

LEMON TREE HOTELS LIMITED

CODE OF CONDUCT AND VIGIL MECHANISM/WHISTLE BLOWER POLICY

1 INTRODUCTION :

- a. Lemon Tree Hotels Limited ("the Company") believes in the conduct of 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 behaviour and aims to build and strengthen an ethical culture and trust in the organisation.
- 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 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"). This LTH Code shall also be applicable to all members of the Board and Senior Management Personnel of the Company and is in alignment with the Company's vision and values and aims at enhancing ethical and transparent processes in managing the affairs of the Company. The Board of Directors and Senior Management Personnel are expected to familiarize themselves with this Code, understand, adhere to, comply with and uphold the provisions of this Code in their day-to-day functioning.

Regulation 17 (5) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 requires a listed company to frame a Code of Conduct for all members of the Board of Directors and Senior Management, which shall be hosted on the website of the Company. The Chairman & Managing Director (CMD) and the Chief Financial Officer (CFO) or any other officials who hold powers, duties and responsibilities of a CMD/CFO is required to certify every year that there are, to the best of their / his knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violate of this 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 organisation and to provide a mechanism to report the violation/suspected violations of the LTH Code, any instances of unethical behaviour, 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. **"Duties of Directors / Independent Directors"** shall mean and include duties as laid down in the Companies Act, 2013 including any amendment thereof and for reference enumerated in Annexure 1
- h. **"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.
- i. **"Investigator(s)"** means any person(s) or authority approached, consulted, appointed or authorised by the Vigilance Officer or Competent Authority including but not limited to the Auditors of the Company and the Police to conduct detailed investigation.
- j. **'Senior Management Personnel'** shall mean personnel of the company/LTH Group who are members of its core management team excluding Board of Directors. Normally, this shall comprise all members of management one level below the Executive Directors, including all functional heads and all employees at Vice President Position and above.
- k. **"Subject"** means a person against or in relation to whom a Disclosure is made or evidence gathered during the course of an investigation.
- l. **"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.
- m. **"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:**

- (i) The Scope of the Policy, interalia, covers undesirable practices and events which have taken place/ suspected to take place involving:
 - a. Violation of LTH Code;
 - b. Gross wastage/misappropriation of company funds/assets, cheating or other similar criminal offences;
 - c. Intentional financial irregularities, including defalcation, fraud, or suspected fraud;
 - d. Benefitting oneself by abusing official position or demanding or accepting valuable things without adequate considerations from persons having official dealings;
 - e. Breach of business integrity, ethics and abuse of authority;
 - f. Deliberate violation of laws and regulations;
 - g. Gross and wilful negligence causing substantial and specific danger to public health and safety;
 - h. Pilferation of confidential/propriety information;
 - i. Blatant violation of terms and conditions of employment and rules thereof;
 - j. Any other unethical, biased, favoured or imprudent event;

- (ii) 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.

- (iii) 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, Senior Management Personnel 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/LTH Code 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.
- e. The Members of Board and Senior Management Personnel shall confirm that they have received, read and understood the provisions of this Code as per format prescribed in Annexure – 2 and shall

- i. Function and discharge their responsibilities in accordance with all applicable laws, rules and regulations.
- ii. Function within the authority conferred upon them by the Company, keeping the best interest of the Company in view.
- iii. Act in good faith in order to promote the objects of the Company for the benefit of all the stakeholders of the Company.
- iv. Act with due and reasonable care, skill and diligence. E. Exercise independent judgment while performing his duties.
- v. Not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.
- vi. Not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if he is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Company.
- vii. Maintain the confidentiality of any information (which is not available in public domain) concerning the Company's business, its customers, suppliers, etc, and to which they have access except if required under any applicable law.
- viii. Protect the Company's assets including physical assets, information and intellectual rights and shall not use the same for personal gain.
- ix. Comply with the Code of Practice and Procedure for Fair Disclosure of Unpublished Price Sensitive Information as well as the code of Conduct for dealing in Company's Securities framed under the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015.
- x. Shall not engage in Corrupt, Fraudulent, Collusive and Obstructive Practice for the conduct of business of the Company.

f. **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:

Name	:	Mr. Rajesh Kumar
Address	:	
E-mail	:	

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.

7 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.

8 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 harrassment 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.

9 REPORTING AND REVIEW:

All members of the Board of Directors and Senior Management personnel are required to affirm compliance with this Code on an annual basis within 30 days of the close of the financial year as per format prescribed in Annexure 3. The Annual Report shall contain a declaration signed by the Chief Financial Officer and the Chairman & Managing Director, if any, or any other official who holds the powers, duties and responsibilities of a CMD/CFO stating that the members of Board of Directors and Senior Management Personnel have affirmed compliance with this Code.

The Annual Compliance Report shall be forwarded to the Company Secretary. If any Director or any member of Senior Management Personnel leaves the Company any time during a financial year, he shall send a communication to Company Secretary affirming compliance of the Code till the date of his association with the Company.

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.

10 DISSEMINATION :

The Policy shall be brought to the notice of the Employees by communicating to employees by e-mailing or publishing in notice board. The code and any amendment thereto shall be hosted on the website of the company.

11 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.

12 RETENTION OF THE DOCUMENTS :

All Disclosures in writing or documents alongwith 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.

13 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.
- e. REVIEW / AMENDMENT - The Board of Directors may review and amend this Code, as and when deemed fit. In case of any amendment(s), clarification(s), circular(s) etc. issued by the relevant authorities, not being consistent with the provisions laid down under this Code, then such amendment(s), clarification(s), circular(s) etc. shall prevail upon the provisions hereunder and this Code shall stand amended accordingly from the effective date as laid down under such amendment(s), clarification(s), circular(s) etc.

DUTIES OF A DIRECTOR

Section 166 of the Act provides for the duties of a director and runs as follows:

1. Subject to the provisions of the Act, a director of a company shall act in accordance with the articles of the company.
2. A director of a company shall act in good faith in order to promote the objects of the company for the benefit of its members as a whole, and in the best interests of the company, its employees, the shareholders, the community and for the protection of environment.
3. A director of a company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.
4. A director of a company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the company.
5. A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company.
6. A director of a company shall not assign his office and any assignment so made shall be void.
7. make disclosures to the Chairman / CEO of the Company in relation to all material financial and commercial transactions where he has a personal interest that could conflict with the interest of the Company.
8. in the case of a member of Senior Management Personnel, unless permitted to do so by his Superior, abstain from taking, or participating in, any decision on a subject matter in which a Conflict of Interest arises or which, in his opinion, is likely to arise;
9. avoid acquiring any personal or financial interest in any business dealings concerning the Company;
10. Unless specifically permitted by the Chairman of the Company, each Director and each member of the Senior Management Personnel shall not serve as a director of any other company or as a partner of a firm that is engaged in a business that competes with the business of the Company or that of a company or firm with which the Company has a business relationship.
11. Any information concerning the Company's business to which a Director or a member of Senior Management Personnel has access or which is in his possession, must be considered confidential and held in confidence. No Director or a member of Senior Management Personnel shall provide any information either formally or informally, to the press or any other media, unless specifically authorized by the Company.

DUTIES OF INDEPENDENT DIRECTORS

As per Schedule IV [section 149(8)] of the Act, the independent directors shall—

1. undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the company;
2. seek appropriate clarification or amplification of information and, where necessary, take and follow appropriate professional advice and opinion of outside experts at the expense of the company;
3. strive to attend all meetings of the Board of Directors and of the Board committees of which he is a member;
4. participate constructively and actively in the committees of the Board in which they are chairpersons or members;
5. strive to attend the general meetings of the company;
6. where they have concerns about the running of the company or a proposed action, ensure that these are addressed by the Board and, to the extent that they are not resolved, insist that their concerns are recorded in the minutes of the Board meeting;
7. keep themselves well informed about the company and the external environment in which it operates;
8. not to unfairly obstruct the functioning of an otherwise proper Board or committee of the Board;
9. pay sufficient attention and ensure that adequate deliberations are held before approving related party transactions and assure themselves that the same are in the interest of the company;
10. ascertain and ensure that the company has an adequate and functional vigil mechanism and to ensure that the interests of a person who uses such mechanism are not prejudicially affected on account of such use;
11. report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy;
12. acting within his authority, assist in protecting the legitimate interests of the company, shareholders and its employees;
13. not disclose confidential information, including commercial secrets, technologies, advertising and sales promotion plans, unpublished price sensitive information, unless such disclosure is expressly approved by the Board or required by law.

Annexure – 2

ACKNOWLEDGEMENT FORM

I, _____, have received and read the Code of Conduct for Board of Directors and Senior Management Personnel of Lemon Tree Hotels Limited (“the Code”). I have understood the provisions and policies contained in this Code and agree to comply with the same.

Signature:

Name:

Designation:

Address:

Date:

Place:

Annexure – 3

ANNUAL COMPLIANCE REPORT

I,, do hereby solemnly affirm that to the best of my knowledge and belief, I have fully complied with the provisions of the **CODE OF CONDUCT FOR DIRECTORS AND SENIOR MANAGEMENT PERSONNEL** during the financial year ending 31st March 20_ .

Signature:

Name:

Designation:

Address:

Date:

Place:

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