

refreshingly different



## **LEMON TREE HOTELS LIMITED**

### **CODE OF CONDUCT AND VIGIL MECHANISM/WHISTLE BLOWER POLICY**

#### **1 INTRODUCTION**

- a. Lemon Tree Hotels Limited ("Company") believes in the conduct of the its affairs and management of its development, operations and business in an equitable and transparent manner by adopting highest standards of professionalism, honesty, integrity and ethical behavior and aims to build and strengthen an ethical culture and trust in the organization.
- b. Accordingly, a Code of Conduct has been formulated for laying down the principles and standards that should govern the actions of the Company, its subsidiaries, associates, directors and employees and requires them to observe highest standards of business and personal ethics in the conduct of their affairs, duties and responsibilities (hereinafter the "LTH Code"). Although it is impossible to describe all conduct that may be considered ethical, the LTH Code specifically requires the following:
  - i. Dedication to LTH's mission, core values and golden rules; recognition that the primary function of LTH, at all times is to serve the best interests of its customers, employees, share holders and the community at large.
  - ii. Responsible and prudent management of LTH's funds and assets.
  - iii. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships.
  - iv. Full, fair, accurate and timely disclosure of relevant facts in all reports and documents dealing with matters of governance and the management of business.

- v. Compliance with all applicable governmental laws, rules and regulations in force.
  - vi. Treatment of all persons with respect, equity and fairness regardless of race, religion, caste, gender, ability, age or national origin.
  - vii. Respect and protection of confidential and/or privileged information which the employee has access to, in the course of her/his duties.
  - viii. Prompt internal reporting of ethical violations or perceived corruption within the organization.
  - ix. Personal accountability for adherence to the LTH Code.
- c. Any actual or potential violation of the LTH Code would be a matter of serious concern for the Company. It is the responsibility of the Company, directors, officers, employees and associates to comply with the LTH Code and to report violations or suspected violations of same.
- d. Further, Section 177(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 requires every listed company and Companies belonging to the following class:
- (i) Companies which accept deposits from the public;
  - (ii) Companies which have borrowed money from banks and public financial institutions in excess of Rs 50.00 crores (Rupees Fifty crores only) to mandatorily establish vigil mechanism for the directors and employees of the Company to report their genuine concerns or grievances in the prescribed manner.
- e. For complying with the LTH Code and the mandatory requirements of the aforementioned provisions of the Act, the Company, which meets the criteria as mentioned in 1(c)(ii) above, has established a Vigil mechanism and formulated a specific 'Vigil Mechanism/Whistle Blower Policy' ('Policy').

## **2 POLICY OBJECTIVES**

The objective of this policy is to build and strengthen a culture of transparency and trust in the organization and to provide a mechanism to report the violation/suspected violations of the LTH Code, any instances of unethical behavior, improper activities/serious irregularities within the Scope of this Policy and to provide necessary safeguards for protection of employees raising their concerns from reprisal and victimization.

### **3 DEFINITIONS**

- a. "Act" means Companies Act, 2013 including the applicable rules & regulations;
- b. "Associates" means and includes the vendors, suppliers and others with whom the company has any financial or commercial dealings.
- c. "Audit Committee" means the Audit Committee constituted by the Board of Directors of the Company in accordance with the Section 177 of the Act.
- d. "Competent Authority" means the Audit Committee, which shall oversee the vigil mechanism of the Company or the Chairman & Managing Director of Company.
- e. "Disclosure(s)" means concern(s) raised by a written communication made in good faith that discloses or demonstrates information that may evidence violation of LTH Conduct or unethical or improper activity covered under the Scope of the Policy.
- f. "Disciplinary Action" means any action that can be taken on the completion of/during the investigation proceedings including but not limiting to a warning, imposition of fine, suspension from official duties or any such action as is deemed to be fit considering the gravity of the matter.
- g. "Employee" means every employee of the Company or its subsidiary or associate companies (whether working in Corporate Office or any of its Branch offices, development sites or its operating hotels) including the contractual staff or any other person serving the Company in any other capacity and the directors of the Company.
- h. "Investigator(s)" means any person(s) or authority approached, consulted, appointed or authorized by the Vigilance Officer or Competent Authority including but not limited to the Auditors of the Company and the Police to conduct detailed investigation.
- i. "Subject" means a person against or in relation to whom a Disclosure is made or evidence gathered during the course of an investigation.
- j. "Vigilance Officer" means official of the Company to whom any of the powers under this policy are delegated from time to time and who shall assist the Competent Authority or Investigator(s) for the purposes of this Policy.
- k. "Whistle Blower" is someone who makes a Disclosure under this Policy.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Act as may be amended from time to time shall have the meaning respectively assigned to them therein.

#### **4**     **SCOPE**

- a. The Scope of the Policy covers undesirable practices and events which have taken place/ suspected to take place involving:
  - i. Violation of LTH Code;
  - ii. Gross wastage/misappropriation of company funds/assets, cheating or other similar criminal offences;
  - iii. Intentional financial irregularities, including defalcation, fraud, bribery, or suspected fraud;
  - iv. Benefitting oneself by abusing official position or demanding or accepting valuable things without adequate considerations from persons having official dealings;
  - v. Breach of business integrity, ethics and abuse of authority;
  - vi. Deliberate violation of laws and regulations;
  - vii. Gross and willful negligence causing substantial and specific danger to public health and safety;
  - viii. Pilferation of confidential/propriety information;
  - ix. Blatant violation of terms and conditions of employment and rules thereof;
  - x. Any other unethical, biased, favored or imprudent event;
- b. This Whistleblower Policy is intended to encourage and enable employees and others to raise serious concerns within the Company, prior to seeking resolution outside the organization.
- c. The policy does not absolve employees from their duty of confidentiality in course of their work and also should not be used as a route for taking up personal grievance and raising bogus allegations.

#### **5**     **ELIGIBILITY**

All Employees including the Directors and the Associates of the Company are eligible to make disclosure(s) within the Scope of this policy.

#### **6**     **GUIDING PRINCIPLES**

In order to assure that the policy is being adhered to, the Company will ensure:

- a. that disclosures are acted upon in the time bound manner;
- b. complete confidentiality of the Whistle Blower;
- c. Whistle Blower and/or the person processing the disclosure is not subjected to victimization or unfair treatment;
- d. that evidence of the disclosure is not concealed and appropriate action including Disciplinary Action is taken if anyone attempts to destroy or conceal such evidence.

## **7 DISCLOSURES**

The LTH Code and this policy addresses the open door policy of the Company and suggests that employee share their questions, concerns, suggestions, complaints or grievances with someone who can address them appropriately. In most cases, an employee's supervisor is in the best position to address an area of concern. However, if the employee is not comfortable with speaking to her/his supervisor or is not satisfied with the supervisor's response, she/he is encouraged to speak with anyone in management, whom she/he is comfortable in approaching, up to and including Executive Directors. If still unsatisfied with the response, employees are required to report his concerns and make disclosures to the Vigilance Officer, who has specific and exclusive responsibility to investigate all reported violations. The associates of the company can directly make disclosures to the Vigilance Officer.

**The contact details of the Vigilance Officer are as under:**

<b>Name</b>	<b>: Mr. Rajesh Kumar</b>
<b>Designation</b>	<b>: Vice President - Human Resources The Lemon Tree Hotel Company</b>
<b>Address</b>	<b>: Lemon Tree Premier-Delhi Airport Asset No. 6, Aerocity Hospitality District New Delhi 110037</b>
<b>E-mail</b>	<b>: vp_hr@lemontreehotels.com</b>

In exceptional circumstances, the disclosures can be addressed to the Chairman of the Audit Committee of the Board of Directors of the Company.

All disclosures will be promptly investigated and appropriate Disciplinary Action will be taken, wherever warranted.

## **8 CONFIDENTIALITY**

All the persons involved in the process shall maintain utmost confidentiality and shall only discuss the matter for purpose of completing the process and investigations.

## **9 PROTECTION AND NO RETALIATION**

The company will ensure that no unfair treatment is meted out to a Whistle Blower and take steps to protect the Whistle Blower against any kind of harassment or any kind of discrimination. Any other employee and associate assisting in the said investigation or furnishing of the evidence shall also be protected to the same extent as the Whistle Blower.

An employee who retaliates against someone who has reported a violation in good faith is subject to discipline up to and including termination of employment.

## **10 REPORTING AND REVIEW**

A half yearly report with number of complaints received under the policy and their outcome shall be placed before the Audit Committee and the Board.

## **11 DISSEMINATION**

The policy shall be brought to the notice of the employees by communicating to employees via e-mail or publishing a notice on the employee notice board or on the company website.

## **12 DISQUALIFICATIONS**

- a. Any disclosure made by the Whistle Blower with malafide intention knowing it to be false, bogus or malicious leading to abuse of provisions of this policy will attract Disciplinary Action against such Whistle Blower.
- b. Any Whistle Blower, who makes three or more disclosures, which are found to be frivolous, malafide, baseless shall be disqualified from making any further disclosure under this policy and may also attract severe penalty including but not limited to the Disciplinary Action as may be decided by the Competent Authority.

## **13 RETENTION OF THE DOCUMENTS**

All disclosures in writing or documents along with the results of the investigation relating thereto shall be retained by the Company for a period of five years or such other period as may be prescribed by the applicable law, whichever is more.

## **14 MISCELLANEOUS**

- a. The Competent Authority or the Board may review the policy as and when it deems necessary.
- b. The Vigilance Officer may, wherever necessitated, consult the Competent Authority and issue the formats, detailed procedures and reporting mechanism for better implementation of this policy.

- c. This policy may be amended or substituted, in whole or in part, by the Vigilance Officer in consultation with or on recommendation of the Competent Authority/Board.
- d. In case of any statutory change not being consistent with the provisions laid down under this Policy, then such change shall prevail upon the provisions hereunder and this policy shall stand amended accordingly from the effective date as laid down under such statutory change to the Act and such amended policy be disseminated in terms of clause 13 hereinabove.

**The Policy is approved by the Board of Directors of the Company on 19.02.2015.**