

Policy for Determining Material Subsidiary

(Revised policy as approved by the Board of Directors on Nov 4, 2015)

Purpose of this policy:

Royal Orchid Hotels Limited (“**ROHL**” or “**Company**”) is governed amongst others by the rules and regulations framed by Securities Exchange Board of India (“**SEBI**”). SEBI, in its circulars dated April 17, 2014 and September 15, 2014, revised Clause 49 of the Listing Agreement and introduced new regulatory requirements for material subsidiary companies.

The Board of Directors (the “**Board**”) of the Company has adopted the policy and procedures for determining ‘material’ subsidiary companies (“**Policy**”) in accordance with the provisions of Clause 49(V)(D) of the Listing Agreement.

This Policy will be used to determine the Material Subsidiaries and Material Non-listed Subsidiary of the Company and to provide the governance framework for such subsidiaries. All the words and expressions used in this Policy, unless defined hereafter, shall have meaning respectively assigned to them under the Listing Agreement and in the absence of its definition or explanation therein, as per the Companies Act, 2013 (“**Act**”) and the Rules, Notifications and Circulars made/issued there under, as amended, from time to time.

The Audit Committee will review the policy periodically and may amend the same from time to time, as may be deemed necessary.

Definitions

“**Audit Committee**” means the committee constituted by the Board of Directors of the Company in accordance with section 177 of the Act and Clause 49 of the Listing Agreement.

“**Independent Director**” means a director of the Company, not being a whole time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Act and the Listing Agreement.

“**Material Subsidiary**” shall mean a Subsidiary, whose income or net worth exceeds 20% of the consolidated income or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

“**Material non-listed Indian Subsidiary**” shall mean an unlisted Subsidiary, incorporated in India, whose income or net worth (i.e. paid up capital and free reserves) exceeds 20% of the consolidated income or net worth respectively, of the Company and its Subsidiaries in the immediately preceding accounting year.

“**Significant transaction or arrangement**” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total

liabilities, as the case may be, of the material unlisted Subsidiary for the immediately preceding accounting year.

“**Unlisted Subsidiary**” means Subsidiary whose securities are not listed on any recognized Stock Exchanges.

“**Subsidiary**” shall be as defined under the Act and the rules made thereunder.

“**Unlisted Subsidiary**” means Subsidiary whose securities are not listed on any recognized Stock Exchanges.

Governance Framework, Policy and Procedure

- a. At least one Independent Director of the Company shall be a Director on the Board of an unlisted material Subsidiary, incorporated in India.
- b. The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted Subsidiary Company.
- c. The minutes of the meetings of the Board of Directors of the unlisted Subsidiary shall be placed at the meeting of the Board of Directors of the Company at regular intervals.
- d. The management of the unlisted Subsidiary shall periodically bring to the notice of the Board of Directors of the Company, a statement of all significant transactions or arrangements entered into by the unlisted Subsidiary.
- e. This Policy shall be subject to review as may be deemed necessary by the Board of Directors/Administrative Committee and in accordance with any Regulatory amendments

Disclosures

The Company shall disclose in its Board’s report, details of this Policy as required under the Act and the Listing Agreement. This Policy shall be disclosed on the Company’s website and a web link thereto shall be provided in the Board’s report.

Limitation and Amendment

In the event of any conflict between the provisions of this Policy and of the Act or Listing Agreement or any other statutory enactments, rules, the provisions of such Act or Listing Agreement or statutory enactments, rules shall prevail over this Policy. Any subsequent amendment / modification in the Listing Agreement, Act and/or applicable laws in this regard shall automatically apply to this Policy.

This policy shall be effective from the date when the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 become effective.

Signed Date: 4.11.2015