applied, affecting all aspects of recording and reporting financial transactions which are generally accepted by major independent international accounting firms in India at the time in question. Any financial or accounting terms not otherwise defined herein shall be construed and applied according to Indian GAAP.

"Internal Auditor" means any chartered accountant firm mutually appointed by the Owner and the Operator for the purpose of internal audit of Hotel. The selection of Internal Auditor shall be from the list of the empanelled firms with the Operator/brand owner. The Internal auditor shall submit its report within such a time period as decided by the Operator.

"Intellectual Property Rights" means any rights available under patent, copyright, trademark, service mark, trade name, product configuration, industrial design, or trade secret law or any other applicable law with respect to designs, formulas, algorithms, procedures, methods, techniques, ideas, know-how, programs, subroutines, tools, inventions, creations, improvements, works of authorship, other similar materials and all recordings, graphs, designs, drawings, reports, analyses, other writings and any other embodiment of the foregoing, in any form which may subsist in any part of the world, for the full term of such rights, including any extension to the terms of such rights.

"Laws" shall mean and include all laws of India and of any other applicable jurisdiction including all statutes, enactments, acts of legislature or the parliament, laws, ordinances, rules, by-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any Governmental Authority or Person acting under the authority of any Governmental Authority and/ or of any statutory authority, whether in effect on the date of this Agreement or thereafter.

"License Agreement" means the agreement executed on the 4th November, 2023 between Lemon Tree Hotels Limited (Brand Owner) of the One Part and Carnation Hotels Private Limited (Operator) of the Second Part and Subhamasthu Infra Projects of the Third Part (Owner).

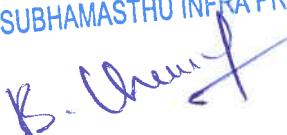
"Operating & Marketing Fee" means the Base Fee, Incentive Fee and Sales and Marketing Fee collectively, as detailed under Article VII and Article V (Section 5.6) respectively.

"Net Room Revenue" means net revenues attributable to or payable for rentals of rooms, including all credit transactions but excluding separate charges to guests for food and beverage, telephone, and sales, occupancy and usage taxes.

"Non-defaulting Party" has the meaning set forth in Section 15.2.

"Operating Accounts" means the Hotel Operating Bank Accounts as designated in terms of Section 10.1 of this Agreement to be used for the operational requirements of the Hotel.

"Operating Expenses" means all costs, expenses, and disbursements incurred or paid or payable in connection with or relating to the operation, marketing and maintenance of the Hotel (excluding expenditure of a capital nature), including, without limiting by reason of specific reference, the generality of the foregoing, the following:

For SUBHAMASTHU INFRA PROJECTS

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- (a) the total payroll and related expenses for all personnel employed in the operation of the Hotel including the personnel of the Operator permanently or temporarily assigned on whole time basis to the Hotel including all costs and expenses for recruiting & training of personnel, including overseas training in accordance with the annual Operation Plan;
- (b) the cost of all Operating Supplies sold or consumed in the operation of the Hotel;
- (c) the expenses for heat, water, fuel, power, gas and other related services used in the operation of the Hotel;
- (d) the cost of repairs and maintenance necessary to keep the Hotel in good operating condition in accordance with Section 9.1;
- (e) the Premiums for operational insurance maintained pursuant to Article XI of this Agreement;
- (f) all costs and expenses of any advertising, sales promotion, public relations, and other such expenses incurred specifically in respect of the Hotel;
- (g) the Sales and Marketing Fee and re-imbursements of the pro-rated costs of group advertising, call center, sales promotion, public relations sales and reservation networks and facilities (such as web-sites, reservations network, loyalty programs, etc.) created and administered by the Operator in furtherance of the interests of the Hotel, as specified under Section 5.6;
- (h) the fees payable under the Lemon Tree Smiles (the loyalty Program) under the License Agreement;
- (i) the commission actually paid or payable to travel agents and credit card companies;
- (j) all administrative and general expenses relating to the operation of the Hotel, including fees payable to consultants or specialized personnel retained for the operation of the Hotel;
- (k) all legal expenses and fees of the statutory and internal Auditors for services directly relating to the operation of the Hotel;
- (l) all disbursements or reimbursements for out-of-pocket expenses, including traveling expenses by the employees and executives of the Operator which are directly related to the marketing and operation of the Hotel and have been approved by the Owner in the Operation Plan;
- (m) the reimbursable expenses payable under Section 7.2 of this Agreement;
- (n) all costs and expenses for maintenance of information technology tools and systems attributable to the marketing and operation of the Hotel, as specified under Section 5.6;
- (o) extraordinary expenses for that Financial Year.
- (p) bad debt at actuals;
- (q) all expenses for maintenance of Third Party Operated Areas;

For SUBHAMASTHU INFRA PROJECTS

 Partner



- (r) the cost of maintaining and renewing all operational related licenses and permits,
- (s) Operating insurances – like Public liability is payable by the hotel and to be expensed in the hotel P&L.

but shall not include the following:

- (a) any expenditure of a capital nature.
- (b) repayment of installments of loan and payment of interest on borrowings including short term and long-term loans;
- (c) depreciation, amortization and other capital allowances and charges including lease and hire purchase payments but excluding lease rental for operational activities such as equipment rental, rental for staff accommodations, car hire etc.;
- (d) the Base Fee and the Incentive Fee payable to the Operator as defined in Section 7.1 (A) and (B) respectively.
- (e) any costs, expenses and disbursements not related to the operation of the Hotel;
- (f) any extraordinary item including loss from exchange fluctuations but any loss arising from exchange fluctuations on account of operating income/expenses shall be included in Operating Expenses; pre-opening expenses which will be budgeted.
- (g) Pre-opening expenses
- (h) property insurance premiums which are not operational in nature
- (i) cost of obtaining occupancy permits and any other non-operating licenses and permits;
- (j) the amount of any transfer to the FF&E Reserve;
- (k) property tax, wealth tax.

For avoidance of doubt, it is expressly understood and agreed by the Parties herein that all costs and expenses specifically excluded from the Operating Expenses as defined above and specifically excluded elsewhere in this Agreement shall be borne and met by the Owner exclusively.

“Operation Plan or Operating Plan” means the plan for each Financial Year formulated by the Operator subject to the Owner’s approval in accordance with Section 8.3.

“Operating Supplies” means all operating supplies and inventory used or stored for use in the operation of the Hotel, including food and beverages, chinaware, glassware, silverware, cleaning supplies, linen, guest room supplies, retail merchandise and other similar consumable and expendable items, the costs of which are not capitalized.

“Operating Term” means the Term of this Agreement and all eventual Renewal Terms as referred to in Section 4.1 & 4.3 of this Agreement.

For SUBHAMASTHU INFRA PROJECTS

B. Choudhary

Partner



"FF&E Reserve Account" means the account so designated to be used for the removal and replacement of the Furniture, Furnishings and Equipment of the Hotel.

"Renewal Term" has the meaning set forth in Section 4.3.

"Safety Standards" has the meaning set forth in Section 3.2.

"Takeover Date" means the date set out under Section 4.1.

"Technical Services Fee" shall mean fee in consideration for the Operator's assistance made available to the Owner and to the Owner's consultants in the form of expertise and experience in the design and planning of the Hotel for conceptual design, recommendation and architectural guidelines, schematic layouts, interior design, specifications of furniture and fabrics, advise on fire-fighting, lighting, kitchen and laundry equipment, operating equipment, specifications on uniforms, graphic design for art work, menus, signages and logos, inputs on security, communication, technology and construction of Hotel's website. **The Technical Services Fee shall be of Rs. 38 Lakhs which shall be paid by the Owner to the Operator in the following manner:**

- a. On the date of signing the term sheet ie 8th March 2022, as agreed Fee ie Rs 4,00,000/- (Rupees Four Lakhs Only) (This amount has already been paid by the owner and the operator acknowledges the receipt of the same).
- b. On the date of signing the HOA agreement as agreed a fee ie Rs 10,00,000/- (Rupees Ten Lakhs Only).
- c. On Completion of 120 days of signing the HOA as agreed a fee ie Rs 6,00,000/- (Rupees Six Lakhs Only).
- d. On completion of 240 days of signing the HOA as agreed a Fee ie Rs 5,00,000/- (Rupees Five Lakhs Only).
- e. On completion of 360 days of signing of the HOA as agreed a fee ie Rs Rs 5,00,000/- (Rupees Five Lakhs Only).
- f. On Completion of 420 days of signing of the HOA as agreed fee ie Rs 4,00,000/- (Rupees Four Lakhs Only).
- g. On the day of opening of the hotel the balance as agreed a fee ie. Rs 4,00,000/- (Rupees Four Lakhs Only).

All travel and incidental expenses of the technical team(s) shall be billed separately at actuals to the Owner.

"Term" has the meaning set forth in Section 4.3.

"Termination Fee" in case of Pre-Mature Termination has the meaning as set forth in Section 14.1.

"Third-Party Operated Areas" has the meaning set forth in Section 8.8.

"Third-Party Operators" has the meaning set forth in Section 8.8.

"Working Capital" shall mean such sum as is reasonably required to ensure the uninterrupted and efficient operation of the Hotel.

1.2. Interpretation:-

In this Agreement:

For SUBHAMASTHU INFRA PROJECTS
B. Choudhary
Partner



- A. Headings to the Clauses and Sections of this Agreement are for convenience of reference only and shall not affect the construction or interpretation of the provisions of this Agreement.
- B. Words in the singular also mean and include the plural and vice-versa and words in one gender also mean and include the other gender.
- C. The appendices hereto form part of this Agreement and are expressly incorporated herein.
- D. The Owner shall on request by the Operator do, execute and perform all such deeds, acts, matters and things as the Operator may require in order to obtain any necessary approval's from the relevant authorities.

ARTICLE II

GENERAL COVENANTS

2.1. Name of the Hotel

- A. During the Operating Term, the Owner and the Operator mutually agree that the name of the Hotel shall be **Keys Select by Lemon Tree Hotels.**

For avoidance of doubt, the Hotel (Owner), in this regard herein undertakes as follows:

- a. That the (Hotel) Owner shall neither use the brand name '**Keys Select by Lemon Tree Hotels**' or any other Intellectual Property Rights of the Operator and/or the Brand Owner, nor have any right or claim any kind of right on any of the aforementioned brand name / trade name, or any other Intellectual Property Rights of the Operator and / or the Brand Owner, at all times during the subsistence of this Agreement and also, anytime after the termination of this Agreement;
- b. That immediately the post expiry of the notice period of the termination of the Hotel Operating Agreement and / or the License Agreement, the (Hotel) Owner shall desist from using the brand name Keys Select By Lemon Tree Hotels or any other Intellectual Property Rights of the Operator and / or the Brand Owner, in making any representation for any purpose, of whatsoever nature and / or use by any means, of whatsoever nature, whether with regard to this present venture, any other hotel venture or any other business venture, of whatsoever nature, in any state, region, country, etc.;

The provisions of this Section 2.1 shall survive termination of this Agreement and / or the License Agreement.

2.2. Location of the Hotel (Site)

The Hotel currently comprising of 150 Room Keys is constructed and located at located Plot Nos 11,12,13,19,20 & 21 at Sy No. 150/part of Gundlapally Village, Yadagirigutta Mandal, Yadadri Bhongir District, Yadagirigutta, Telangana further detailed herein above under Article I – under the definition / head "Hotel";

For SUBHAMASTHU INFRA PROJECTS

 Partner



ARTICLE III

DESCRIPTON OF HOTEL AND ADHERENCE TO FIRE AND LIFE SAFETY STANDARDS

3.1. Hotel Description

- A. The Owner covenants that it shall use all reasonable diligence during the branding of the Hotel (on the Site and shall follow Brand Standards including but not limited to:
1. approximately 150 Guest rooms, each with attached bathrooms;
 2. restaurant, bar, meeting room and other public rooms;
 3. recreation facilities and other areas;
 4. storage and service areas;
 5. public areas;
 6. other facilities and appurtenances as the Operator considers necessary or desirable for the operation of the Hotel in accordance with the Brand Standards applicable to all hotels managed by the Operator under the Brand and other hotels in India of similar class and standing, together with all FF&E requisite for the use of the building for hotel purposes (including without limiting) heating, lighting, sanitary, air-conditioning, , refrigeration, kitchen, elevators and all other equipment including specialized hotel equipment (such as equipment required for the operation of kitchens, laundries, the front desk, dry cleaning facilities, bars & cocktail);
 7. all FF&E required for the operation of the Hotel; and
 8. provisions for the inventory of Operating Supplies as may be necessary for the efficient operation of the Hotel.

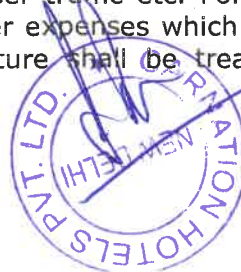
3.2. Life and Safety Standards

- A. The Owner shall use its best efforts to take the necessary steps for the maintenance of such standards of life and safety for the Hotel that are in accordance with the standards prevalent in the Indian hotel market, during the operating Term of this Agreement, with the assistance of the Operator if required.
- B. During the operating Term of this Agreement, the Operator may, from time to time, review the overall safety standards of the Hotel and prescribe such modifications or alterations as may, in the opinion of the Operator, be necessary in the design, architecture, processes or other aspects in the infrastructure relating to the Hotel in order to conform to and maintain the safety standards and to comply with the customer recommendations / suggestions. With the consent from the Owner, the Operator shall procure the implementation of the changes prescribed by the Operator within a reasonable period of time to be agreed upon by the Parties, bearing in mind, the extent of danger to life and the environment, the costs involved, market conditions, user traffic etc. For the purposes of this Agreement, any repairs, changes, or other expenses which are for routine repair and maintenance and not capital in nature shall be treated as an Operating

For SUBHAMASTHU INFRA PROJECTS

K. Chandra

Partner



Expense and any expense which is capital in nature shall be funded by the Owner.

- C. The Owner acknowledges that maintenance of life and environmental safety standards are material for availing of the Operator's services. The Parties herein acknowledge and agree that without prejudice to the other rights available to the Operator whether by means of this Agreement or any provision of Law, the Operator shall have a right to: terminate this Agreement on the Owner's failure to rectify any non-compliance with the safety standards within the time jointly determined by both Parties or (b) In the event the non-compliance to rectify and comply with safety standards is a result of the Operator's non-compliance or Operator's failure to inform the Owner in a timely manner of such non-compliance then the Owner shall have the right to terminate this Agreement as per Article 15 below.
- D. The Owner assumes full responsibility in respect of all safety aspects of the Hotel and its operations. The submission of the certificates to the Operator, under this clause does not absolve the Owner of its responsibilities nor confers the Operator with any liability in this respect. Non submission of safety certificates by the Owner to the Operator would be a default on part of the Owner and the Operator would be entitled to take necessary action under the Agreement for non - compliance. Non insistence for providing of safety certificates by the Operator would not tantamount to a waiver of Owner's obligations in this regard, nor confers the Operator with any liability.
- E. While the Operator shall in providing technical consultancy services, make its observations to the Owner on the aspects of design of the Hotel, the Operator's views shall not be related to structural aspects of the Hotel and shall be limited to that of a hospitality operations consultant and shall not absolve the Owner of its responsibilities to have the technical / structural / safety aspects of the Hotel inspected in detail by a qualified Chartered Engineer / Structural Architect and procure and maintain a 'safe for usage' certification including certificates from any statutory authorities as may be prudent and applicable.
- F. The above responsibilities and obligations are not exhaustive and have been grouped together and listed above only for the sake of convenience. Other responsibilities and obligations elsewhere stated in this Agreement will have equal effect and be binding on the Owner

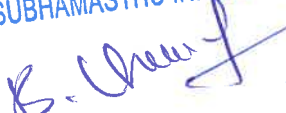
ARTICLE IV

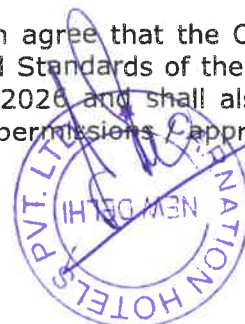
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4.1. Pre-opening Plan & Takeover Date

It is understood and acknowledged by the Owner that pre-opening activities are a significant event in order for the Hotel to achieve requisite performance levels. Accordingly, the Owner shall make available necessary funds for pre-opening expenses as specified by Operator. The Takeover Date shall be the date on which the Operator takes over the charge of the Hotel for operational purposes which has been agreed to be Q1 FY2026, and shall be branded as a Brand hotel tentatively by 18months from the date of signing of this Agreement

For avoidance of doubt, the Parties herein agree that the Owner shall have the Hotel operationally ready as per the Brand Standards of the Operator and to the full satisfaction of the Operator by Q1 FY2026 and shall also have in place the requisite statutory registrations, licenses, permissions / approvals, no-objections,

For SUBHAMASTHU INFRA PROJECTS

Partner



undertakings, etc. as per the prevailing applicable laws within the period specified above. It is agreed that the Owner shall at its own cost apply for and obtain all necessary permissions, sanctions, licenses, permits etc. from the appropriate authorities, Government, municipal or otherwise as the case may be in connection with the operations of the Hotel and the Operator shall at no time and in no way be responsible for any consequences arising out of delay or failure on the Owner's part to obtain, maintain and comply with such permissions, sanctions, licenses, permits etc.

However, in case the Owner is not able to have the Hotel operationally ready as per the Brand Standards of the Operator and to the full satisfaction of the Operator and / or is not able to have in place any of the requisite statutory registrations, licenses, permissions / approvals, no-objections, undertakings, etc. mandatory to have in place, for the purposes of launch of the Hotel, within the aforementioned period, the Owner shall request for and seek an approval for extension of further time, from the Operator in writing. The Operator, if satisfied with the genuineness of the reasons for the delay, may grant the Owner, an extension of further time period, but being not more than a period of twelve (12) months from the expiration of aforementioned.

4.2. Appointment:

The Owner hereby appoints and engages the Operator to supervise, conduct sales & market and operate the Hotel in accordance with the provisions of this Agreement.

Subject to the terms and conditions –contained in this Agreement, the Owner hereby agrees to engage Operator to render services pertaining to technical consultancy, operational, marketing services for the operations of the Hotel, and Operator agrees to render such services as may be required, subject to the Owner carrying out his part of obligations under the Agreement.

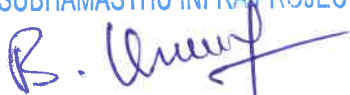
It is hereby clarified that the efficiencies of Operator's services and Operator's obligations under this Agreement will depend upon the Owner carrying out its part of the obligations and any failure on Owner's part to carry out its part of obligations, would absolve Operator of any failure or deficiency on the part of Operator in rendering services under the Agreement.

4.3. Operating Term:

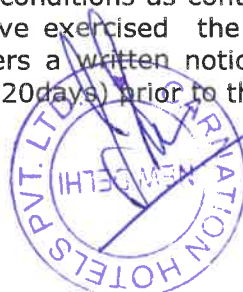
During the Operating Term, the Operator shall:

- A. exercise all its rights, powers, discretions and duties hereunder in good faith;
- B. subject to the Owner providing sufficient funds in accordance with the terms hereunder, maintain the Brand Standards for the Hotel;
- C. The Operating Term shall be for a term of 15 years from the Takeover Date, which shall continue in force for a period of Fifteen (15) years ("**Term**") unless this Agreement is terminated earlier, as provided for hereinafter in this Agreement;
- D. The Owner shall have an option to renew this Agreement for further period upon mutually agreeable terms and conditions as contained by the parties herein and shall have deemed to have exercised the option to renew the Agreement unless either party delivers a written notice to the contrary at least one hundred and twenty days (120days) prior to the expiry of term.

For SUBHAMASTHU INFRA PROJECTS



Partner



- E. It is clearly understood by the Parties herein that the present Agreement shall automatically stand terminated in the event of cancellation of the License Agreement between the Owner, Operator and Brand Owner. For avoidance of doubt, the Parties herein agree that this Agreement shall be valid only as long as the License Agreement is in effect and the Operator has the right to manage the Hotel under the Brand.

ARTICLE V

MARKETING AND OPERATION OF THE HOTEL

5.1. Operations & Marketing

- A. The Operator covenants to operate, market and use the Hotel for the operation of a up-scale hotel standards and for any activities in connection therewith which are customary and usual to such an operation and shall conduct such operations, at all times on and behalf of the Owner, profitably and in accordance with the character and tradition of the Operator and in compliance with all prevailing statutory requirements and the provisions of this Agreement. The Operator undertakes to render, direct, operate and provide in the Hotel all services normally provided in hotels of comparable class and standing and in conformity with the Brand Standard and do or cause to be done all things reasonably necessary for the efficient operation of the Hotel in accordance with applicable laws.
- B. The Operator shall render, direct, operate, provide, supervise, and control the operations of the Hotel and for that purpose, the Owner hereby authorizes the Operator to to exercise absolute control and discretion in the operation & marketing of the Hotel subject to the provisions of this Agreement. The Operator shall, throughout the Operating Term of this Agreement, promote the interest and business of the Hotel and will not divulge or make known any of the secrets or affairs thereof.

5.2. Operation of the Hotel

- A. Without prejudice to the general powers of marketing & operations conferred upon the Operator by Clause 5.1 of this Section and so as not in any way, to limit or restrict those powers subject to the provisions of this Agreement, it is hereby expressly declared that the Operator shall have the following powers:
1. subject to Clause 5.3, the selection, recruitment, training and assignment of duties of all personnel;
 2. fixation of emoluments of all staff including fringe benefits and welfare schemes; which will be presented as a composite in the annual operation plan (AOP);
 3. subject to Clause 5.3, formulation and administration of personnel policies including transfer or termination of employment. The Parties herein expressly agree that the Operator shall have disciplinary powers on all personnel in order to maintain the operational standards at the Hotel;
 4. institution and supervision of operating policies, principles, systems and procedures for all departments including purchasing as specified in more detail herein, accounting, credit management, sales promotion, public relations, front

office, housekeeping, security, kitchens, restaurants, hotel engineering and maintenance, personnel, etc.;

5. institution of reporting and control systems and procedures for all departments;
6. establishment of all prices, price schedules, rates and rate schedules and collection of all revenues generated from the operation of the Hotel;
7. administration of all bank accounts of the Hotel specified in more detail herein in this Agreement;
8. entering into agreements on behalf of the Owner, for hotel operational requirements with any Government Authority or otherwise and obtaining from any such Government or authority including but not limited to all the necessary rights, approvals, registrations, no-objection certificates, concessions, licenses, leases and privileges in respect of the Hotel;
9. All agreements with the Government (barring routine hotel operating processes) will be done by the Owner. Negotiation and execution in the normal course of hotel business of licenses and concessions in the Hotel including maintaining and renewing of all operational licenses and permits shall be done by Operator with the Owner's approval;
10. subject to Section 8.8, supervision and control of the activities of licensees, concessionaires and holders of privileges and their employees, including the dispossessing of licensees for the non-payment of compensation or other proper cause or the termination of the rights of concessionaires and holders of privileges for similar proper cause;
11. negotiation and execution of requisite contracts with the vendors on behalf of the Owner for utility services, telephone, vermin extermination, security, garbage disposal and other services necessary or desirable for the operation of the Hotel;
12. to prepare the Annual Operation Plan;
13. installation of suitable books of control and account to be kept in accordance with the Indian GAAP and the requirements of the Law and the provisions of this Agreement the granting and limiting of credit to patrons of the Hotel;
14. the negotiating and executing of contracts (revenue and cost) necessary or desirable in connection with the operation of the Hotel. the purchasing of such inventories, provisions, software, hardware, supplies and equipment as the Operator may deem reasonably necessary in order to maintain and operate the Hotel properly. Notwithstanding the above, the Owner shall have the option to make such purchases itself through its own suppliers provided the quality specifications of the Operator are satisfied at economical prices;
15. carrying out of such routine repairs and maintenance to the Hotel as the Operator may deem reasonably necessary. All associated costs shall be an Operating Expense of the Hotel.
16. the planning, preparation of and contracting for advertising and promotional programs subject to the Annual Operation Plan.;
17. advising and assisting (if required) the Owner in matters of public relations related to the Hotel.;

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B. Chetty

Partner



18. taking action at Law or in the name of the Owner which the Operator shall deem under such circumstances as necessary and proper in connection with the operation of the Hotel and instituting, conducting, defending, compromising, referring to arbitration and abandoning any legal or other proceedings, claims and disputes in which the Hotel is a party. The Operator shall consult with the Owner of any proceedings or claims made in respect of the Hotel as a party including such proceedings and claims for which the Owner is liable to indemnify the Operator hereunder. Further, the Operator shall from time-to-time intimate the Owner of any proceedings or claims made in respect of the Hotel for which the Owner is liable to indemnify the Operator in relation to the Hotel hereunder. Thereafter, the Owner may, at its sole discretion, control the defense or other actions to be taken and proceedings in respect thereof and the Operator shall co-operate with the Owner to the fullest extent. The Operator shall take Owner's permission before initiating or defending all major legal proceedings arising during the operation of the Hotel during the subsistence of this Agreement, however, all decisions related to routine operations of the Hotel shall be taken by the Operator at its own. However, it is expressly agreed that all legal notices received by the Hotel/ the Operator, shall be intimated immediately to the Owners by the Operator, along with a copy of the notice for their information;

Subject to the abovesaid, the Operator may supervise, direct and control in the name and on behalf of Owner, the defense, conduct and settlement (including the appointment of outside lawyers and advisors) of all legal actions and proceedings initiated or proceeded against the Hotel in case Hotel has become a party in any such proceedings.

19. To conduct all bank account transactions related to the operations of the hotel for both bills payable and receivables as per banking operations as detailed under 10.1 of this Agreement.
20. Operating of current or fixed deposit or overdraft accounts with any banks or bankers opened by the Owner in the name of the Hotel in accordance with Section 10.1 of this Agreement and drawing monies from any such accounts provided however that the Operator shall not borrow money by way of loans, overdraft or other credit facilities on behalf of the Owner or on behalf of the Hotel and/or pledge or offer as security any asset/s of the Hotel and/or of the Owner for any borrowing without the prior approval in writing from the Owner;
21. receiving and giving effectual receipts and discharge for monies, funds, goods or properties lent to or payable or belonging to the Hotel, including the Gross Revenue which shall be paid into the Operating Accounts;
22. the power to delegate authorities vested in the Operator to persons required to carry out specific works, requiring such a power, from time to time, restricted to the operations of the Hotel and the ultimate responsibility of such works lies with the Operator;
23. providing for the appointment of any attorney or attorneys or other person or persons for and on behalf of the Owner with the Owner's approval, as the Operator deems necessary for the efficient management of the business and affairs of the Hotel;
24. executing, becoming parties to, and where necessary to cause to be registered all agreements, contracts, deeds, assurances, receipts and any other documents for all hotel operation contracts

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B. Chetty

Partner



25. generally to perform all acts reasonably necessary in connection with the operation of the Hotel in an efficient and proper manner.

B. The Owner shall, if and when required by the Operator, execute a power of attorney/board resolution (as applicable) in favor of the Operator in accordance with this Section. However, it is expressly clarified that the Operator shall have all the right, power and authority to carry on all correspondence, execute all agreements, documents and writings on behalf of the Owner as are necessary limited to the scope of this Agreement.

During the Financial year, the Owner and Operator may have meetings as and when necessary, on the request of either party, to discuss the Hotel operations. The purpose of the meeting shall be to discuss the performance of the Hotel and other related issues including variations from the Annual Operation Plan for the preceding months and future plans for the Hotel. The Owner shall have the right to meet with the General Manager on a more frequent basis. Accounts for the hotel will be provided by the fifteenth (15th) of the following month.

5.3 Staffing of the Hotel:

A. The Operator shall select, recruit, train and supervise the personnel required for the operation of the Hotel on the behalf of the Owner through such training programs within and outside of the Hotel, including hotel schools, if any, and other training methods as it shall deem advisable. The Operator agrees that it will perform all services necessary for starting operations including advertising and promotion such that on the Takeover Date, the Hotel will be adequately staffed and capable of functioning as an efficient operating unit in accordance with the Brand Standards. The Owner shall have the right within fourteen (14) Business Days of nomination by the Operator to approve the candidate for the position of the General Manager.

B. In the event of any liability to the Operator and / or Owner in connection with the operation of the Hotel, arising from claims of employees, contract workers or customers not covered by any insurance, the amount of liability thereof shall constitute an Operating Expense.

C. The terms of employment of all employees shall be as per prevailing industry norms and Operator's policies. The Operator shall adhere to applicable Laws including without limitation, employment and labor laws while operating the property and the Hotel. The Operator shall consult with the Owner before entering into any collective bargaining agreement with the Hotel employees, the Owner shall also have the right to participate in such meetings.

D. It has been agreed that all Human Resource (HR) policies of Brand Owner/Operator's employees relevant to their stay in Lemon Tree hotels shall be extended to this Hotel also.

5.4 Reservations and Communication Services

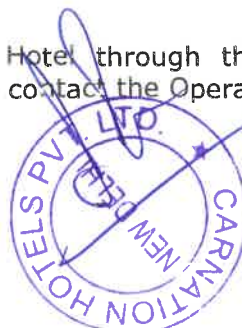
A. The Operator shall include the Hotel within Brand Owner's reservation systems and communications network and provide to the Hotel the following services through such systems:

1. acceptance of reservations for the Hotel through the Brand Owner's reservation system for customers who contact the Operator, either directly

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B. Choudhary

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or through any other reservation office/ system to which the Operator is linked;

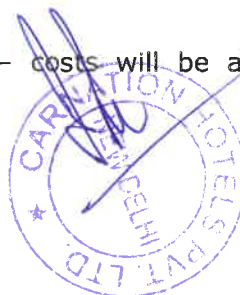
2. acceptance of reservation for the Hotel through other hotels operated by the Operator;
 3. acceptance of reservations through the reservation systems of other entities within the travel industry, including without limitation, general sales agencies, with whom the Operator may have arrangements from time to time whereby the reservation systems of such entities are available to the hotels managed by the Operator;
 4. use by the Hotel, of the Operator's communications network, which shall include, without limitation, any form of communication network linking various offices, agents or processing centers of the Operator; and
 5. such other reservation and communication system as may be available from time to time to the hotels managed by the Operator.
- B. For the purpose of linking the Hotel to the Brand Owner's reservation and communication networks, the Operator may install or cause to be installed such communication equipment at the Hotel as may be necessary provided such communication equipment has been installed or is in the process of being installed in all hotels operated / managed by the Brand Owner/Operator. The Operator may either itself provide such equipment or enter into necessary license, lease or supply contracts to procure such equipment. This will be done in the most economic fashion, with the Owners approval and the Owner shall have the right to purchase such hardware and software directly if they wish. The Owner expressly authorizes the Operator to execute such contracts as may be necessary for providing such linkages and acknowledges that such equipment shall not form part of the Owner's property and the Owner shall not claim any interest therein, provided if such expenditure constitutes a Capital Expenditure or lease rentals, in respect of such equipment, the same shall be payable by the Owner. Further cost related to maintaining such equipment shall constitute an Operating Expense.

5.5 Corporate Marketing and Sales Services

- A. The Operator shall provide to the Hotel the following marketing and sales services as set out in the Operation Plan:
1. inclusion of the Hotel in local, regional and global promotional programs, from the standpoint of marketing strategy, of both short term and long term nature. Such programs may be directed at the business, leisure, tourism, conference markets, and the participation of the Hotel shall be, to the extent deemed by the Operator, in the interests of marketing the Hotel;
 2. representation and promotion of the Hotel through the Operator's national sales offices;
 3. linkage with the sales networks of any other professional and reputable chain of hotels.
 4. The required graphic and creative designs artworks – chargeable only for all new items specific to the hotel
 5. Any website link and maintenance – costs will be allocated – based on service provider charges.

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6. For materialized reservations made from the Lemon Tree Hotels website, the Brand Owner will charge a 12% fee on the net room revenue.

5.6 Sales and Marketing Fee for Corporate Marketing, Sales Services, Reservation, Communication and Information Technology Services

- A. The Operator will integrate the Hotel into the Group corporate marketing, sales services, reservation, communication and information technology network of the Brand Owner (Lemon Tree Hotels Limited). For providing such facilities, an amount equivalent to 1.75% Percent of Gross Revenue shall be charged and accounted as follows: (a) marketing fee of 1.50% (One and a half percent) of Gross Revenue and (b) a Royalty Fee of 0.25% (a Quarter Percent) of Gross Revenue. This fee shall be paid by the Owner directly to Brand Owner as per License Agreement.
- B. Additionally the Brand Owner shall provide the (Hotel) Owner with additional sales and marketing facilities, e.g. Loyalty Program (Lemon Tree Smiles), reservation systems, which are integrated with all Lemon Tree Hotel brands, owned and operated The (Hotel) Owner agrees to participate in such programs on the same terms as other Brand Owner/Operator managed hotels / resorts. The Loyalty Program fee is 3.5% (Three and Half Percent) of Net Room Revenue of the Loyalty Program members stay as defined in this Agreement. However, redemption will be based on revenue per available room (RevPar). The hotel will plan for black-out dates during busy periods and notify the same. During the black-out period, the hotel may choose not to accept redemption of Loyalty Program points by Members.
- C. The said payment as specified under this Section shall be paid by the (Hotel) Owner to the Brand Owner on or before the fifteenth (15th) day of each month in arrears based on the Gross Revenue of the Hotel for the immediately preceding month. By 1st, June of each subsequent Financial Year, the Operator shall deliver to the (Hotel) Owner a reconciliation statement showing the calculation and payment, as specified under this Section for such Financial Year, and appropriate adjustments for any overpayment or underpayment of the said payment as specified under this Section actually paid. The Party owing money shall pay such amount to the other Party within thirty (30) Business Days after delivery of such reconciliation statement to the (Hotel) Owner.
- D. In addition, the (Hotel) Owner shall pay the reservation fee directly to the global distribution system / booking agency as the case may be in accordance with the approved annual Operation Plan. Any sales and marketing activity undertaken exclusively for the Hotel shall be paid by the (Hotel) Owner, however, there shall not be any additional allocation of corporate sales and marketing expenses incurred by the Operator/Brand Owner besides the fee specified under this Clause.

Any taxes, surcharges or any government levy of any type including but not limited to Goods & Service Tax, applicable currently or in future on the above fees will be payable by the (Hotel) Owner. The law of the land is to be followed in all cases. Income Taxes on Brand Owner's income are the responsibility of the Brand Owner.

5.7 Additional Services

- A. Upon a written request from the Owner for any additional services during the Operating Term, the Operator may make available to the Owner such additional

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services, including without limitation, sales and marketing, training and review, insurance, internal and quality assurance auditing, telecommunications, accounting, financial planning, architectural and design, legal and such other services, either through the personnel of the Operator, or professional third parties, with whom the Operator may contract for the provision of the requested services. The costs for providing such additional services are to be mutually agreed between the Owner and the Operator and shall be modified from time-to-time and shall be charged as an Operating Expense of the Hotel.

- B. If, in addition, the Owner and Operator deems it necessary or desirable, the Parties hereto agree that the Operator may use its offices to arrange a sales and reservation agreement with any other reputable international / national hotel chain or any other international bodies. Fees and other charges pursuant to such agreement shall be charged to Operating Expenses of the Hotel subject to the Owner's approval in case such charges are not separately identified and included in annual Operation Plan.

It is hereby clarified that the efficiencies of Operator's services and Operator's obligations as mention above in Article 5 under this Agreement will depend upon the Owner's carrying out its part of the obligations and any failure on Owner's part to carry out its part of obligations, would absolve Operator of any failure or deficiency on the part of Operator in rendering services under the Agreement.

ARTICLE VI

OWNER'S OBLIGATIONS

6.1. Duties of the Owner

- A. The Owner covenants and agrees that, it has and that throughout the Operating Term, will maintain full ownership of the Site, Hotel, buildings, FF&E, free from and clear of any liens, encumbrances, covenants, charges, burdens and claims except for charges in connection with borrowing or credit facilities from banks or other financial institutions exclusively for the hotel purposes.
- B. The Owner further covenants and agrees that notwithstanding anything to the contrary contained in this Agreement, the Owner shall not, without the prior consent of the Operator, execute any contract or other instrument that is likely to have material and negative effect of diminishing, reducing or curtailing any of the rights accruing to the Operator by reason of the provisions of this Agreement or which materially and negatively affect the operation of the Hotel.
- C. The Owner covenants and agrees that subject to the Operator complying with the terms and conditions of this Agreement, the Operator shall remain in and enjoy peaceful and exclusive possession of the Hotel premises, free from obstruction, eviction or disturbance by the Owner throughout the Operating Term.
- D. The Owner further hereby agrees to save and keep the Operator harmless from any disturbance, obstruction or eviction or any acts of omission or commission, which in any manner would interfere with the exclusive possession and/or control and/or operation of the Hotel premises limited only for the purpose of controlling operations of the Hotel by the Operator. It is clarified that the Owner will continue to maintain full ownership of the Site, Hotel, buildings and FF&E.

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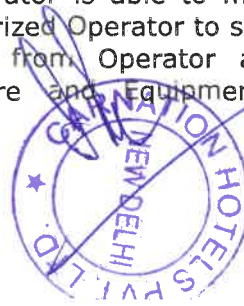
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- E. The Owner further covenants and agrees to pay and discharge all rental payments, all property taxes, municipal taxes, concessions, charges, and cesses payable by the Owner in respect of the Site and /or the building as an Owner's cost.
- F. The Owner shall throughout the Operating Term co-operate with the Operator in such a manner and to such an extent as is reasonably necessary to enable the Owner to exercise its rights and to perform its obligations under this Agreement.
- G. Throughout the stages of construction at project stage and thereafter prior to the opening of the hotel and during the operating terms , the Owner shall at its own cost apply for and obtain all necessary permissions, sanctions, licenses, permits etc. from the appropriate authorities, Government, municipal or otherwise as the case may be in connection with the operations of the Hotel and Operator at no time and in no way be responsible for any consequences arising out of delay or failure on the Owner's part to obtain, maintain, renewal and comply with such permissions, sanctions, licenses, permits etc.
- H. The Owner shall throughout the Operating Term provide sufficient Working Capital to enable Operator to carry out its services hereunder. The owner will have control over the receivables account. The owner will provide for 2 months budgeted expenses of the hotel at any given point of time. Any sudden working capital requirements will be met by the Owner. Further apart from the initial working capital provided by the Owner and to the extent funds necessary for the Hotel are not generated by its Operations, the funds shall be made available by the Owner for the Hotel as advised by the Operator, keeping in view the cost of operations necessary to maintain Brand Standards.
- I. In the event that the Owner would, through banks or financiers, finance the construction of the Hotel, or refinance the Hotel, or use the Hotel as collateral in connection with a borrowing for non-Hotel purposes, Owner shall secure a non-disturbance and attornment agreement acceptable to Operator from such lender. If, despite its best, Owner is unable to secure a non-disturbance agreement in the form acceptable to the Operator, the Operator shall agree to waive the requirement as to the financing of the construction of the Hotel or its refinancing, provided that the financing is not over 80% (Eighty Percent) of the Hotel's fair market value (based on the lender's appraisal).
- J. The Owner represents and covenants that the Hotel shall conform to the Safety Standards prior to the Takeover Date of the Hotel and assist the Operator during the Term of this Agreement.
- K. In order to maintain uniform standards in all Brand hotels, Operator has designed Operating Supplies and amenities including guest supplies to maintain quality and uniformity and has developed approved suppliers with them. The Owner has agreed to source all Operating Supplies and amenities including guest supplies through the approved suppliers. The Owner has also agreed to source property management system software only through the approved supplier advised by Operator. In case Operator or its group companies arrange a property management system software then the Owner has agreed to use the same software and incur Hotel related costs for the same. The Owner has also agreed to cooperate with establishment of guest / customer data exchange protocols and other related activities to ensure that Operator is able to meet its obligations under this Agreement. The Owner has authorized Operator to source proprietary / centrally arranged / negotiated supplies from Operator and or its group companies. The selection of all Furniture and Equipment and Operating

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Equipment, Operating Supplies to be ordered installed in or supplied to the Hotel from time to time shall be as advised by Operator.

- L. The Owner shall on request by the Operator do, execute and perform all such deeds, acts, matters and things as the Operator may require in order to obtain any approval (s) from the relevant authorities.
- M. The Owner shall indemnify the Operator from and against any and all actions, proceedings, claims, demands, liabilities or losses brought by third parties against the Operator as a result of or in respect of the activities or business of the Owner except for any action, proceeding, claim, demand, liability or loss brought by a third party which is a result of the Operator's gross negligence or willful default.
- N. In order to strengthen compliance management system, the Operator /Brand Owner has implemented a Compliance Management Software and executed a letter of engagement with M/s Legasis Services Pvt Ltd. (Legasis) to manage compliances for all its hotels. That the Owner agrees, undertakes and expressly grant consent to the Operator/Brand Owner, to implement the Legasis software for the compliance management at the Hotel and the Owner shall pay the onetime implementation cost of ~ Rs. 55,000/- (Rupees Fifty Five Thousand Only) and the annual management cost of ~ Rs. 10,000/- (Rupees Ten Thousand Only), towards the use of the software.
- O. The Owner agrees, undertakes and expressly grant consent to the Operator, to conduct special audits/internal audits by the Internal Auditors/Operator's officials time to time at its sole discretion, to monitor compliance at the Hotel. The Owner shall comply with the recommendations w.r.t compliances as provided by the Internal Auditor/Operator, in respect of the audits, within the prescribed timelines. Any failure/refusal on part of the Owner to conduct such internal / special audits, may lead to termination of the Hotel Operating Agreement forthwith at the sole discretion of the Operator and subsequently, consequences of termination shall be invoked in terms of this Agreement, including payment of Pre-mature payment fee by the Owner to the Operator as prescribed in Article 14 of the is Agreement.
- P. The Owner agrees and undertakes to follow and comply with the Lemon Tree ESG (Environment, Social & Governance) Policy (available at www.lemontreehotels.com/investors.aspx) in the Hotel and shall take care of environment, follow fair practices & carry good governance as per industry standards.

The above responsibilities and obligations are not exhaustive and have been grouped together and listed above only for the sake of convenience. Other responsibilities and obligations elsewhere stated in this Agreement will have equal effect and be binding on the Owner.

ARTICLE VII

COMPENSATION AND MANNER OF PAYMENT

7.1. Fees

The Owner shall pay to the Operator, the Base Fee and the Incentive Fee in accordance with the following formula set forth below, for the term of this Agreement:

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- A. **Base Fee:** The Base Fee shall be calculated as follows:

2.5%(Two and a half Percent) of Gross Revenue of the Hotel on a calendar monthly basis.

Bad Debt shall be adjusted from Gross Revenue for the computation of the Base Fee.

- B. **Incentive Fee:** The Incentive Fee for each financial year during the subsistence of this Agreement shall be calculated as follows:

SL. No.	GOP Slabs	Incentive fee payable on GOP
1	upto and Including 30%	4%
2	above 30% upto 40%	5%
3	above 40% upto 45%	6%
4	above 45% upto 50%	6.5%
5		
6	above 50%	7%

The Owner shall pay on or before the fifteenth (15th) the Base Fee monthly in arrears based on the Gross Revenue of the Hotel for the immediately preceding month. Owner shall pay on or before the fifteenth (15th) the Incentive Fee quarterly in arrears based on the Gross Operating Profit from the beginning of the applicable Financial Year through the end of the immediately preceding quarter. By 1st, June of each subsequent Financial Year, the Operator shall deliver to the Owner a reconciliation statement showing the calculation and payment of the total Fee (Base fee and Incentive fee) for such Financial Year, and appropriate adjustments for any overpayment or underpayment of the Fee actually paid. The Party owing money shall pay such amount to the other Party within thirty (30) Business Days after delivery of such reconciliation statement to the Owner.

- C. Any taxes, surcharges or any government levy of any type including but not limited to Goods & Service Tax, applicable currently or in future on the above fees will be payable by the Owner. The law of the land is to be followed in all cases. Income Taxes on Operator's income are the responsibility of the Operator.
- D. The Parties agree that the payment of the above amount is towards a valid consideration and **is non – refundable in any event**. Goods & Service tax as per the applicable government regulations and laws would be extra and would be to the account of the Owner.

7.2. Reimbursable Expenses

- A. Reimbursements for Additional Services:

The Operator shall be entitled to receive from the Owner, within fifteen (15) days from the end of each calendar month in which the charges are invoiced, reimbursement of costs or providing or causing to be provided any additional services pursuant to Section 5.7 of this Agreement. Without prejudice to the generality of the foregoing, the Owner expressly covenants and agrees to reimburse the following expenses to the Operator:

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B. Chaudhary

Partner



1. All traveling, telephone, telegraph, subsistence, telex, postal, and other expenses incurred by the Operator while engaged in the operation of the Hotel
2. Any travel cost or out-of-pocket expenses of the Operator's personnel, other than the ones on the direct payroll of the hotel.
3. The fees and reimbursable expenses payable to the consultants or specialized personnel employed or retained by the Operator as per the Operation Plan for the operations of the Hotel.

7.3 Manner of Payment

The Parties herein agree that during the Operating Term of this Agreement, the payments shall be paid out in the following manner:

- A. Within fifteen (15) days from the end of each calendar month of operation of each Financial Year, during the Operating Term, the Gross Revenue and the Gross Operating Profit derived from the Hotel shall be determined, the fees and other payments due to the Operator pursuant to Section 7.1 and 7.2 shall be computed and paid to the Operator. All balance amounts of the Gross Operating Profit after making the relevant deductions as specified under this Agreement, shall be delivered to the Owner simultaneous with the payment of the Base Fees to the Operator. It is clarified that Base Fee as calculated in Clause 7.1 A of this Agreement shall be paid on monthly basis and Incentive Fee as calculated in terms of Clause 7.1 B of this Agreement shall be paid on quarterly basis and adjustments if any shall be made as per annual calculation as mentioned in proviso of Clause 7.1 B of this Agreement.
- B. At least before 1st, July as of each subsequent Financial Year, the Gross Revenue and the Gross Operating Profit derived from the Hotel for the previous year, shall be determined and the fees and other payments due to the Operator pursuant to Section 7.1 of this Agreement shall be computed and paid to the Operator. All balance amounts of the Gross Operating Profit after making the relevant deductions as specified under this Agreement, shall be delivered to the Owner. The Parties agree in the event that the sums paid/remitted by way of installments deviate from the fees determined based on the audited accounts at the end of the Financial Year, the Party in deficit shall be entitled to the amount in deficit from the Party to whom the payment has been made in excess. Post 30 days of this communication being exchanged an interest charge at the prevailing bank rate [State Bank of India ('SBI') Base rate + 2% (Two Percent)] will be applicable on the payment due, from the concerned party.
- C. All payments to the Operator shall be subject to deduction of tax at source.
- D. Upon pre-emptive termination of this Agreement, Incentive fee accrued shall be immediately paid by the Owner to the Operator.
- E. Within ninety (90) Business Days from the termination of this Agreement the Operator shall render accounts to the Owner and all funds generated by the operation, after deducting all sums which the Operator is entitled to receive in accordance with the terms of this Agreement, and adjusting for amounts debtors, inventory and/or other forms of Working Capital in accordance with the Operation Plan.

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ARTICLE VIII

GENERAL COVENANTS OF THE OPERATOR

8.1 Books and Records

During the Operating Term, the Operator shall maintain full and adequate books of account and other records in accordance with the Indian GAAP and Indian GAAP, reflecting the results of operation of the Hotel on an accrual basis. All the said books of accounts and all other records shall be kept in the Hotel and shall be available to the Owner after the provision of reasonable notice to its duly authorized representatives at all times for detailed examination, audit, inspection and transcription, and the same shall be done with as little disturbance to the operation of the Hotel, as possible. The Operator will supply all other relevant information to the Owner to enable it to maintain records on taxes paid or other similar sales tax records.

8.2 Reports

The Operator shall deliver to the Owner:

- A. By the twentieth (20th) day from the end each calendar month, a profit and loss statement, showing the results of the operation of the Hotel for the calendar month together with such other information that Owner may reasonably require from time to time. Such statements shall be prepared from the books of account maintained by the Operator;
- B. within ninety (90) days after the end of each Financial Year, a profit and loss statement, audited and certified by the Auditor with all relevant schedules and details showing the result ready for the statutory audit by the Auditors for the preceding Financial Year;
- C. Within twenty (20) Business Days after the expiration or earlier termination of this Agreement, all books and records relating specifically to the operation of the Hotel shall be delivered to the Owner.

8.3 Annual Operation Plan or Operating Plan

- A. At least before fifteenth (15th), February prior to the commencement of each Financial Year, the Operator shall prepare an Annual Operation Plan for the forthcoming Financial Year and present it to the Owner for his consent and approval. The Operation Plan shall comprise of:
 - 1. a budget of FF&E expenditure, which will include the expenditure for replacement and renewal of furniture, fittings, fixtures and equipment other than routine repairs and maintenance necessitated due to normal wear and tear;
 - 2. an projected estimate of Gross Revenue;
 - 3. a budget for Operating Expenses; which will include a budget for routine repairs and maintenance necessitated due to normal wear and tear;
 - 4. an estimated projection of cash flow;
 - 5. a Capital Expenditure Budget separate to the FFE budget.

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B. Chauriy

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6. an annual marketing plan for the Hotel;

7. Competitive market data based on available reports

- B. In the event that the Owner and Operator are not in agreement over the Operation Plan then the Parties shall meet no later than ten (10) Business Days following commencement of the Financial Year, to resolve the disagreement. In the event both the Parties are unable to reach an agreement they shall refer the disputed item / items to an Expert for resolution. The Expert's decision shall be binding. The cost of the Expert shall be an Operating Expense of the Hotel.

8.4 Service and Quality Standards

- A. The Owner acknowledges that Hotel shall be in compliance with all Brand Standards including policies, guidelines and requirements of the Operator and covenants and agrees to be bound by and to comply with such standards, as updated and amended from time to time provided that, the Brand Standards are applied to substantially all hotels operated by the Operator under the Brand. The Operator reserves the right to make amendments and additions to the Brand Standards in order to maintain the quality of services provided at the Hotel on par with the standards associated with any hotel operated by the Operator, provided that such changes apply to substantially all similar hotels operated by the Operator. Any Capital Expenditure required to be incurred for the Hotel in order to comply with the Brand Standards shall be the responsibility of the Owner and the Owner agrees that any action of any nature required of the Owner shall be undertaken promptly within the deadlines prescribed by the Operator in this behalf.
- B. It is clarified that all Operator branded Operating Supplies and proprietary software has to be purchased from the Operator or an Operator recommended supplier.
- C. The Owner covenants and undertakes that notwithstanding anything contained in this Agreement, that the Owner shall disclose the Brand Standards strictly on a need-to-know basis and shall not disclose or permit access to any person or entity under its control or otherwise to the Brand Standards. Further, the Brand Standards shall remain the exclusive property of the Operator and on the expiry or earlier termination of this Agreement, the Brand Standards and all copies thereof shall be promptly returned to the Operator, notwithstanding the pendency of any claims or rights hereunder.
- D. The Operator may from time to time, require an Expert whether in its employment or otherwise, to make periodic visits and inspect the Hotel as a quality control/audit measure, to measure adherence to the Brand Standards. Following such inspections, the Operator will provide the Owner with reports setting out the results thereof and identifying areas of non-compliance.
- E. Prior to Branding of the Hotel, the Operator shall require the Owner to take such steps as it may consider necessary, in order to bring the Hotel in full compliance with the Brand Standards. In the event of the Owner failing and/or neglecting to take such steps within a reasonable time, the Operator shall have an option to take remedial steps at the risk and cost of the Owner. The infrastructure has been seen and approved by the Operator, save a few suggestion for minor changes which are agreed by the Owner.

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- F. Following the three (3) year period post Branding of the Hotel, the Operator may require the Owner to take such steps as it may consider necessary in order to bring the Hotel in compliance with the Brand Standards. Any such steps for Branding of the Hotel shall be taken mutually by the Owner and Operator. In the event of the Owner failing and/or neglecting to take such steps within a reasonable time, the Operator shall have an option to take remedial steps at the risk and cost of the Owner.

8.5 Operator Obligations

- A. In the performance of its duties and functions hereunder, the Operator shall at all times use reasonable efforts, act with diligence and exercise utmost good faith and shall in all respects use its best endeavors to promote the interest of the Owner with regard to the Hotel.
- B. Prior to the Takeover Date of the Hotel, the Owner shall be responsible with the Operator's assistance for the timely compliance of all the statutory requirements for the smooth functioning of the Hotel's operation. During the Operating Term, the Operator shall remind and assist the Owner for the timely renewal and maintenance of all statutory requirements for the smooth functioning of the Hotel. It is a clear understanding that during the operating terms the Owner shall at its own cost apply for and obtain all necessary permissions, sanctions, licenses, permits etc. from the appropriate authorities, Government, municipal or otherwise as the case may be in connection with the operations of the Hotel and the Operator at no time and in no way, will be responsible for any consequences arising out of delay or failure on the Owner's part to obtain, maintain, renewal and comply with such permissions, sanctions, licenses, permits

8.6 Additional Facilities

The Owner shall not add more rooms to or make any other alterations, additions/changes, in the Hotel or buildings on the present Site without the prior written approval of the Operator. However, if the Owner undertakes the business of hoteliering, restaurants or catering, including airlines catering from the Hotel/Site, all such additions or ventures specified above shall be operated by the Operator as part of this Agreement on the same terms and conditions as are herein contained including the additional rooms and/or building on the said Site unless Operator opts not to operate aforesaid additions or ventures including additional rooms. The costs for providing such additional services are to be mutually agreed between the Owner and the Operator and shall be modified from time-to-time as per mutual discussion and agreement.

8.7 Powers to Sub-Contract & Assignment

The Operator shall have the right to assign this Agreement to any other Affiliate Company which the Operator thinks fit provided the ultimate responsibility of such works lies with the Operator. All services to be rendered by Operator under this Agreement shall be assignable by Operator to any of its holding companies, subsidiary, nominee and/or associated companies, parent company Lemon Tree Hotels Ltd.

8.8 Third Party Managed / Licensed Areas

- A. The Parties acknowledge that certain areas of the building (but excluding all areas within the Hotel Premises), such as the retail, restaurant and bar (related services), ("**Third-Party Operated Areas**") may be managed / operated /

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licensed by third parties (the "**Third-Party Operators**") under a lease, operating or similar agreement.

- B. The operations of any Third Party operated Area by a third-party Operator and a selection of Third Party Operator for such Third Party Operated Area, shall be subject to approval with mutual consent of the Operator and Owner.
- C. All Third-Party Operators shall operate the Third-Party Operated Areas in accordance with the Brand Standards Manual and all other terms of this Agreement. All revenues from Third-Party Operated Areas shall be excluded from Gross Revenue of the Hotel. In the event, the Operator provides maintenance services for any Third Party Managed Operated Area, the Operator shall be entitled to receive a Common Area Maintenance (CAM) charge which shall be included in the Gross Revenue of the Hotel.
- D. In respect of Travel desk related services and SPA, notwithstanding anything to the contrary contained herein, the net income generated from the Travel desk related services and SPA, shall be included in the Hotel's Gross Revenue for calculation of the Base Fee, Incentive Fee and the Sales and Marketing Fee (Section 5.6). It has been agreed between the Parties herein that the Travel desk related services and SPA shall be managed by a third Operator as mutually agreed by both the Parties.

8.9 Pre-Opening Budget

- A. Prior to the Takeover Date of the Hotel, the Operator shall supervise and direct all pre-opening activities including recruitment and training of employees of the Hotel in accordance with the provisions of this Agreement, arranging for all necessary advertising and promotions, procurement of all Operating Supplies, arranging for opening ceremonies etc. The cost of such services, including the salaries, perquisites, relocation and accommodation expenses of Hotel employees during the pre-opening period, traveling expenses, of the personnel of the Operator deputed for the opening of the Hotel, fees and charges, if any, of other individuals and agents employed by the Operator to perform any such services, the cost of electricity, water and other utilities and the cost of advertising, promotions, opening ceremonies and other pre-opening related activities shall form a part of the pre-opening expenses in accordance with the pre-opening budget. Based on estimate of pre-opening expenses prepared by the Operator for the Owner's approval, the Owner agrees to provide Operator, no later than Ninety (90) days prior to the expected Takeover Date, sufficient funds to carry out all pre-opening activities for commencement of operation of the Hotel as per a monthly approved budgeted plan.
- B. The Operator will depute key personnel from time to time in the fields of engineering, operations, HR etc. The Owner will reimburse the Operator all payroll costs of these personnel including provident fund, gratuity, bonuses, living away from home allowance, suitable board and lodging, travel expenses, transportation and all other benefits accorded to these employees when at work with the Operator in accordance with the pre-opening budget.
- C. All fees and cost of lawyers, accountants and charges for consultants, contractors and agents involved in pre-opening services and activities shall be deemed to be part of pre-opening expenses.
- D. As per the Indian GAAP all pre-opening expenses shall be capitalized in the Hotel's books of account.

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8.10 Training

- A. Training Expenses of all personnel required to be trained for the Hotel, including any mandatory training by the nominated company of the Operator i.e. Mind Leaders Learning India Private Limited at any hotel, shall form a part of the Operating Expenses in accordance with the Annual Operation Plan.
- B. Training expenses incurred or to be incurred by Operator shall be paid by the Owner directly to Mind Leaders Learning India Private Limited within thirty (30) days of the presentation of the invoice raised by Mind Leaders Learning India Private Limited as an Expense. Training expenses shall include the expenses of training, travel, salaries, allowances, accommodation, meals, transportation, medical expenses and any other benefits accorded. This will be a part of the Operating expenses of the Hotel and will be budgeted for in the budgeted P&L. The Owner shall enter into separate agreement w.r.t to training with Mind Leaders Learning India Private Limited and Operator shall be confirming party to the said agreement.
- C. Training expenses prior to the Takeover Date of the Hotel shall be treated as pre-opening expenses pursuant to Section 8.9 hereof. The Pre-Opening Training Fee of Rs 2,00,000 (Rupees Two Lakhs only) shall be paid by the Owners directly to Mind Leaders Learning India Pvt. Ltd. prior to conducting the Pre-Opening Training.

ARTICLE IX

REPAIRS AND MAINTENANCE

9.1 Repairs and Maintenance – Routine

The Operator shall effect and/or procure for all necessary routine repairs and maintenance in and to the Hotel as may be required, from time to time, in order to maintain the Hotel in good repair and condition, save and except fair wear and tear, damage by Acts of God or other event (s) outside the control of Operator and any repairs, changes or works which are the responsibility of the Owner under this Agreement. The Operator is authorized to expend from time to time, from the Hotel Operating Bank Accounts, such funds as in the Operator's opinion and sole discretion, are necessary for repairs and maintenance of the Hotel in order to maintain the same as a mid-scale hotel of standards in accordance with the Annual Operation Plan or otherwise approved by the Owner.

9.2 Structural repairs and changes, alterations and changes required by Law

- A. In the event that at any time during the Operating Term of this Agreement, structural repairs or structural changes to the Hotel are required by reason of any Laws, ordinances, rules or regulations now or hereafter in force, or by an order of any Governmental Authority, such repairs or changes shall be made and paid for by the Owner. The time schedule for such repairs or changes shall be finalized by mutual approval of both the Operator and the Owner so as to cause as little hindrance to the operation of the Hotel as possible with due regard to the provisions of local Laws.
- B. The Operator may direct the Owner to effect any alterations, additions and improvements, structural repairs or changes, not provided for in the preceding paragraphs of this Section, if in the opinion of the Operator, such changes are necessary in order to meet and comply with the life and environmental safety standards prescribed by the Operator.

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- C. Provided, however, that no structural alterations, additions or improvements involving a fundamental change in the character of the building shall be made without the Owner's prior approval in writing. The Operator has the right to carry out such works with the Owner's approval and shall prepare the budget for such customary additions, alterations or improvements. The Owner agrees to pay to the Operator, based on an agreed program, the funds necessary to meet such expenses. The Operator shall maintain full and adequate accounts to show the actual expenditure incurred as against the budget for such changes.
- D. If the Owner fails and/or neglects to effect the requisite alterations, structural changes, repairs etc. as required under Clause B and C above, and the Operator feel necessary to bring those alterations & structural changes for the smooth operations of the Hotel, the Operator shall be entitled to carry out such alterations. The costs for providing such alterations and structural changes are to be mutually agreed between the Owner and the Operator as per mutual discussion and agreement.

9.3 Reserves for Replacement and Renewal of FF&E

- A. Subject to the Owner providing sufficient funds in accordance with the terms of this Agreement, the Operator shall maintain the Hotel in good repair and condition and in conformity with applicable Laws and regulations and to standards existing at the Hotel immediately before the commencement of this Agreement.
- B. On execution of this Agreement, the Owner shall provide for such amount as may be specified by the Operator for credit to the FF&E Reserve Account each Financial Year, equivalent to 1% (One Percent) of Gross Revenue for the 1st year, 2% (Two Percent) for 2nd Year, 3% for 3rd year onwards (Three Percent) till the remaining term of the agreement.
- C. The amount standing to the credit of the FF&E Reserve Account shall be used by the Operator only for the purpose of replacement and renewal of FF&E of the Hotel without requiring the Owner's prior consent provided the expenditure from such account has been detailed in the annual Operation Plan and that any sale proceeds of the FF&E of the Hotel during the year shall be adjusted to the FF&E Reserve Account.
- D. The Operator shall keep proper records and accounts of the sums expended from the FF&E Reserve Account and will furnish yearly statements of account to the Owner.
- E. The Owner shall be able to utilize the surplus funds available in the FF&E Reserve with the prior approval of the Operator provided that the amounts so withdrawn are replenished within fifteen (15) days of request from the Operator to do so. Notwithstanding the above, the Operator shall have the right to adjust such funds from the Owner's monthly sweep if the Owner does not replenish such funds within the stipulated timeframe.
- F. It is expressly understood and agreed by the Parties hereto that the amount transferred to the FF&E Reserve Account shall not form a part of Operating Expenses and will be not be deducted in arriving at Gross Operating Profit (G.O.P). The outstanding balances and all assets acquired out of the funds standing to the credit of the FF&E Reserve Account shall become the property of the Owner at the termination of this Agreement.

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- G. The balance remaining to the credit of the FF&E Reserve Account at the end of each Financial Year shall be carried forward to the succeeding Financial Year in addition to the amount to be credited for that Financial Year.
- H. If, in the reasonable opinion of the Operator, additions are required to the initial inventory of the FF&E for the efficient operation of the Hotel, the Owner shall pay for such additions after approving a written request from the Operator out of its funds.
- I. The Parties acknowledge and agree that the Operator shall not be responsible in any manner for any of the costs and expenses expressly excluded from Operating Expenses as defined in Section 1.1 of this Agreement.

9.4 Capital Expenditure, Capital Expenditure Budget and Capital Assets

A. Capital Expenditure

1. The Capital Expenditure shall mean and include the cost of all additions, alterations, modifications, replacements, improvements or changes to the building (save and except Repairs and Maintenance as provided for in Section 9.1 hereof) and all additions apart from FF&E) as deemed necessary or desirable or useful for the operation of the Hotel.
2. All Capital Expenditure shall be made by the Owner at the Owner's cost and expense based on the approved Capital Expenditure Budget.

B. Capital Expenditure Budget

1. At least before fifteenth (15th), February prior to the commencement of each Financial Year, the Operator shall submit to Owner, for Owner's approval, a Capital Expenditure Budget as part of the annual Operation Plan showing the requirement of Capital Expenditure for such Financial Year.
2. Once the Capital Expenditure Budget is approved, monies shall be made available within thirty (30) Business Days before stipulated expenditure according to the Operation Plan.

C. Capital Assets

All proceeds from the sale of Capital Assets shall be credited against the Capital Expenditure of that Financial Year and shall not form a part of Gross Revenue.

ARTICLE X

ACCOUNTING MATTERS

10.1. Bank Accounts:

The Owners shall during the subsistence of this Agreement maintain two current accounts with any Bank located in such area as the parties to the Agreement may mutually decide. The Bank Account shall be opened in the name of the Hotel by the Owners with notice & information to the Operator. One Bank Account shall be maintained in respect of all the Incomes/receipts of the hotel and another Bank Account shall be maintained in respect of all the Expenditure/expenses of the hotel.

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B. Chaudhary
Partner



All receipts of moneys arising out of Hotel operations and other activities of the Hotel shall be deposited in "Income Account". All the expenses incurred by the hotel shall be paid out of and from "Expense Account". Both these accounts will be operated by the Hotel accounts team in supervision with the Operator's Corporate Finance Team. .

The Owners shall ensure that adequate funds are there to meet the expenses relating to 2 months of the hotel's operation and maintenance at any given time. The Operator shall approve all bills and invoices for payment after the merchandise is received or services rendered.

The account of Expenditure/expenses to meet all expenses as mentioned above shall be in control of the General Manager and account' in-charge/ executive or duly appointed signatories at the Operator's Corporate office ; such person appointed shall have the signing authority for the said bank account operations. Fees payable to the Operator under the provisions of this agreement are to be treated as an expense and will be paid by the hotel expense account.

The Owner shall ensure that at all times adequate funds are available in the said Hotel Operating Bank Accounts to meet all the expenses relating to the operation and maintenance of the Hotel as per the Operation Plan and other approved expenses. The Owner covenants and agrees that it will arrange to meet any shortfall of funds required for the operation of the Hotel as otherwise stipulated elsewhere in this agreement.

The General Manager & Accounts Executive will have the authority to affect payments by cheque demand draft/RTGS transfer (Authorized Instruments) only. Any petty cash payments or payments made in emergency subject to a limit of INR:25,000/- which needs to be paid in cash will also be approved by the General Manager of the hotel. This will be subject to review by the Operator.

The General Manager & Accounts Executive will have the collective authority to execute payments towards all operating expenses with the exception of payments towards the following purposes which will require the signature of the Owners representative on the relevant cheque demand draft or NEFT/RTGS application form.

- Any Payments in excess of 25,000 (Twenty-Five Thousand only).

All expenditure that are capital expenditure in nature, including all expenditures incurred from FF&E, Reserve, irrespective of the amount of such payments.

10.2 Working Capital :-

- A. The Owner acknowledges and covenants that the Owner shall initially and throughout the term of this Agreement provide and arrange for working capital and cash flows sufficient to ensure the uninterrupted efficient operations and effective continuance of operations of the Hotel as required and communicated by the Operator.
- B. All funds received by Operator in the operation of the Hotel shall be deposited by Operator in a special account or accounts (herein referred to as "**Hotel Operating Account**") to be opened, in the name of the Hotel, in a reputable bank (s) on Owner's behalf at a bank or banks selected by Owner and approved by Operator and such funds shall not be mingled with Operator's or Owner's funds.

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- C. The Bank Account shall be opened in the name of the Hotel as may be designated by the Owners (with notice to the Operator). One Bank Account shall be maintained in respect of all the Incomes/receipts of the hotel and another Bank Account shall be maintained in respect of all the Expenditure/expenses of the hotel. The Operator shall have no liability or responsibility for any loss resulting from the insolvency, malfeasance or nonfeasance of the bank or banks in which the said accounts are maintained or funds are deposited unless such loss is a result of the Operator's gross negligence or willful misconduct. All funds derived from the operation of the Hotel shall be received for the account of the Owner and shall be deposited in the Hotel Operating Accounts in such bank or banks in the locality of the Hotel.
- D. The Operator by the tenth (10th) of every month will give the Owner P&L accounts of the previous month, detailing the income and expense of that month. The Operating expenses as reflected in above monthly P&L accounts plus the statutory dues for that month, plus the Operator's and Brand Owner's fee for that month shall be added to arrive at the total fund requirement of the month.
- E. The Owner shall ensure that at all times adequate funds are available in the said Hotel Operating Bank Accounts to meet all the expenses relating to the operation and maintenance of the Hotel as per the Operation Plan and other approved expenses.
- F. The Owner covenants and agrees that it will arrange to meet any shortfall of funds required for the operation of the Hotel as otherwise stipulated elsewhere in this agreement.
- G. The Parties hereto acknowledge that the funds in the Operating Accounts shall belong to the Owner, but the Owner's right to receive such funds during the Operating Term is governed exclusively by the terms of this Agreement. The Owner shall bear all losses occasioned by the failure or insolvency of the bank in which the Operating Accounts is maintained unless such loss is a result of the Operator's negligence or willful misconduct.
- H. At the time finalizing the Annual Operation Plan or at periodic review meetings, the Owner shall have the right to review credit policies applicable to the Hotel and reduce credit limits proposed by the Operator if bad debts are at higher than acceptable industry practice levels.
- I. On the expiration or earlier termination of this Agreement and the payment of all amounts due to the Operator or its Affiliates under this Agreement, all sums remaining in the Operating Accounts shall be immediately transferred to a bank account nominated by the Owner.

ARTICLE XI

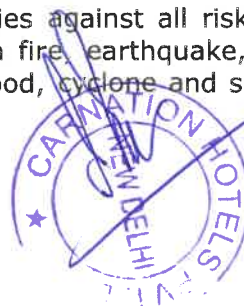
INSURANCE

11.1. Types of Insurance

- A. Fire, Earthquake, Strike and Riot Insurance: The Owner covenants and agrees that, at all times during the Operating Term of this Agreement, it shall procure and maintain adequate insurance of the full insurable value thereof with responsible and reputed insurance companies against all risk, including, loss or damage to the Hotel and its contents from fire, earthquake, explosions, strike, riot, war, civil commotion, terrorist acts, flood, cyclone and such other risks and

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casualties as shall be customarily insured against with respect to hotels of similar character with the consent of the Operator. The Owner shall also procure and maintain such other and further insurance upon the Hotel, which may be required by the terms of any mortgage, which is in effect upon the Hotel, or any other instruments to which the Owner is a Party. The premium on such insurance shall be an Owner's expense. The Owner shall apply the proceeds of the aforesaid insurance policies for the purposes of repairing, rebuilding and replacement of assets of the Hotel such that the Hotel shall be substantially the same as prior to such damage or destruction as mentioned under Section 15.2 and 15.3.

- B. Liability Insurance: The Owner will also procure and maintain through the Operator's umbrella insurance policy or through its own individual policy adequate Public Liability Insurance, Elevator Liability Insurance, Workmen's Compensation, Employer's Liability, Fidelity Insurance (to cover the signatories of the Operating Accounts), insurance against theft or damage to guests or property or similar insurance in such amounts as may be required under all applicable Laws or which the Operator shall deem advisable for fully protecting both Parties hereto against all claims, liabilities and losses whatever asserted, determined or incurred arising from or out of the operation of the Hotel. The premium on such insurance shall form a part of Operating expenses.
- C. Consequential Loss of Profit Insurance: The Owner shall, in consultation with the Operator, maintain through the Operator's umbrella insurance policy or through its own individual policy a consequential Loss of Profit insurance policy insuring the profits and standing charges of the Owner in respect of the Hotel operations for a period of indemnity for not less than twelve (12) months. The premium on such insurance shall form a part of Operating Expenses.
- D. Other Insurance: The Owner shall procure and maintain other insurances against such other operating risks as the Operator shall reasonably deem necessary or desirable. The premium on such insurances shall form a part of the Operating Expenses.

The Owner shall place the above insurances with insurers of good standing selected with the advice of a licensed insurance broker or participate in the Operator's umbrella insurance policy at its own election.

11.2. Inspection of Policies

- A. The Owner agrees to produce, at the request of the Operator, for the inspection of the Operator from time to time and particularly, at the commencement of the Operating Term of this Agreement, the original insurance policies or certificates covering all insurances under this Section, and not less than thirty (30) Business Days before the expiry of the then existing policies, such policies, renewals of policies or certificates specified under this Section.
- B. Compliance with Regulations: The Operator shall, as required by the Owner, and to the best of its knowledge and information, comply with all rules, orders, regulations and requirements imposed by, or in connection with, or affecting policies of fire, public liability and any other form or type of insurance upon the Hotel or in connection with the occupancy or operation of the Hotel by the Operator, concessionaires or licensees in the Hotel or any other person.
- C. Neither of the Parties shall do nor cause to be done any acts of omission or commission which are likely to adversely affect the said policies or any rights there under.

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- D. Proceeds of insurance policies provided for in Section 11.1 Clause C shall be treated as part of the Gross Operating Profit of the Hotel.
- E. All policies of insurance shall name as 'insured', the respective interests of the Owner and the Operator. The Owner shall ensure that all policies of insurance stipulate that the insurance companies will have no right of subrogation against the Owner and/or any of their employees' representatives or agents.
- F. The Owner assumes all risks and responsibilities of taking out insurance and / or in connection with the adequacy of any insurance and relieves Operator of and all obligations in this regard and waives all claims against Operator or Operator's agents or Operator's representatives or Operator's employees for any liability, cost or expense arising out of any uninsured claim in part or in full of any nature whatsoever.
- G. In the event of any liability in connection with the operation of the Hotel arising from any claims not covered by insurance the amount thereof shall be to the account of the Owner and Owner shall be solely liable and responsible for the same.
- H. Neither of the parties shall do or cause to be done any act of omission or commission which will adversely or prejudicially affect the said policies of insurance in any manner.

ARTICLE XII

INDEMNIFICATION

12.1 The Parties hereby acknowledge and agree that:

- A. Notwithstanding anything to the contrary contained herein, the Operator shall not be liable under any circumstances, whether in contract or in tort, for any loss or damage including, without limitation, claims on the grounds of loss of profits, loss of reputation, loss of alternative business opportunities or loss due to third party claims suffered by the Owner and/or its clients.
- B. The Owner hereby covenants and agrees to indemnify the Operator against any claim from any third party, including costs and expenses incidental thereto, by reason of any action taken or omitted to be taken by the Owner or its officers, employees, agents or representatives pursuant to this Agreement. The Owner further indemnify the Operator for any claims on the grounds of loss of profits, loss of reputation, loss of alternative business opportunities suffered by the Operator
- C. It is hereby further clarified that notwithstanding anything contrary stated herein, the Owner shall solely continue to be liable for all liabilities, costs, claims, damages etc that may arise anytime in the future, by reason of any action taken or omitted to be taken by the Owner or its officers, employees, agents or representatives, in relation to Hotel, for the period upto the date of takeover Date and during the Operating term of the Agreement.

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Partner



D. The provisions of the Section shall apply to the conduct of any Claims brought by a third party to which the indemnities given by the parties in the Section above apply:

1. the party who receives the benefit of an indemnity to which this Section applies (the **"Indemnified Party"**) shall notify the other party (the **"Indemnifying Party"**) as soon as the Indemnified Party becomes aware of the Claim;
2. the Indemnified Party shall not make any admissions which may be prejudicial to the defense or settlement of the Claim;
3. within ten (10) Business Days after receipt of the notice referred to in Section, the Indemnifying Party may notify, in writing, the Indemnified Party of its decision to, at its own expense, conduct any defense and investigation, litigation, all negotiation and settlement relating to the Claim provided that where there is an impact on the Indemnified Party, the Indemnifying Party shall consult on a reasonable basis with the Indemnified Party in relation to such Claim. The Indemnified Party shall, at the reasonable request of the Indemnifying Party and at the Indemnifying Party's expense, provide the Indemnifying Party with reasonable assistance for the purpose of investigating and responding to any Claim;
4. the Indemnifying Party shall, at the reasonable request of the Indemnified Party, provide the Indemnified Party with reasonable assistance for the purpose of evaluating and responding to the Claim; and
5. if the Indemnifying Party does not assume full control over the defense and investigation, litigation, negotiation and settlement of a Claim, the Indemnified Party shall have the right to defend and investigate, litigate, negotiate and settle the claim in such manner as it may deem appropriate, at the cost and expense of the Indemnifying Party

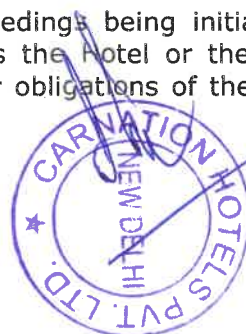
12.2 Owner's Indemnification:

The Owner hereby covenants, undertakes and agrees to indemnify and keep indemnified and otherwise save harmless, the Operator, its agents, employees and representatives from and against all losses, damages, claims and demands which the Operator, its directors, employees, representatives and agents may suffer or incur, as well as, all actions, suits and proceedings which they may face and all costs, charges and expenses relating thereto, arising out of:

- A. any breach, violation or non compliance on the part of the Owner or its directors or employees or agents, of any statutory provisions including any rules, regulations, bye-laws and lawful directions of public authorities;
- B. any execution, attachment or like proceedings being initiated against the Owner which directly affects or concerns the Hotel or the Hotel Brand or Goodwill of the Operator or any rights or obligations of the Operator under this Agreement;

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- C. failure or negligence on the part of the Owner to comply with the statutory or government rules or regulations despite the advice of the Operator;
- D. failure or neglect on the part of the Owner to fulfill or perform any of its covenants/ obligations or breach of representation and warranties under this Agreement;
- E. any action or inaction on the part of the Owner or its Directors or employees or agents;
- F. any actions, proceedings, claims, demands, liabilities or losses brought by third parties against the Operator as a result of or in respect of the activities or business of the Owner; and
- G. breach of any obligations, representations and/or warranties given by the Owner to the Operator under this Agreement.

The Owner hereby acknowledge that the foregoing shall not be construed to limit the Operator's right to pursue its contractual damage remedies against the Owner in connection with any event of default under this Agreement by the Owner.

12.3 Operator's Indemnification

The Operator hereby indemnifies the Owner towards any losses, claims or liabilities arising out of Operators' gross negligence or willful misconduct.

ARTICLE XIII

TRADE NAME

13.1. Intellectual Property Rights

- A. During the Operating Term, the Hotel shall be known and designated as "**Keys Select by Lemon Tree Hotels**" or by such other name, as from time to time may be mutually agreed in writing by the Hotel Owner, the Operator and the Brand Owner.

In this regard, the Owner agrees and undertakes that immediately from the time of receipt of notice of termination of this Agreement and / or the License Agreement, the Owner should be able to retain the brand name through the notice period as long as the hotel is under Operator's control:-

1. That the Owner shall not have any right or interest in any of the Intellectual Property Rights of the Operator and / or the Brand Owner, including but not limited to the mark Aurika/Lemon Tree Premier/ 'Lemon Tree / Lemon Tree Hotels'/ Red Fox Hotels/Keys Hotels under any circumstances;
2. That the Hotel Owner shall not ever challenge or attempt to register or record the said Trade Name / Trademarks of the Operator and / or the Brand Owner as such or in any modified form or manner or use or attempt to register or record any such Trade Name / Trademarks of the Operator and / or the Brand Owner which is either in whole or in part of the same or similar nature thereto, in any state, region or country;

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3. That the Hotel Owner shall neither use the brand name nor have any right or interest or ever claim any right or interest in any of the Intellectual Property Rights of the Operator and / or the Brand Owner including but not limited to the brand name / trade mark - 'Lemon Tree or Lemon Tree Hotels' with regard to this present venture, any other hotel venture or any other business venture of whatsoever nature, either during the term of this Agreement or after expiration or termination of this Agreement and / or the License Agreement thereof.
- B. In the event of any breach and expiration of applicable cure period of the covenants contained in Article XIII by the Hotel Owner, the Operator and / or the Brand Owner shall be entitled to damages or relief by injunction or to any other right or remedy at law or equity, without prejudice to its rights under this Agreement and this provision shall be deemed to survive the expiration or sooner termination of this Agreement.
- C. The Hotel Owner shall notify the Operator/Brand Owner promptly in writing of any adoption, use or registration of any trademark, trade name, service mark, corporate name or other designation, which would appear to infringe or impair the Operator and / or the Brand Owner's Intellectual Property Rights. Further, the (Hotel) Owner shall extend all necessary co-operation in any investigation or legal proceeding or action that the Brand Owner and / or the Operator may deem desirable to protect its Intellectual Property Rights.
- D. Upon expiration or earlier termination of this Agreement:-
- The Hotel Owner shall forthwith (viz., in case the termination of this Agreement is in furtherance and by way of notice, from the date of receipt of such notice or such date from when the Operator is unable to exercise its rights under this Agreement, for whatsoever reason discontinue the use of:
1. Intellectual Property Rights, use of which, the Operator and / or the Brand Owner may have permitted for the purposes of running & operation of the Hotel under this Agreement.
 2. All material bearing any of the Intellectual Property Rights of the Brand Owner & Operator including any of the promotional material, advertising, sales literature shall be purchased by the Brand Owner / Operator at their then book value, or at the option of the Brand Owner / Operator be consumed or depleted in the normal course of business within a period not exceeding three (3) months from the date of expiration or earlier termination. In the event of any difference over the book value of the material, the views of the Auditor, appointed jointly by the Owner and the Operator, shall be final and binding upon the Parties.
 3. It is clarified that all accounting of the Hotel is the property of the Owner and at termination shall be handed over to the Owner by the Operator. It is further clarified that all data relating to guest history and guest folio data is the property of the Operator including the guest history data of the Hotel. The guest history data of the Hotel for its last 1 (one) operational year, only, shall be shared with the Owner upon termination of this Agreement.
- E. Owner acknowledges the rights of Operator in and to the Proprietary Rights and agrees that (i) Owner has not acquired, and that Owner will not represent in any manner that Owner has acquired, in any manner any ownership rights in the Proprietary Rights of Operator; (ii) Operator may use and grant to others the right to use any Proprietary Right, except as expressly provided otherwise in this

Agreement; (iii) the requirements and limitations with respect to Owner's use of the Proprietary Rights under this Agreement apply to all forms and formats, including print, video, electronic and other media (including Identifiers), and all other identifications and elements used in commerce; (iv) upon the expiration or termination of this Agreement for any reason, no monetary amount shall be attributable to any goodwill associated with Owner's use of any Proprietary Rights (including the licensed marks). In furtherance of the foregoing, Owner agrees not to use the licensed marks to perform any activity or to incur any obligation or indebtedness in such a manner as may, in any way, subject to Operator liability.

- F. Owner agrees that Owner shall not, directly or indirectly, infringe the Proprietary Rights, or contest or aid others in contesting the validity or ownership and right to use the Proprietary Rights, or take any other action in derogation of the Proprietary Rights. Owner shall promptly advise Operator in writing of any potentially infringing or unauthorized uses of the licensed marks by third parties of which Owner has knowledge. Owner shall assist Operator in taking action as Operator may request to stop such activities, but shall take no action nor incur any expenses on Operator's behalf without Operator's prior written approval. Owner shall, execute any and all documents and take or not take such other actions as may, in the opinion of Operator's legal counsel, be reasonably necessary to carry out any such protection, defense or registration.

13.1.1. Company Website

- A. The Operator has informed the Owner of the existence of the website called "**www.lemontreehotels.com**" to promote electronic trade and be the sole official website for the Hotel and other hotels managed by the Operator.
- B. The Hotel (Owner) undertakes and agrees:
1. not to integrate into any other website such formatted information or to create its own website for the Hotel without the approval of the Brand Owner/Operator.
 2. not to register a domain name using or incorporating the name, brand or trade mark of the Brand Owner/Operator, either in full or part without the prior approval of the Brand Owner/Operator, such approval to be in the Brand Owner/Operator's absolute discretion. If approval is granted, the Owner must sign all documents required to transfer such domain name to the Brand Owner/Operator or its nominee on demand at any time.
 3. The (Hotel) Owner agrees that the Operator, at Owner's cost, may initially load and subsequently update from time to time the data pertaining to the Hotel in Operator's web site as an Operating Expense.

The provisions of this Section shall survive termination of this Agreement and / or the License Agreement.

ARTICLE XIV

ASSIGNMENT AND SALE OF THE HOTEL

14.1. Sale of the Hotel

- A. If the Owner fails to maintain full ownership of the Hotel during the project stage as well as anytime during the operating term of this Agreement as required by

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Article VI of this Agreement, and decides at any time to sell the Hotel or the Owner/ promoters wish to sell their entire shareholding or substantial portion thereof such as that they cease to be the Owner, in such event this Agreement may be terminated by the Operator by giving three (3) months written notice on the payment by the Owner of the Pre-Mature Termination Fee as defined hereunder :

Pre-Mature Termination Fee compensation in the event of sale shall be calculated in following manner (**Pre-Mature Termination Fee**) :-

- **If Sale of the Hotel is during the project stage:** Pre-mature termination fee shall be Rs. 80,00,000 (Rupees Eighty Lakhs only);
- **If Sale of the Hotel is in first (1st) three (3) years of the Operating term:** Pre-mature termination fee shall be calculated by multiplying the average of annual total fee (sum of base fee, sales and marketing fee and incentive fee) in the immediate preceding past two (2) full financial years, by three (3) or Rs. 1,00,00,000 (Rupees One Crore only), whichever is higher;
- **If Sale of the Hotel is after the third (3rd) year and upto the end of the Operating Term of this Agreement:** Pre-mature termination fee shall be calculated by multiplying the average of the Annual Total Fee (sum of base fee, sales and marketing and incentive fee) in the immediate preceding past three (3) years, by five (5) or Rs. 1,20,00,000 (Rupees One Core and Twenty Lakhs Only), whichever is higher;

Notwithstanding the above, In the event the Owner sells the hotel, it is agreed that the first right to purchase, will always be that of the Operator. No such sale of the Hotel shall be made without giving the Operator a first right to purchase upon mutually acceptable terms and conditions to both parties. However, the Operator shall confirm its interest to this effect, within 30 days of receipt of such intimation by the Owner, otherwise the Owner shall be free to offer the same to any other party.

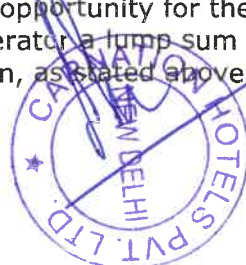
In case the terms are not mutually acceptable and the hotel is sold to a third party during the project stage or during any time of operating term of this agreement and the new Owner wishes to continue the operations and marketing of the Hotel with the Operator under this agreement, this Agreement cannot be in effect with new owner – a fresh agreement with the same terms will be drawn and same shall be continue to be in effect without the payment of any Compensation or any Pre-Mature Termination Fee.

That the Owner agrees & undertakes to get the agreement/HOA signed with the new owner simultaneously with the execution of the sale deed. In case, Owner fails to get the new agreement signed between the new owner & the Operator, the Owner shall be obligated to pay the Pre- Mature Termination Fee as defined above.

However (a) If the a new owner is perceived as a competitor or non reputable person (as defined below) by the Operator and does not wish to continue with the new Owner, in that case the Owner under this agreement shall pay the Premature termination fee as applicable as above said for Sale of the Hotel; (b) If the new Owner does not wish to continue this HOA with the Operator under this agreement, this will be considered as a loss of opportunity for the Operator and in that case the Owner must compensate the Operator a lump sum Compensation of Rs. 1,20,00,000 i.e. the pre-mature termination, as stated above shall apply.

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- B. In the event of a sale to a third party, the new owner shall not be a 'competitor' or a 'non reputable person'. For the purposes of the Agreement:
1. the term "competitor" shall mean any entity or person whose primary business is the operation and marketing of Hotel, apartment Hotel or serviced residences but excludes any entity / person who merely owns or invests in hotel properties (e.g., Blackstone).
 2. the term "non reputable person" shall include such persons who or whose Affiliates have been charge-sheeted for any criminal offence punishable with imprisonment or for any offences involving moral turpitude or found guilty of material violations of any securities laws, money laundering laws, exchange control laws, tax laws or other such laws in any jurisdiction.

14.2. Assignment

- A. It is agreed that the Operator shall have all the rights to sub-contract the services under the agreement and shall have all rights to assign its rights and obligations under this Agreement to any other associate/sister concern/ associate company/ subsidiary company as it may deem fit and proper in the course of business provided the ultimate responsibility of such works lies with as the Operator under the agreement.
- B. It is agreed that during the term of this Agreement, the Owner shall not assign its rights and obligations under this Agreement to any other associate/sister concern/ associate company/ subsidiary company.

ARTICLE XV

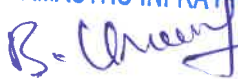
TERMINATION

15.1 Termination Without Cause

In addition to Operators rights and remedies under this Agreement and at law and in equity, Operator may terminate this Agreement without any cause effective upon notice of termination to Owner. The occurrence of any of the following events shall be grounds for termination under this Section:

If (i) Owner becomes insolvent (ii) a judgment of insolvency is entered against Owner (iii) Owner files a voluntary petition for relief under applicable bankruptcy, insolvency, or similar debtor relief laws, (iv) a petition for relief under applicable bankruptcy, insolvency or similar debtor relief laws is filed against and consented to by Owner, (v) the appointment (or petition or application for appointment) of a receiver, custodian, trustee, conservator, or liquidator to oversee all of Owner's assets or the conduct of its business;

If Operator, at any point of time during the Term, does not have the right and authority to license the use of, the licensed marks, the Owner shall have the right terminate the agreement.

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The Owner shall have the right to terminate this Agreement without cause, by giving six (6) months advance notice on the payment of a "Pre-mature Termination Fee without cause" to the Operator. Such Termination fee without cause compensation shall be calculated in the following manner:

If termination during the project stage: Pre-mature termination fee shall be Rs. ,80,00,000 (Rupees Eighty Lakhs only);

If termination without cause is in first (1st) three (3) years: Premature Termination fee without cause shall be calculated by multiplying the average of annual total fee (sum of base fee, sales and marketing fee and incentive fee) in the immediate preceding past two full financial years, by three (3) or Rs. 1,00,00,000 (Rupees One Crore only), whichever is higher; **If termination without cause is after the third (3rd) year and upto the end of the Term of this Agreement:** Termination fee without cause shall be calculated by multiplying the average of the Annual Total Fee (sum of base fee, sales and marketing fee and incentive fee) in the immediate preceding past three (3) years, by five (5) or Rs. 120,00,000 (Rupees One Crore and Twenty Lakhs Only), whichever is higher;

Notwithstanding anything mentioned hereinabove, if at the time of termination of this Agreement by the Owner, the remaining term of this Agreement is 1 year or less, the Pre-Termination Fee shall be the average of the annual total fee (sum of base fee, incentive fee and sales and marketing fee) in the immediate preceding past three (3) years or Rs. 1,20,00,000 (Rupees One Crore and Twenty Lakhs only), whichever is higher.

15.2 Event of default

If a Party ("**Defaulting Party**"):

1. at any time fails or neglects to perform or observe any of its obligations under this Agreement; or
2. being a company, enters into liquidation, whether compulsory or voluntary, not being a voluntary liquidation for the purpose of amalgamation or reconstruction, or enters into an arrangement or composition for the benefit of its creditors; or
3. has a receiver, receiver and manager or administrator appointed in respect of its assets or undertaking; or
4. in the case of the Owner, has execution either by writ or warrant levied on or against the Owner's interest in the Hotel, business or land; or
5. is in non compliance with the Brand Standards by the Owner; or
6. is in Non-compliance of applicable laws, rules and regulations by the Operator on running the Hotel

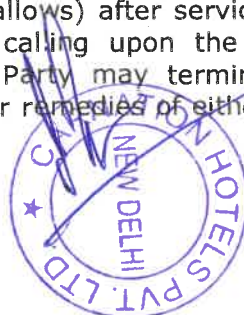
(each of the above being referred to as a "**default**")

then, provided the default continues for a period of thirty (30) Business Days (or such longer period as the proviso below allows) after service of a notice by the other Party ("**non-defaulting Party**") calling upon the Defaulting Party to remedy the default, the non-defaulting Party may terminate this Agreement without prejudice to any rights of action or remedies of either Party in respect of

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B. Choudhary

Partner



the breach, non performance or non-observance of a covenant or Term of this Agreement.

Provided however that if the default is able to be cured but not within such thirty (30) Business Day period, the period will be extended to such longer period as is reasonable (but not exceeding sixty (60) Business Days) to enable the default to be cured provided that the Defaulting Party shall have commenced curing such default within such thirty (30) Business Day period and continues to proceed with curing such default diligently.

It is however clarified that the right of Owner to terminate this Agreement consequent to Operators failure to provide services under the Agreement or cure any default is only limited to the termination of the Agreement and nothing else. The Owner would not be entitled to claim any damages from Operator for its inability to provide services under the Agreement or non-completion of any material default.

15.3 Destruction or Suspension of Operation of Hotel

In case the Hotel is damaged or destroyed by fire or for any reason to the extent which materially interferes with the operation of the Hotel for hotel purposes and if the Owner fails to repair, rebuild or replace the same and complete such repairing, rebuilding or replacement within a reasonable period of time mutually agreed by both parties so that after such repairing, rebuilding or replacement, the Hotel shall be substantially the same as prior to such damage or destruction, the Operator shall have the right, without limiting any other rights which it may have herein, to terminate this Agreement by thirty (30) Business Days written notice to the Owner. Notwithstanding the above, in the event the cost of repairing such damage is greater than 50% (Fifty Percent) of the fair market value of the Hotel (excluding the value of land), the Owner shall not be liable to repair such damage and shall have the right to terminate this Agreement without any payment to the Operator. The Operator shall however be entitled to its equitable share of the Business Interruption Insurance that will be for a period of up to two (2) years.

Notwithstanding anything contained herein, the Operator shall have an option to keep this Agreement suspended during the period of repairs, rebuilding or replacement of the Hotel until it is put in operation and the period so taken up in repairs, rebuilding or replacement shall be deducted for the purpose of computation of the operating Term of this Agreement, as specified in Section 4.1 & 4.3 hereof which will be extended by the period equal to the period of such suspension.

15.4 Substantial Interference with Hotel Operations, Acquisition, etc.

- A. In the event that acts of war, civil disturbance, terrorist activities, acts of Government or any other cause beyond the control of the Operator, has a substantial adverse effect upon the operation of the Hotel as contemplated by this Agreement or the Hotel or an 'essential portion' of the Hotel shall be taken by acquisition, requisition or dispossession by State authorities, the Operator shall have the right to terminate this Agreement without prejudice to its other rights contained herein by giving sixty (60) Business Days written notice to the Owner.

For the purposes of this Section, an 'essential portion' of the Hotel shall be deemed to have been taken when the remaining portions of the Hotel cannot, in the Operator's opinion, be efficiently operated for hotel purposes during the term for which such essential portion has been taken.

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15.5 Force Majeure

This Agreement shall not in any way be affected nor shall any Party hereto be held liable for any failure or delay in the performance of any undertaking, term or condition herein, if such failure or delay is due to any cause or causes beyond its control, including but not limited to fire, flood, damage by the elements, perils of the sea or air, accidents, Acts of God, strike, lockout or other labour disorder (not limited to the subject property), act/acts of foreign or domestic de-jure or de-facto government whether by law, order, legislation, decree, rule, regulation or otherwise, revolution, civil disturbances, breach of peace, declared or undeclared war, act of interference or action by civil or military authorities or due to any other cause beyond the Parties control or unreasonable decline in the number of tourist arrivals.

15.6 Event of Insolvency

Either Party may terminate this Agreement by written notice to the other Party, or such termination shall have immediate effect, where:

1. an order is made by a court of competent jurisdiction for the winding up of that other Party or a resolution is passed by the shareholders of that other Party for its winding up except for purposes of amalgamation or reconstruction in such manner that the resulting entity is capable of and is bound by and assumes the obligations imposed on that other Party by this Agreement;
2. that other Party enters any form of external administration;
3. a receiver or receivers and manager is appointed to any of the assets or undertaking of that other Party;
4. that other Party makes a general assignment for the benefit of its creditors;
5. anything analogous to any of the above events occurs to or in respect of that other Party under the law of any jurisdiction;
6. any proceeding of reorganization, arrangement, readjustment of debt, or the like however described, except with the consent of the other Party.

then, provided the insolvency continues for a period of thirty (30) Business Days (or such longer period as the proviso below allows) after service of a notice by the other Party ("**non- insolvent Party**") calling upon the other Party to remedy the insolvency, the other Party may terminate this Agreement without prejudice to any rights of action or remedies of either Party in respect of the breach, non performance or non-observance of a covenant or Term of this Agreement.

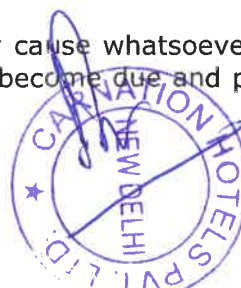
Provided however that if the insolvency is able to be cured but not within such thirty (30) Business day period, the period will be extended to such longer period as is reasonable (but not exceeding sixty (60) Business Days) to enable the insolvency to be cured provided that the other Party shall have commenced curing such insolvency within such thirty (30) Business Day period and continues to proceed with curing such insolvency diligently.

15.7 Payment of Accounts

Upon termination of this Agreement for any cause whatsoever, all accounts due and owing between the parties hereto shall become due and payable within sixty

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(60) Business Days from the date of termination. The Operator shall cause the accounts to be audited and after retention of all amounts due and payable to the Operator, pay the remaining funds to the Owner in accordance with Article VII herein. In the event of any deficiency / surplus, the Owner/ Operator shall forthwith pay an amount corresponding to the deficiency/ surplus to the Operator / Owner.

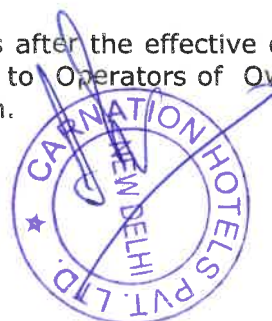
15.8 Owner's Post-Termination Obligations.

Upon the expiration or termination of this Agreement, and without limitation on any of Operators other rights and remedies under this Agreement and at law and in equity, the terms of this Clause shall apply.

- (i) Debts - Owner shall pay all amounts within thirty (30) days of expiration or termination owing to Operator arising or accruing prior to the expiration or termination of this Agreement, even if invoiced to Owner after such expiration or termination.
- (ii) Complete de-identification of Hotel and cessation of use of licensed marks. Upon the expiration of the notice period of 90 days of the termination of this Agreement, the Owner at its expense shall:
 - (a) Immediately cease to use the technology systems (including the reservations/intranet systems) and all other system programs and services;
 - (b) Immediately not, directly or indirectly, at any time or in any manner (i) use any licensed mark or other Proprietary Rights, or any colorable imitation or other indicia of the Brand, (ii) indicate in any marketing, advertising or other media, including the internet, that Owner is a former Owner of the Brand, or (iii) represent that the Hotel is or was operated as a Brand hotel or otherwise associated with the Operators system;
 - (c) immediately notify the telephone company and all telephone directory publishers of the termination or expiration of Owner's right to use any telephone number and any regular, classified or other telephone directory listings associated with any licensed mark and to authorize transfer of the number to Operator or at Operator's direction;
 - (d) Immediately, remove from the Hotel, and discontinue using for any purpose, all Operating Supplies and other materials in each case that display any of the licensed marks or any distinctive features, images, or designs associated with the Brand, and make such alterations as may be necessary to distinguish the Hotel so clearly from its former appearance as a Brand hotel and from other Brand hotels as to prevent any possibility of confusion to the public, including such actions as required in any de-identification checklist provided to Owner;
 - (e) immediately, cease use of all proprietary software licensed to Owner by Operator or any of its affiliates and comply fully with Owner's post-termination obligations in any license agreements for the proprietary software and the third-party software; and
 - (f) provide to Operator, within 30 days after the effective date of expiration or termination, evidence satisfactory to Operators of Owner's compliance with its obligations under this Section.

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- (g) shall immediately affix adhesive stickers on all print material bearing the trade-marks of the Operator before the same are presented to the guest containing the following words, " The Hotel is not a part of Lemon Tree chain of hotels any more". All such change is to be done on website and digital links at every place wherever it is visible & applicable.
- (h) Notwithstanding anything contained in this Agreement elsewhere and without prejudice to rights and remedies, the Owner shall keep Operator duly indemnified of all claims and costs by reason of any injury caused to the guest or by reason of any guest complaint or otherwise on account of use of any material by the Owner, post termination under this clause.
- (iii) Operator's Repurchase Option - Owner shall give to Operator and its Affiliates a reasonable opportunity to purchase from Owner at their depreciated book value any and all of the Operating Supplies, and other items that bear any of the licensed marks, provided that Operator's failure to purchase any such items shall not give Owner the right to use such items.
- (iv) Return Proprietary Materials. - Owner shall cease to use the Brand Manuals and all other Confidential Information, delete all such information from all electronic media and computer systems in Owner's possession or control and return to Operators all hard copies of Brand Manuals and other items constituting Confidential Information, including all copies thereof, in Owner's possession or control. Owner shall retain no copy or record of any of the foregoing items, provided that Owner may retain on a confidential basis, Owner's copy of this Agreement, any correspondence between the Parties, and any other document which Owner reasonably needs for compliance with any applicable law or reasonably determines necessary, in connection with any dispute relating to such termination.
- (v) Damages - If Owner fails to strictly comply with this Clause, then Owner shall pay to Operators as additional liquidated damages and not as a penalty, an amount equal to 10% of Owner's average published room rate per night multiplied by the number of Guest Rooms at the Hotel for each day. It being agreed and understood by Parties that ordinary damages would not be adequate compensation for Operators in such circumstances.
- (vi) Reservations - Owner shall honor the terms and conditions of all individual reservations booked or group agreements executed before the expiration or termination of this Agreement which the guest does not elect to terminate, provided that Operators may notify such guests that the Hotel will no longer be a Brand hotel or a part of the System.
- (vii) Survival - This Clause shall survive the expiration or termination of this Agreement.

15.9 Performance Test

- A. Performance Test date lines: The performance test will begin only post the stabilization period (i.e. three years from commencement of operations).
- B. Failure of the Performance test: Performance Test shall be considered to be failed if for 2 consecutive financial years the hotel does not achieve 75% of the budgeted Gross Operating Profit under the mutually agreed Annual Operating Plan and STR RevPAR Index vs competing hotels. The AOP and STR metrics /



comparable are mutually decided between the Owner and the Operator before the start of the financial year.

- C. In the event the Operator fails the Performance Test, the Owner shall have the right to terminate the Management Agreement without paying any premature compensation fee to the Operator.

ARTICLE XVI MISCELLANEOUS

16.1. Waiver and Modification

- A. The failure of either Party to insist upon a strict performance of any of the terms and conditions of this Agreement or to exercise any option, right or remedy herein contained, shall not be construed as a waiver or as a relinquishment for the future of such term, provision, option, right or remedy but the same shall continue and remain in full force and effect.
- B. No waiver by either Party of any term or provision hereof shall be deemed to have been made unless expressed in writing and signed by such Party.

16.2. Quarterly Certification:

The Owner further agree that in order to ensure aforesaid compliance of the Owner's obligation in terms of this Agreement, the Owner agrees and undertakes to provide a declaration on a quarterly basis, as per Annexure-A (enclosed herewith) to the Operator within 15 days of closure of every quarter. Notwithstanding anything contained in any other provisions of this Agreement, the parties further agree that in case of non compliance to any of the obligations of the Owner as mentioned in this clause or in case of any inconsistency, inaccuracy or if any of the provisions of this declaration are found untrue, the same shall, be considered as a breach of the Hotel Operating Agreement, pursuant to which Operator shall be entitled to all the remedies as applicable under the relevant contract and/or in law and/or in equity. Without prejudice to the foregoing, Operator shall also have the right to suspend the Hotel Operating Agreement, till such time, the default/breach gets rectified by the Owner. If the breach / non compliances is not rectified within the stipulated time period as provided by Operator, the Operator reserves its right at its sole discretion to terminate the Hotel Operating Agreement with immediate effect.

16.3. Co-Operation

In the event of failure on the part of the Owner to make any payment of principal or interest or any mortgage on the Hotel or any refinancing thereof, or if the Owner fails to pay the property taxes and other taxes and assessments thereon as required by Section 6.1 (D), the Operator may but shall not be obligated to make such payments and the Owner agrees to pay to the Operator on demand all sums so paid by the Operator and necessary incidental costs and expenses together with interest thereon at the prevailing market rate [State Bank of India ('SBI') Base rate +2% (Two Percent)]. In such event the Operator shall be permitted to recoup such funds from the funds payable to the Owner each month up to the total funds available from operations after paying all Operating Expenses and fees to the Operator.

16.4. Legal Relationship

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Operator shall act solely as the agent of Owner in the performance of its duties as Operator of Hotel. Nothing contained herein shall be construed as creating a partnership or a joint venture or managing/operating a sole agency or any other relationship and render either Party liable except as expressly provided herein.

16.5. Severability and Partial Invalidity

If any provision of this Agreement or any one or more of the phrases, sentences, clauses or paragraphs contained herein is determined to be invalid, illegal, void or voidable by any order, decree or judgment of any court, this Agreement shall be construed as if such phrases, sentences, clauses or paragraphs had not been inserted in this Agreement.

16.6. Further Instruments

All above appropriate supplemental agreements or other instruments necessary or desirable to make this Agreement and each provision hereof fully and legally effective and binding, or to carry out the intent and purpose thereof but not inconsistent with any of the provisions hereof shall be executed by the Owner and delivered, and all other acts necessary or appropriate for such purposes shall be duly or effectively executed, done or taken by the Owner.

16.7. Entire Agreement

This Agreement together with other writings signed by the Parties expressly stated to be supplementary hereto and together with any instruments to be executed and delivered pursuant to this Agreement constitutes the entire agreement between the Parties and supersedes all prior understandings and writings and may be changed only in writing signed by the Parties hereto.

Further, in case of any conflict with respect to the provisions stated in this Agreement and the provisions stated in the License Agreement, the provisions of this Agreement shall prevail.

16.8. Consent

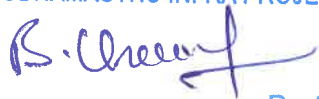
Whenever in this Agreement, the consent or approval of the Owner or Operator is required, unless stated to the contrary; such consent or approval shall not be unreasonably withheld. Such consent shall be in writing only and shall be duly executed by an authorized officer or agent of the Party granting such consent or approval.

16.9. Successors and Assigns

The terms, provisions, covenants, undertakings, agreements, obligations and conditions of this Agreement shall be binding upon and shall inure to the benefit of the successors in interest and the assigns of the Parties hereto with the same effect as if mentioned in each instance where the Party hereto is named or referred to, except that no assignment, transfer, pledge, mortgage, lease or sub-lease by or through the Operator or by or through the Owner shall take place except in accordance with this Agreement.

16.10. Governing Law, Dispute Resolution and Jurisdiction

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- A. In the event any dispute arises between the Parties out of or in connection with this Agreement, including the validity thereof, the Parties hereto shall endeavour to settle such dispute amicably in the first instance. The attempt to bring about an amicable settlement shall be treated as having failed as soon as one of the Parties hereto, if after reasonable attempts, which shall continue for not less than thirty (30) Business Days, gives a notice to this effect, to the other Party in writing.

Any dispute with respect to (i) the proper inclusion or exclusion of items in Gross Revenue, Operating Expenses or Gross Operating Profit, (ii) the proper computation of any amounts payable to the Operator (iii) the approval of the Operation Plan and the pre-opening budget, or (iv) any other matter as to which this Agreement expressly provides for dispute resolution by an Expert, shall be exclusively resolved by Expert resolution, except that either Party may pursue arbitration rather than Expert resolution if a dispute (other than under (iii) above) involves more than Rs. 50,00,000/- (Rupees Fifty Lacs Only).

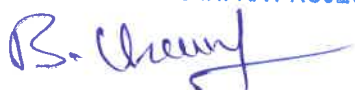
- B. If the dispute is not resolved through such discussions within thirty (30) Business Days, then such dispute shall be referred, at the request in writing of any Party to binding arbitration by a panel of three (3) arbitrators ("Arbitration Panel"), with each of the Parties to the Dispute appointing one (1) arbitrator each (for avoidance of doubt, it is hereby clarified that for the purposes of this Section, Parties to the dispute shall mean the Owner on one hand and the Operator on the other and the two (2) arbitrators thus appointed shall appoint the third (3rd) arbitrator (who shall be the presiding arbitrator), by no later than ten (10) Business Days from the date on which the aforesaid written request was received by a Party to the dispute. For avoidance of doubt, in case either Party fails to appoint their respective arbitrator within the period of ten (10) days from the expiry of the thirtieth (30th) day as aforementioned, the arbitrator appointed by the other Party shall be deemed to be the Sole Arbitrator and be authorised to adjudicate upon the said Dispute. The seat of the arbitration shall be at New Delhi and the arbitration shall be held in accordance with the Arbitration and Conciliation Act, 1996. The award rendered shall be in writing and shall set out the reasons for the arbitral tribunal's decision. The award shall allocate or apportion the costs of the arbitration as the Arbitral Panel deems fair. The Parties agree that no Party shall have any right to commence or maintain any suit or legal proceedings (other than for interim or conservatory measures) until the dispute has been determined in accordance with the arbitration procedure provided herein and then only for enforcement of the award rendered in the arbitration. Judgment upon the arbitration award may be rendered in any court of competent jurisdiction or application may be made to such court for a judicial acceptance of the award and an order of enforcement, as the case may be. The decision of the arbitrator shall be final and binding on the parties. Owner shall be liable to pay Operator's Service fees as payable under the Agreement during the pendency of the dispute resolution proceedings.

- C. This Agreement shall be governed by and interpreted in accordance with Indian law and the Courts of Delhi shall have exclusive jurisdiction.

16.11. Stamp Duty and Registration

Owner, would take the appropriate steps to register the Hotel Operating Agreement with the relevant government departments in India, if required at particular location for which the associated cost to be borne by the Owner, if required at any time

For SUBHAMASTHU INFRA PROJECTS



Partner



16.12. Confidentiality

A. Each of the Parties shall procure that during the term of this Agreement and after its termination keep confidential and cause their respective Affiliates, directors, representatives, employees and agents, as the case may be, to keep confidential any confidential information which any such persons may acquire in relation to the transactions contemplated by this Agreement or in relation to the employees, clients, business or affairs of any other Party and shall not use or disclose such information except with the consent of the other Party. The restrictions in this Section shall not apply to any information:

1. which is at the date of this Agreement publicly available other than through breach of this Agreement by any Party;
2. which was known to the Party, as evidenced by its written records, prior to it receiving such confidential information;
3. which subsequently comes lawfully into the possession of the disclosing Party by a third party which did not require any obligation of confidentiality; or
4. which is required to be disclosed in accordance with the requirements of law, any Governmental Authority, any stock exchange regulation or any binding judgment, order or requirement of any court or other competent regulatory authority.

For the purpose of this Section "confidential information" means all the information of a confidential nature disclosed (whether in writing, verbally or by any other means and whether directly or indirectly) by a Party to the other Party whether before or after the date of this Agreement.

Further, neither Party shall without consulting the other Party:

1. issue any press release or make any public announcement or otherwise publicize the consummation of this Agreement; or
2. make a public disclosure of any kind regarding the subject matter hereof, without the express prior written consent of the other Party.

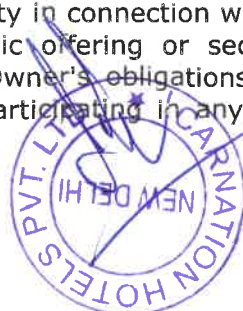
However neither of the Parties may withhold consent to disclose information contained in this Agreement if such information is required to be provided:

1. to a potential purchaser of the Hotel or the Owner or the Operator; or
2. to a potential lender to the Owner or the Operator; or
3. to other parties for the purpose of an IPO and / or sale of / by the Operator or the Owner respectively as the case may be to the extent such disclosure is required under any law, in which case the disclosing Party (if practicable under the circumstances) shall provide the other Party with a reasonable opportunity to review and comment before any such disclosure.

The Owner shall not represent to any third party in connection with any proposed financial arrangements or loan, or any public offering or securities that the Operator is in any way responsible for the Owner's obligations under the said financing arrangement or loan, or shall be participating in any such private or

For SUBHAMASTHU INFRA PROJECTS


Partner



public offering of securities. The Owner shall not make use of the name of Operator in connection with any proposed financing arrangement, loan or public or private offering, other than to state that the Hotel will be managed by the Operator under and subject to the terms of the Agreement.

16.13. Notices

- A. Any notice pursuant to this Agreement shall be in writing signed by (or by some person duly authorised by) the person giving it and may be served by sending it by facsimile, prepaid recorded delivery or registered post addressed as follows (or to such other address as shall have been duly notified in accordance with this Section):

If to the Owner:

Subhamasthu Infra Projects

Registered office at 1-4-63/3 Plot No 36, Radha Nilayam, Sneha Nagar, Habsiguda Uppal- Hyderabad 500007, Telangana State,

Mr. Israel Battula

Email: subhamasthuinfraprojects20@gmail.com

Cc: bvireddy999@gmail.com

If to the Operator:

Carnation Hotels Private Limited

Asset Area 6, Hospitality District, Aerocity,
New Delhi 110037

Attention: Mr. Mahesh Aiyer

Email: ceo_carnation@lemontreehotels.com

- B. All notices given in accordance with para A above shall be deemed to have been served as follows:
1. if delivered by hand, at the time of delivery;
 2. If sent by commercial courier / registered post acknowledgement due, at the expiration of seven (7) / five (5) Business Days after the envelope containing the same was delivered into the custody of the postal authorities; and
 3. Any notice sent by facsimile or e-mail shall not be valid communication or service of notice for purpose of this Agreement.

16.14. Representations, Warranties and Covenants of the Parties

Each of the Parties represents and warrants that:

- A. where relevant it is validly incorporated and is in good standing under the Laws of India;

For SUBHAMASTHU INFRA PROJECTS
18.12.18
B. Chetty
Partner



- B. such Party has full power, capacity and authority to execute, deliver and perform this Agreement and has taken all necessary action (corporate, statutory, contractual or otherwise) to authorize the execution, delivery and performance of this Agreement;
- C. this Agreement has been duly executed and delivered by such Party and constitutes a legal valid and binding obligation of such Party, enforceable against such Party in accordance with its terms;
- D. the execution, delivery and performance by such Party of this Agreement and the acts and transactions contemplated hereby do not and will not, with or without the giving of notice or lapse of time or both, violate, conflict with, require any consent under or result in a breach of or default under:
 - 1. any Law to which it is subject; or
 - 2. any order, judgment or decree applicable to it; or
 - 3. any term, condition, covenant, undertaking, agreement or other instrument to which it is a Party or by which it is bound.
- E. there are no legal, quasi-legal, administrative, arbitration, mediation, conciliation or other proceedings, claims, actions, governmental investigations, orders, judgments or decrees of any nature made, existing, or pending or, to the best knowledge of such Party, threatened or anticipated against such Party which may prejudicially affect the due performance or enforceability of this Agreement or any obligation, act, omission or transactions contemplated hereunder; and
- F. that it will comply with all applicable Laws in connection with the performance of its obligations under this Agreement, and will not do or permit anything to be done which might cause or otherwise result in a breach of this Agreement or cause any detriment to the transactions herein envisaged.

16.15. Additional Representation and Warranties of the Owner: The Owner hereby further represents and warrants that to the best of their knowledge as on the Takeover Date:

- A. All licenses, permits, consents, approvals etc required in relation to the Hotel are valid, binding and in full force and the terms thereof were complied with by the Owner and there has occurred no grounds for rescission, avoidance or repudiation of any of such licenses, permits, consents, approvals etc and no notice of cancellation or repudiation has received in respect thereof;
- B. The income tax and other statutory dues have been paid regularly and there is no outstanding liabilities whatsoever under any of the statutory laws as applicable to Hotel;
- C. Since the date of the acquisition, the business and affairs of Hotel have been conducted only in the ordinary and regular course;
- D. The buildings and structures constructed by the Owner as part of the Hotel or otherwise on the Property have been legally constructed with all approved plans and permissions in place;

For SUBHAMASTHU INFRA PROJECTS

 Partner



- E. The Owner, to the best of their knowledge and in good faith, warrant that there are no proceedings and / or litigations and / or disputes and / or claims pending by and against Hotel as on the date of this Agreement and Hotel has not received any notices, intimation etc in respect of any violation of applicable law, rules and/or regulations which might affect the business, operations, running and marketing of the Hotel.

16.16. Counterparts

This Agreement may be entered into in two or more counterparts each of which, when executed and delivered, shall be an original, but all the counterparts shall together constitute one and the same instrument.

16.17. Survival

Termination shall not terminate or otherwise affect any rights or obligations of a Party that either expressly or by their nature survives termination.

16.18. Remedies not Exclusive

Except as otherwise expressly stated in this Agreement, the rights and remedies provided in this Agreement are cumulative and do not exclude any other rights or remedies under this Agreement or applicable law.

16.19 Exclusion Zone

The Operator shall not manage any other hotel/resort under the Keys Select brand within 8 km, which shall be measured from the gate of the hotel, during the validity this Agreement.

IN WITNESS WHEREOF THE PARTIES HERETO HAVE EXECUTED THIS AGREEMENT ON THE DATE HEREINABOVE FIRST MENTIONED.

SIGNED AND DELIVERED BY SUBHAMASTHU INFRA PROJECTS, PARTNERSHIP FIRM AS OWNER

Signature:  Partner
By: Israel Battula
Title: Authorised Signatory
Date: 04.11.2023

Signature Witness: 
Name: Reginald G. G. G. G.
R/o: Flat 214, Mufat, Sec 14, Gurgaon, Haryana

SIGNED AND DELIVERED BY CARNATION HOTELS PRIVATE LIMITED, AS OPERATOR

Signature: 
By: Mahesh S Aiyer



Title: Chief Executive Officer
Date:04.11.2023

Signature Witness: _____
Name: _____
R/o: _____

For SUBHAMASTHU INFRA PROJECTS
B. Chatterjee Partner



Annexure-A

[On the letterhead of the concerned Hotel]

Date: [•], 2023

To,

Carnation Hotels Private Limited ("**CHPL**")/Lemon Tree Hotels Limited ("**LTHL**")

[insert the address of the concerned entity]

1. We, [insert the name of the Owner], as the owner of the [insert the name of the Hotel] ("**Hotel**") hereby declare that we have obtained all the applicable and the necessary permissions, building approvals, sanctioned development plans, licenses, permits, no objections, consents and registrations ("**Licenses**"), from the appropriate authorities, Government, municipal or otherwise, as the case may be, for the operations and management of the Hotel, in accordance with applicable law and safety standards.
2. All the Licenses are valid and subsisting.
3. Hotel is in compliance with fire and safety laws and all life & safety and fire fighting equipments are kept in good condition.
4. We, [insert the name of the Owner], as the owner of the [insert the name of the Hotel] ("**Hotel**") have complied with all employment and labour laws, tax laws, and other statutory laws as may be applicable to the Hotel.
5. We, [insert the name of the Owner], as the owner of the [insert the name of the Hotel] ("**Hotel**") have obtained all insurances pertaining to building and its operations, as mentioned in the Hotel Operating Agreement;
6. We are in compliance with all obligation of the Owner as prescribed in the Hotel Operating Agreement.
7. This declaration forms an integral part of the Hotel Operating Agreement dated [•] ("**Hotel Operating Agreement**") executed between CHPL and the owner of the Hotel executed between Owner and the Operator of the Hotel, as the case may be.
8. In case of any inconsistency, inaccuracy or if any of the provisions of this declaration are untrue, the same shall, be considered as a breach of the Hotel Operating Agreement, as the case may be, pursuant to which Operator shall be entitled to all the remedies as applicable under the relevant contract and/or in law and/or in equity. Without prejudice to the foregoing, Operator shall also have the right to terminate the Hotel Operating Agreement, as the case may be, with such Hotel.

Signed and delivered by

Mr. [•]

Authorized Signatory

For and on behalf of [insert the name of the Owner]

For SUBHAMASTHU INFRA PROJECTS
B. Chetty Partner

