

## **Chalet Hotels Limited**

(Formerly known as Chalet Hotels Private Limited)

CIN: U55101MH1986PLC038538

Raheja Tower, Plot No. C-30, Block 'G', Next to Bank of Baroda, Bandra Kurla Complex, Bandra (E), Mumbai 400051

Tel:- 91-22-26564000 Website: www.chalet-hotels.com

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### **CODE OF PRACTICES AND PROCEDURES FOR FAIR DISCLOSURE OF UNPUBLISHED PRICE SENSITIVE INFORMATION OF CHALET HOTELS LIMITED**

#### **1. INTRODUCTION:**

The Securities and Exchange Board of India (“SEBI”) had promulgated the SEBI (Prohibition of Insider Trading) Regulations, 2015 (hereinafter referred to as “PIT Regulations” or “Regulations”) on January 15, 2015. Thereafter, SEBI vide notification dated December 31, 2018 notified SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018.

The said Regulations require the Board of Directors of every listed entity to formulate and publish on its website, a code of practices and procedures for fair disclosure of unpublished price sensitive information that it would follow in order to adhere the principles prescribed therein.

The Code was framed and adopted by the Board of Directors of Chalet Hotels Limited (“Company” or “the Company”) at their meeting held on June 12, 2018 and the revised code has been adopted by the Board of Directors vide their resolution passed by circulation on March 29, 2019.

The revised Code shall be effective from 1<sup>st</sup> April 2019.

#### **2. DEFINITIONS:**

- i. **“Applicable Law”** shall mean the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, or any statute, law, listing agreement, regulation, ordinance, rule, judgment, order, decree, bye-law, clearance, directive, guideline, policy, requirement, notifications and clarifications, circulars or other governmental instruction and/or mandatory standards and or guidance notes as may be applicable in the matter of trading by an Insider, including any amendments thereto from time to time.
- ii. **“Board”** means the Board of Directors of the Company.
- iii. **“Chief Investor Relations Officer”** or **“CIRO”** means such senior officer of the Company appointed by the Board of Directors of the Company, to deal with dissemination of information and disclosure of UPSI in a fair and unbiased manner. In the event of a vacancy in the position of the CIRO, the Company Secretary of the Company shall be deemed to be the Chief Investor Relations Officer for the purpose of this Code. In case the Board designates any other officer, the name and designation of such officer shall be published on the website of the Company.
- iv. **“Code”** means this Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information of Chalet Hotels Limited.
- v. **“Compliance Officer”** shall mean the Company Secretary of the Company or any senior officer, so designated and reporting to the Board of Directors, who is financially literate and is capable of appreciating requirements for legal and regulatory compliance under these regulations and who shall be responsible for compliance of policies,

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procedures, maintenance of records, monitoring adherence to the rules for the preservation of unpublished price sensitive information, monitoring of trades and the implementation of the codes specified in these regulations under the overall supervision of the Board of Directors of the Company.

Explanation: For the purpose of this regulation “financially literate” shall mean a person, who has the ability to read and understand basic financial statements like Balance Sheet, Statement of Profit and Loss, Cash Flow statement etc.

vi. **“Connected Person”** means:-

- a. Any person who is or has during the six months prior to the concerned act been associated with a company, directly or indirectly, in any capacity including by reason of frequent communication with its officers or by being in any contractual, fiduciary or employment relationship or by being a director, officer or an employee of the Company or holds any position including a professional or business relationship between himself and the company whether temporary or permanent, that allows such person, directly or indirectly, access to unpublished price sensitive information or is reasonably expected to allow such access.
  
- b. Without prejudice to the generality of the foregoing, the persons falling within the following categories shall be deemed to be connected persons unless the contrary is established:-
  - An immediate relative of connected persons specified in clause (a); or
  - A holding company or associate company or subsidiary company; or
  - An intermediary as specified in Section 12 of the Securities and Exchange Board of India Act, 1992 or an employee or director thereof; or
  - An investment company, trustee company, asset management company or an employee or director thereof; or
  - An official of a stock exchange or of clearing house or corporation; or
  - A member of board of trustees of a mutual fund or a member of the board of directors of the asset management company of a mutual fund or is an employee thereof; or
  - A member of the Board of directors or an employee, of a public financial institution as defined in section 2 (72) of the Companies Act, 2013; or
  - An official or an employee of a self-regulatory organization recognized or authorized by the Board; or
  - A banker of the Company; or
  - A concern, firm, trust, Hindu undivided family, company or association of persons wherein a director of the Company or his immediate relative or banker of the Company, has more than ten per cent, of the holding or interest.

Explanation: “Immediate Relative” means a spouse of a person, and includes parent, sibling, and child of such person or of the spouse, any of whom is either dependent financially on such person or consults such person in taking decisions relating to trading in securities.

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- vii. **“Designated Person(s)”** shall include the following persons, along with their immediate relatives:
- a. Directors/Whole time Directors of the Company;
  - b. Key Managerial Personnel;
  - c. Promoters the Company;
  - d. Such other employees of the Promoters who will have access to Company’s UPSI
  - e. Chief Executive officer/Chief Financial officer/ Chief Investor Relation Officer/ Company Secretary
  - f. Permanent invitees/invitees to the board meeting and committee meetings
  - g. Members of executive/management committee of the Company and each of its Hotels/Units
  - h. All employees in the General Manager Cadre and above;
  - i. Executive assistants/personal assistant/secretary to all the above persons;
  - j. All other employees of the Company/Hotels/Units and its material subsidiaries and associate companies, irrespective of their cadre working in accounts, finance, information technology, treasury, taxation departments, secretarial, legal and compliance departments, internal audit department, business / investor’s relations and corporate communications department, and chief executive officer / managing director’s office and chairman’s office.
  - k. Persons employed on contract basis and performing similar roles or having similar responsibilities as persons mentioned in (i) and (j) above;
  - l. All such employees who have access to UPSI;
  - m. And such other persons as may be notified by the Compliance Officer as per direction of the Board
- viii. **“Insider”** means any person who is:
- a. a connected person; or
  - b. In possession of or having access to unpublished price sensitive information; or
  - c. Any person who is in receipt of unpublished price sensitive information for legitimate purpose.
- ix. **“Legitimate purpose”** shall include sharing of unpublished price sensitive information in the ordinary course of business by an insider with partner(s), collaborator(s), lender(s), customer(s), supplier(s), merchant banker(s), lawyer(s), legal advisor(s), auditor(s), audit firm(s), diligence professional(s), insolvency professional(s) or other advisor(s) or consultant(s) or operator(s) or management service provider(s) or business service provider(s) hospitality service provider(s), banks, lawyers, analysts, insolvency professional entities, consultants, banks etc., assisting, advising or engaging with the Company from time to time in order to perform duty or discharge of legal obligation i.e. on need to know basis, provided that such sharing has not been carried out to evade or circumvent the prohibitions of the Regulation.
- x. **“Need to Know”** basis means that unpublished price sensitive information should be disclosed within the Company and to Designated Persons as well as with Fiduciaries/Intermediaries to enable business decisions, compliances, as well as discharge of duty and whose possession of such information will not give rise to any conflict of interest or appearance of misuse of information.

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- xi. **“Regulations”** means the SEBI (Prohibition of Insider Trading), Regulations, 2015 as amended from time to time.
- xii. **“Unpublished Price Sensitive Information”** or **“UPSI”** means any information, relating to a company or its securities, directly or indirectly, that is not generally available which upon becoming generally available, is likely to materially affect the price of the securities and shall, ordinarily including but not restricted to, information relating to the following:
- a. Financial Results
  - b. Declaration of Dividend (interim and final);
  - c. Changes in capital structure including, but not limited to the following;
    - Issue of any class of listed securities
    - Buyback
    - Sub-division of equity shares of the company
    - Voluntary delisting by the company from the stock exchange(s)
    - Forfeiture of shares
    - Any action which will result in alteration in the terms regarding redemption/ cancellation/ retirement in whole or in part of any listed securities issued by the company
    - Cancellation of dividend/ rights/ bonus, etc.
  - d. Mergers, de-mergers, acquisitions, delisting, disposals and expansion of business and such other transactions;
  - e. Changes in Key Managerial Personnel;
  - f. Material events in accordance with the SEBI (Listing Obligations & Disclosure Requirements) Regulation 2015.
  - g. Any other matter as may be prescribed by the Company Secretary to be price sensitive, from time to time.

Explanation: It is intended that information relating to a company or securities, that is not generally available would be UPSI if it is likely to materially affect the share price upon coming into the public domain. The types of matter that would ordinarily give rise to UPSI have been listed above to give illustrative guidance of UPSI.

*Note: All terms used in this Code but not defined hereinabove shall have the meanings ascribed to them under the Securities and Exchange Board of India Act, 1992 (15 of 1992), the Securities Contracts (Regulation) Act, 1956 (42 of 1956), the Depositories Act, 1996 (22 of 1996) or the Companies Act, 2013 (8 of 2013) and rules and regulations made there under.*

### **3. PRINCIPLES OF FAIR DISCLOSURE & PRESERVATION OF UPSI:**

The following principles shall be followed at all times in relation to any disclosure of UPSI, in accordance with the Code and pursuant to applicable law:

- i. All UPSI is to be preserved and maintained in utmost confidentiality by the respective Designated Persons and those who are recipients under Legitimate Purpose and reasonable steps shall be taken to maintain the confidentiality of UPSI from time to time.
- ii. Company to ensure dissemination of information in a prompt and timely manner, once a

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definitive decision has been taken to declare such information.

- iii. Company to ensure uniform dissemination of information to avoid discriminatory disclosure.
- iv. Company to take reasonable steps to ensure the veracity and accuracy of information before dissemination.
- v. In case of any error or inaccuracy, or any information is disclosed selectively, whether by inadvertence or otherwise, the Company shall take the necessary corrective action, to make the information publicly available, which will be decided by the Compliance Officer/CIRO in conjunction with the Managing Director & CEO and the Chief Financial Officer, generally available.
- vi. Disclosure of UPSI to be made only in the performance of duties and legal duties and obligations and in furtherance of legitimate purpose as prescribed under this Code.
- vii. Disclosure of UPSI shall be in accordance with the procedures and in such form as is prescribed by applicable law.
- viii. No UPSI shall be shared with any investors, analysts or media other than as prescribed under this Code and all disclosures shall be made only in accordance with this Code and Regulations. The CIRO shall ensure maintenance and disclosure of transcripts / recordings of the information as per applicable law.
- ix. Subject to applicable law and this Code, UPSI shall be shared only on a need to know basis.

#### **4. DETERMINATION OF LEGITIMATE PURPOSE:**

The sharing of UPSI in following circumstances, will be deemed to be legitimate purpose:

- i. sharing of UPSI in the ordinary course of business by an insider
- ii. sharing of relevant UPSI with intermediaries / fiduciaries such as auditors, consultants, bankers etc. engaged by the Company in relation to the subject matter of the proposed deal/ assignment/engagement in relation to UPSI;
- iii. Sharing of relevant UPSI with persons who have expressly agreed in writing to keep the information confidential, and not to transact in the company's securities on the basis of such information;
- iv. Sharing of relevant UPSI in case mandatory for performance of duties or discharge of legal obligations;
- v. Sharing of UPSI for any other genuine or reasonable purpose as may be determined by the CIRO in conjunction with the Managing Director & CEO or Chief Financial Officer or Compliance Officer or Company Secretary of the Company; and
- vi. Sharing of UPSI for any other purpose as may be prescribed under the Securities Regulations or Company Law or any other law for the time being in force, in this behalf, as may be amended from time to time.

Till the UPSI becomes a generally available information, UPSI can be shared only on a need to know basis and for legitimate purpose as provided hereunder and not to evade or circumvent the prohibitions of the Regulations.

All such persons/insiders sharing UPSI shall ensure compliance with all applicable provisions of the Code and Regulations pertaining to sharing/disclosure of UPSI.

#### **5. MAINTENANCE OF CONFIDENTIALITY OF UPSI:**

The respective insiders/designated persons entrusted with UPSI have a duty and responsibility to

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maintain its confidentiality. They may in turn require recipient parties to execute agreements to contract confidentiality and non-disclosure obligations on the part of such parties and such parties shall keep information so received confidential, except for the limited purpose and shall not otherwise trade in securities of the Company when in possession of UPSI.

### **6. MANNER OF DISSEMINATION**

The Compliance Officer and/or CIRO shall ensure that:

- i. all intimations shall be promptly and simultaneously made to the Stock Exchanges
- ii. all intimations to the Stock Exchanges shall precede any press or media release
- iii. selective or discriminatory disclosure of information is avoided in order to prevent putting any person or group of persons in any advantageous position

### **7. FUNCTIONS OF THE CIRO & COMPLIANCE OFFICER:**

- i. Dealing with universal dissemination and disclosure of UPSI.
- ii. Determine the materiality and scope of any disclosure of information, and the persons/entities to whom such information is being disclosed;
- iii. Determination of questions as to whether any particular information amounts to UPSI.
- iv. Determination of response, if any, of the Company to any market rumor in accordance with this Code. The CIRO shall promptly provide appropriate and fair responses to queries in relation to UPSI including any news reports. A 'No Comment' practice must be maintained by the Company on market rumors except when requested by regulatory authorities to verify such rumors.
- v. Dealing with any query received by any Insider about any UPSI.
- vi. Providing advice to any Insider as to whether any particular information may be treated as UPSI.
- vii. Ensure that no UPSI is shared with any investors, analysts or media other than as prescribed under this Code
- viii. ensure that appropriate and fair response is given to queries on news reports and requests for verification of market rumors by regulatory authorities.
- ix. The CIRO shall develop best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences in accordance with applicable law.
- x. Ensure that Designated Persons are made aware of this Code and disclosure policies and procedures for UPSI;

If an Insider receives a query about any UPSI related to the Company, he/she shall not comment on the same and shall forward such query to the Chief Investor Relations Officer. The Chief Investor Relation Officer shall deal with such query in accordance with Applicable Law and the Code in consultation with Managing Director & CEO of the Company.

### **8. DEALING IN CASE OF SUSPECTED LEAK OR LEAK OF UPSI**

- Inquiry for Leakage of UPSI

In case of any UPSI is proposed to be provided, the person proposing to provide the information shall consult Managing Director & CEO or Chief Financial Officer or CIRO or Compliance Officer

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or Company Secretary in advance. In case any UPSI is leaked or is suspected to be leaked by any insider, the Compliance Officer, CIRO will report to the Managing Director & CEO or Chief Financial Officer and Chairman of Audit Committee. The Chairman of the Audit Committee will thereafter consider convening a meeting of Audit Committee depending on severity of the matter.

- **Process for inquiry**

All the matters concerning leak of UPSI or suspected leak of UPSI, will be thoroughly investigated by the Managing Director & CEO or Chief Financial Officer or Compliance Officer, as may be determined by the Chairman of the Audit Committee. Appointment of external investigators for the purpose of the investigation, may be considered if required. The investigating officer may ask the concerned insider to remain present for investigation, discussion etc. and can ask for personal bank account statements or such other details or documents as it deems fit.

- **Powers of investigating officer**

The powers of the investigating officer for inquiry under this clause are as under:

- i. To investigate the matter
- ii. To ask the concerned insider for personal presence, examination, cross examination etc.
- iii. To call for personal information/documents from insider
- iv. To file complaint, if required, before police authority/designated cell under Information Technology Act
- v. To retain the documents gathered during investigation
- vi. To report to the Audit Committee

### **9. STRUCTURAL DATABASE**

A structured digital database shall be maintained containing, inter-alia following details of such persons or entities, as the case may be, with whom UPSI is being shared, or have access to UPSI:

- i. Name and Designation of the person sharing UPSI
- ii. Name of the person or entity with whom the UPSI is shared
- iii. Name of the entity where the person with whom the UPSI is shared belongs
- iv. Address of the person or entity with whom the UPSI is shared
- v. Permanent Account Number or any other identifier authorized by law if the Permanent Account Number of the abovementioned persons
- vi. Nature or type of UPSI shared
- vii. Purpose of sharing UPSI
- viii. Date of sharing UPSI
- ix. Mode of sharing UPSI

Additionally, the CIRO or Compliance Officer shall maintain following record of the Insiders in respect of sharing of UPSI on legitimate purpose including the following:

- i. Whether the UPSI is required to be shared?
- ii. Why the information is required by the recipient?
- iii. Whether the person was authorized to share the UPSI?
- iv. Whether the Compliance Officer/CIRO was intimated before such sharing of UPSI?
- v. Whether non-disclosure agreements were signed?

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vi. Whether notice to maintain confidentiality of the shared UPSI has been given?  
The database shall be monitored by the CISO & Compliance Officer from time to time, and such additions/deletions of data requirements/details as may be deemed necessary shall be carried out from time to time.

The said digital database shall be maintained with adequate internal controls and checks such as time stamping and audit trails to ensure non-tampering of the database.

### **10. ENFORCEMENT**

This Code has been published on the Company's web-site and it is expected that the concerned stakeholders read and understand the contents thereof and adhere with its terms and conditions.

Any Designated Persons or employee who act in violation of this Code shall be liable to disciplinary action including but not limited to termination of employment and shall also be subject to such consequences under applicable law.

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