

# **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

## **Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting Trading by Designated Persons**

### **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 Code was framed and adopted by the Board of Directors of Chalet Hotels Limited 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.

#### **1.1. Why is the Code Important?**

- i. To prevent insider trading by insiders by prohibiting dealing in securities, directly or indirectly, and any communication of Unpublished Price Sensitive Information (UPSI).
- ii. To preserve the confidentiality of UPSI in order to prevent misuse of such information.
- iii. To remain committed to transparency and fairness in dealing with all stakeholders and in ensuring adherence to all the applicable laws and PIT Regulations.

#### **What is Insider Trading?**

You, as an employee, are aware that Chalet is expanding through a chain of hotels and this information is not disclosed to the public at large. You may also know that the news of this expansion could significantly improve Chalet’s stock price. Hence you buy Chalet’s shares or advise your friends or family to buy its shares, then it is case of indulging in Insider Trading.

#### **Why?**

As you are acting while in possession of confidential information (unpublished price sensitive information) not available to the public that would affect the Company’s stock price.

#### **1.2. Who is it applicable to?**

The Code is applicable to all Designated Persons (defined herein), their immediate relatives. The provisions of this Code of Conduct may also be made applicable to Insiders, Connected Persons and such other persons, in accordance with the Regulations, as deemed fit by the Compliance Officer in consultation with the Managing Director & CEO or Chief Financial Officer of the Company.

#### **1.3. Some important definitions to read and understand the Code.**

- i. **“Applicable Law”** shall mean the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and any amendment thereto from time to time, 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.
- ii. **“Act”** means the Securities and Exchange Board of India Act, 1992.

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- iii. **“Board”** means the Board of Directors of the Company.
- iv. **“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 the Code and the Code of Conduct. In case the Board designates any other officer, the name and designation of such officer shall be published on the website of the Company.
- v. **“UPSI Code”** shall mean the Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information.
- vi. **“Code of Conduct”** shall mean the Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting Trading by Designated Persons.
- vii. **“The Company”/“Company”/“Chalet”** means Chalet Hotels Limited.
- viii. **“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, 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.

- ix. **“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

Connected Person(s)
<p>Person(s) who has a connection with the Company that is expected to put him in possession of UPSI.</p> <p>The <b>qualifying test of whether or not a person would fall within the definition of a ‘connected person’</b> is if a person who is or has during the six months prior to the concerned act been associated with the company, directly or indirectly, in any capacity including:-</p> <ul style="list-style-type: none"> <li>By reason of frequent communication with its officers; or</li> <li>By being in a contractual, fiduciary or employment relationship; or</li> <li>By being a director, officer or an employee of the company; or</li> <li>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 UPSI or is reasonably expected to allow such access.</li> </ul>

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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 (i); 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.
- x. **“Confidential Information”** means information which is directly / indirectly related to the Company and / or its Subsidiaries and associates and which is not generally available or accessible to the public at large.
- xi. **“Director”** means a member of the Board of Directors of the Company.
- xii. **“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

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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
- xiii. **"Fiduciaries"** shall mean Professionals such as partner(s), collaborator(s), lender(s), customer(s), supplier(s), merchant banker(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) or hospitality service provider(s) or banks, lawyers, analysts, insolvency professional entities, consultants, banks etc., assisting, advising or engaging with the Company from time to time.
- xiv. **"Generally available information"** means information that is accessible to the public on a non-discriminatory basis including information published on website.
- Explanation: Information published on the website of the stock exchanges, would ordinarily be considered generally available.
- xv. **"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.
- xvi. **"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.
- xvii. **"KMP"** means Key Managerial Personnel and includes— (i) the Chief Executive Officer or the managing director or whole time director or the Manager; (ii) the Company Secretary; (iii) the Chief Financial Officer; and (iv) Such other officer as may be appointed by the Board of Directors of the Company as Key Managerial Personnel.
- xviii. **"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.

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- xix. **“Material Financial Relationship”** shall mean a relationship in which one person is a recipient of any kind of payment such as by way of a loan or gift during the immediately preceding twelve months, equivalent to at least 25% of such payer’s annual income but shall exclude relationships in which the payment is based on arm’s length transactions.
- xx. **“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.
- xxi. **“Regulations”** means SEBI (Prohibition of Insider Trading), Regulations, 2015 as amended from time to time.
- xxii. **“Securities”** includes:
- a. Shares, scrips, stocks, bonds, debentures, debenture stock or other marketable securities of a like nature of the Company;
  - b. Derivatives;
  - c. Rights or interest in securities;
- xxiii. **“Share”** means Equity Share of Rs.10/-(Rupees Ten) each of the Company.
- xxiv. **“Stock Exchanges”** shall mean BSE Limited (BSE) and/or the National Stock Exchange of India Limited (NSE) or any other recognized stock exchange as may be notified by the Compliance Officer from time to time.
- xxv. **“Trading”** means and includes subscribing, buying, selling, dealing, or agreeing to subscribe, buy, sell, deal in any securities, and "trade" shall be construed accordingly.
- xxvi. **“Trading day”** means a day on which the recognized stock exchanges are open for trading;
- xxvii. **“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 dividends (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.

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- d. Mergers, de-mergers, acquisitions, delisting's, 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 prescribed to them under but defined in 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.*

## 2. POLICY FOR DETERMINATION OF LEGITIMATE PURPOSE:

### When can I share UPSI?

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 CISO 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 generally available information, UPSI can be shared only on a need to know basis and for legitimate purpose as provided under the Code and not to evade or circumvent the prohibitions of the Regulations and this Code of Conduct.

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### **3. DUTIES AND FUNCTIONS**

#### **3.1. Duties of the Compliance Officer**

The Compliance officer shall:

- i. report to the Board w.r.t. insider trading on a quarterly basis.
- ii. prescribe procedures for various activities referred to in the Code of Conduct.
- iii. monitor adherence to the regulations for the preservation of UPSI.
- iv. grant pre-clearance approvals to Designated Persons for dealings in the Company's Securities by them / their Dependents and monitoring of such dealings.
- v. maintain a record of prohibited periods specified from time to time.
- vi. assist all Employees in addressing any clarifications regarding the Regulations and the UPSI Code/Code of Conduct.
- vii. determine trading window closure and re-opening periods.
- viii. seeking declarations from applicants towards possession of UPSI and its accuracy.
- ix. approve and publicly disclose the trading plan presented by the insider after which trades may be carried out by or on behalf of the insider in accordance with such plan.
- x. review the trading plan to assess whether the plan would have any potential for violation of the regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.
- xi. cause commencement of a trading plan to be deferred, in case the insider is in possession of any UPSI (which is known to the Compliance Officer or brought to his/her attention, at the time of formulation of the trading plan, and the compliance officer shall not confirm the plan unless such UPSI becomes generally available.
- xii. notify the trading plan to the stock exchanges on which the securities of the Company are listed.
- xiii. maintain records of all the declarations in the appropriate form given by the directors/officers / designated persons for a minimum period of five years.
- xiv. ensure compliance of policies, procedures, maintenance of records, preservation of UPSI, monitoring of trades and the implementation of the Codes as specified by the regulations under the overall supervision of the Board of Directors of the listed company.
- xv. ensure maintenance of structural database.
- xvi. inform SEBI in case of violation of regulations which comes to the knowledge of the compliance officer or any other official(s), the company
- xvii. Determine any question as to whether any particular information amounts to UPSI.

#### **3.2. Duties of the CIRO**

Duties of the CIRO include:

- i. Dealing with universal dissemination and disclosure of UPSI.
- ii. Determination of questions as to whether any particular information amounts to UPSI.
- iii. Determination of response, if any, of the Company to any market rumor in accordance with the Code and this Code of Conduct. The Chief Investor Relations Officer shall 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.

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- iv. Dealing with any query received by any Insider about any UPSI.
- v. Providing advice to any Insider as to whether any particular information may be treated as UPSI.
- vi. Ensure that no UPSI is shared with any investors, analysts or media other than as prescribed under the Code.
- vii. ensure that appropriate and fair response is given to queries on news reports and requests for verification of market rumors by regulatory authorities.
- viii. develop best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences in accordance with applicable law.

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 CISO or the Compliance Officer, who shall deal with such query in accordance with Applicable Law and the Code in consultation with Managing Director or CEO or the Chief Financial Officer of the Company.

#### **4. PRESERVATION OF “UNPUBLISHED PRICE SENSITIVE INFORMATION”**

All information shall be handled within the Company on a need to know basis and no UPSI shall be communicated to any person except in furtherance of the insider's Legitimate Purposes, performance of duties or discharge of his legal and other official duties and obligations.

UPSI may be communicated, provided, allowed access to or procured, in connection with a transaction which entails:

Open Offer Obligation under Takeover Code	Where the Board of Directors of the company is of the informed opinion that the proposed transaction is in the best interest of the company
No Open Offer Obligation under Takeover Code	Where the Board of Directors of the company is of the informed opinion that the proposed transaction is in the best interest of the company. + Information that constitutes UPSI is disseminated to be made generally available at least 2 (two) trading days prior to the proposed transaction being effected in such form as the board of directors may determine.

However, the Board of Directors shall require the 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.

All the files / documents, whether in physical or digital form containing Confidential Information / Unpublished Price Sensitive Information shall be kept secured and computers and computer files shall have adequate security of login and password etc.

The Compliance Officer shall intimate Designated Employees at the beginning of every financial year for the following purposes:

- To create awareness that UPSI may be shared with them during the course of the financial year;



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- To create awareness of the duties and responsibilities attached to the receipt of such UPSI and the liability attached to its misuse or unwarranted use

- To maintain confidentiality of such UPSI in compliance with the UPSI Code, Code of Conduct and the Regulations.

### **5. DEALING IN SECURITIES BY DESIGNATED PERSONS AND THEIR IMMEDIATE RELATIVES**

The Code of Conduct imposes certain additional responsibilities and restrictions on Designated Persons, as follows:

Designated persons shall disclose names, PAN or other identifier authorized by law, of the following persons in the format annexed as "Form No H" on annual basis, and update any changes to the same:

- Designated person him/herself
- Immediate relatives of designated person
- Persons with whom such designated person(s) has a material financial relationship

Designated persons shall also disclose:

- Phone/cell numbers which are used by them
- Names of educational institutions from which designated persons have graduated
- Names/Credentials of their past employers

#### **5.1. Special Responsibilities and Restrictions on Designated Persons:**

The special responsibilities and restrictions imposed on Designated Persons are:

- i. Furnish Initial Disclosure about the number of securities of the Company held by him/her and his / her immediate relatives, within 2 (two) working days of implementation of this Code of Conduct or within 2 (two) working days of joining the Company or becoming designated person.
- ii. Obtain prior clearances of the Compliance Officer before dealing in securities exceeding such threshold limit as may be notified from time to time (refer to Clause on pre-clearance)
- iii. Not to deal in securities, during certain closed periods as may be notified generally or from time to time. (refer to Clause on Trading Window and Window Closure)
- iv. Preserve UPSI (refer to Clause on Preservation)
- v. Designated persons shall not communicate, provide or allow access to any UPSI, relating to the Company or Shares, Securities listed or proposed to be listed, to any person including other insiders except where such communication is in furtherance of legitimate purposes, performance of duties or discharge of legal obligation.
- vi. Not to pass on any Price Sensitive Information to any person (including but not limited to his or her family members, friends, business associates etc.) directly or indirectly by way of making recommendation for trading in Company's securities.
- vii. Not to communicate Price Sensitive Information in situation in which there would be an uncertainty as regards conflict of interest or the possibility of misuse of the information.
- viii. Not to discuss or disclose Price Sensitive Information in public places.
- ix. Not to disclose Price Sensitive Information to any Employee who does not need to know the information for discharging his or her duties or responsibilities.
- x. Not to apply for pre-clearance and trade plan when in possession of UPSI even though the closed period is not notified till such time the UPSI becomes generally available.

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- xi. Not to execute contra trade within a period of 6 (six) months from the date of last transaction either by self or through immediate relatives. Provided that this restriction shall not be applicable for trades pursuant to exercise of stock options.

If the opposite transactions are executed in violation of this provision, the profits from such trade shall be liable to be disgorged for remittance to SEBI for credit to the Investor Protection and Education Fund (IEPF) administered by SEBI.

Such persons may however apply to the Compliance Officer for waiver of the restriction on contra trade, if there is a need to sell the said securities due to personal emergency.

Every Designated Person is required to maintain strict confidentiality of all UPSI and prohibited from passing on such information to any person directly or indirectly. Attention is specifically drawn to Regulation 3(i) of the PIT Regulations, which prohibits an insider to communicate, provide, or allow access to any UPSI relating to the Company or its securities listed or proposed to be listed. All data, documents, information, forms, records, files (physical as well as soft files) are required to be kept secure and confidential by all the designated persons. All information within the organization shall be handled on need to know basis.

When a person who has traded in securities has been in possession of UPSI, his/her trade would be presumed to have been motivated by the knowledge and awareness of such information in his possession.

## **6. PREVENTION OF MISUSE OF “UNPUBLISHED PRICE SENSITIVE INFORMATION”**

### **6.1. Preservation of “Price Sensitive Information”**

An Insider, Designated Person(s) and intermediaries/fiduciaries of the Company shall maintain the confidentiality of all price sensitive information and shall not communicate any UPSI to any person except on ‘need to know basis’ or for a ‘Legitimate Purpose’.

### **6.2. Limited access to confidential information**

An Insider, Designated Person(s) and intermediaries/fiduciaries of the Company shall keep the files containing confidential Price Sensitive Information duly secured and computer files must be kept with adequate security of login and password, etc.

### **6.3. Receipt of UPSI for legitimate purpose**

Recipient of UPSI for legitimate purpose shall be considered as insider for the purpose of the code. Accordingly, the person who shares UPSI shall give proper notice to the recipient of UPSI to maintain confidentiality of such UPSI in compliance with SEBI (PIT) Regulations, 2015.

### **6.4. Trading Plan**

SEBI Regulation entitles the Insider to formulate a trading plan. If any insider / Designated person(s) wish to formulate trading plan for trading in securities of the Company, he may do so and present it to the Compliance officer. Trading Plan is optional, however, if any insider opts for a Trading Plan, the same need to be as per strict provisions of the Regulation 5 of the SEBI PIT Regulation. Trading Plan needs to be approved by the Compliance Officer and disclosed to the Stock Exchange.

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**The Insiders-**

- i. Shall commence trading under such trading plan only after a period of 6 (six) months has elapsed from the date of public disclosure.
- ii. Shall not trade for a period between the 20th (twentieth) trading day prior to the last day of any financial period, for which results are required to be announced by the Company and upto closure of 2<sup>nd</sup> (second) trading day after such financial results are made public.
- iii. Shall not be entitled to trade under the trading plan for a period of less than 12(twelve) months.
- iv. Shall not form a trading plan when another trading plan is already in use.
- v. Shall either set out the value of trade to be effected or the number of securities to be traded along with the nature of the trade and the intervals at or dates on which such trades shall be affected.
- vi. Shall not use trading plans for trading in securities for market abuse.
- vii. Shall mandatorily implement the plan without being entitled to either deviate from it or execute any trade outside the scope of the Trading Plan. Thus, the Trading Plan, once published, shall be irrevocable.

However, the insider shall not commence trading under trading plan if any UPSI in his possession at the time of formulation of the plan has not become generally available information at the time of commencement of the plan. In such cases, the Compliance Officer will confirm its commencement ought to be deferred.

The Compliance Officer shall review the trading plan to assess whether the plan has the potential for violation of the Regulations and shall be entitled to seek such express undertakings as may be necessary to enable such assessment and to approve and monitor the implementation of the plan.

It is clarified that pre-clearance of trades shall not be required for a trade executed as per an approved trading plan. It is further clarified that trading window norms and restrictions on a contra trade shall not be applicable for trades carried out in accordance with an approved trading plan.

Upon approval of the trading plan, the Compliance Officer shall notify the plan to the stock exchanges on which the Securities are listed.

**6.5. Trading window and trading closure**

- i. The trading period, i.e. the trading period of the stock exchanges, called 'trading window', is available for trading in the Company's securities.
- ii. The trading window shall be, inter alia, closed for publication of financial results from the first day after the end of each quarter and extend up to the expiry of 2 (two) trading days after the date of declaration of the financial results.

When the trading window is closed, all Designated Person(s) (including their immediate relatives) and all promoters including member of promoter group shall not trade in the Company's securities in such period.

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- iii. All Designated Persons shall conduct all their dealings in the securities of the Company only in a valid trading window and shall not deal in any transaction involving the purchase or sale of the Company's securities during the periods when the trading window is closed, as referred to above or during any other period as may be specified by the Company from time to time.

In addition, the Trading Window shall remain closed for Trading in Securities of the Company in any manner whatsoever, in case of any one or more of the following events:

- (i) intended declaration of dividends (both interim and final);
- (ii) issue of Securities or buyback of Securities;
- (iii) Changes in the Capital Structure viz a viz the Listed Securities
- (iv) any major expansion plans or execution of new projects;
- (v) amalgamation, mergers, demergers, takeovers or reconstruction;
- (vi) disposal of the whole or substantial part of the undertaking;
- (vii) any significant changes in policies, plans or operations of the Company;
- (viii) such other information as may be specified by the Compliance Officer from time to time.
- (ix) Significant changes in the KMP
- (x) such other period(s) as may be decided and notified by the Compliance Officer.

(In other words, 'Non-Transaction Period' is the period during which the trading in the Securities of the Company will remain closed).

Nothing shall prejudice the exercise of pre-granted and vested employee stock options during the Non-Transaction Period. Provided that there shall be no trading of the securities allotted pursuant to the employee stock options in this period.

The time for re-opening of Trading Window shall be determined by the Compliance Officer taking into account various factors including the USPI in question becoming generally available and being capable of assimilation by the market, which in any event shall not be earlier than 2(two) trading days after the information becomes public/ generally available

The trading in Company's securities by all Designated Persons(including their immediate relatives) shall be conducted during the period when the trading window is open subject to pre-clearance by Compliance Officer under this Code, or as per approved trading plan and shall not deal in any transaction involving the purchase or sale of the Company's Securities during the periods when Trading Window is closed, or during any other period as may be specified by the Compliance Officer from time to time.

The trading window shall also be applicable to any person having contractual or fiduciary relation with the Company, such as auditors, accountancy firms, law firms, analysts, consultants etc., assisting or advising the Company.

#### **6.6. Pre-clearance of trades**

Every Designated Person is required to obtain pre-clearance from the Compliance Officer by making an application in Form - D before he and/or any of his immediate relatives, deals in

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securities (either buy/acquire or sell/dispose), if the market value of securities involved in the deal, in aggregate, exceeds Rs.10(Ten) Lakhs.

It is hereby clarified that the value of securities traded will include the aggregate of purchases as well as sale of securities.

The pre-dealing procedure shall be hereunder:

- i. The application shall be made together with an undertaking to the Company in Form - E. The undertaking shall state that the Designated Person is not in possession of UPSI relating to securities at the time of signing of the undertaking and also state that in case he/she receives any such UPSI after signing but before execution of the transaction applied for, he/she will refrain from executing the transaction. The Company shall give order for approval of pre-clearance in Form - F.
- ii. Designated Person and/or any of his immediate relatives shall execute their order in respect of securities of the Company within one week after the approval of pre-clearance is given. The Designated Person and /or any of his immediate relatives shall file within 2(two) days of the execution of the deal, the details of such deal with the Compliance Officer in Form - G and Form – C (as and when applicable).
- iii. The application for pre-clearance if granted shall be valid for 7(seven) days starting from the date of pre-clearance. In other words, the pre cleared transaction is required to be executed within 7(seven) days starting from the date of pre-clearance, failing which pre-clearance would be required to be sought afresh

Pre-clearance of the trades to be executed by the Compliance Officer will be approved by the Managing Director of the Company and responsibilities with regard to Compliance Officer shall lie on the chairman mutatis mutandis

## 7. REPORTING AND DISCLOSURES REQUIREMENTS

The disclosure to be made by any person under this Code of Conduct shall include those relating to trading by immediate relative(s) of such person and by any other person for whom such person takes trading decisions.

### 7.1 Initial Disclosures

**Every Promoter including member of promoter group, Designated Person, KMP and Director,** is required to furnish details of securities and derivative positions in securities held by him or his immediate relatives in **Form-A** within **30 (thirty) days of this code coming in to effect.**

**Every Promoter including member of promoter group, Designated Person, KMP and Director, on being appointed / designated** as such, is required to furnish the names of self or his immediate relatives in **Form-B** within 30 (thirty) days of such appointment.

The Designated Persons mentioned above also need to ensure that information of any change in immediate relatives is informed to the Company **within 7(seven) days** of such change.

### 7.2 Continual Disclosures

**Every Promoter including member of promoter group, Designated Person, KMP and Director**

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of the Company shall disclose in **Form - C** to the Company, the number of securities acquired or disposed of within 2(two) trading days of such transaction, if the **aggregate value** of securities traded, whether in one transaction or series of transaction in any **calendar quarter, exceeds an aggregate amount of Rs.10,00,000(Rupees Ten Lakhs)**.

It is hereby clarified that the value of securities traded will include the aggregate of purchases as well as sale of securities.

The Company shall notify the particulars of such trading to the stock exchanges on which the securities are listed within 2(two) trading days of receipt of the disclosure or from becoming aware of such information.

If so demanded by the Compliance Officer, above referred Persons shall furnish copies of account statements of shares/securities or such other document as may reasonably be required by the Compliance Officer, in order to enable him to verify the accuracy of the information furnished and monitor adherence with this Code by Designated Persons. Such statement or other document is required to be submitted within 7(seven) calendar days of the demand or within such extended period as may be allowed by the Compliance Officer.

### 7.3 Annual Disclosures

**Every Designated Person, Promoter, KMP and Director of the Company shall on annual basis, disclose in Form - H** to the Company, the details of all holdings in Securities of the Company held by him including statement of holding of their immediate relatives on or before April 30 (for year ended March 31).

### 7.4 Disclosure by Company to the Stock Exchanges:

The Compliance Officer shall notify the particulars of such trading to the stock exchange on which the securities are listed within 2 (two) trading days of receipt of the disclosure under 7.2 above or from becoming aware of such information.

The Compliance Officer shall maintain records of all the above disclosures in an appropriate form for a minimum period of 5 (five) years from the date of the filing thereof.

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

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Additionally, the CISO/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/CISO was intimated before such sharing of UPSI?
- v. Whether non-disclosure agreements were signed?
- 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.

### **8. MECHANISM FOR PREVENTION OF INSIDER TRADING**

The Company has adopted system of internal controls which mainly consist of the following, to prevent dealing in securities by insiders by misuse of UPSI:

- i. All employees who have access to UPSI are identified as designated employee.
- ii. All UPSI shall be identified and its confidentiality shall be maintained by designated employee and others who have knowledge of UPSI.
- iii. Adequate restriction shall be placed on procurement, communication and sharing of UPSI by designated employee and others who have knowledge of UPSI. List of employees and other persons with whom UPSI is shared shall be maintained and confidentiality agreement shall be executed or notice shall be served to all such employees and persons
- iv. Audit Committee shall review once in a financial year, the process to evaluate effectiveness of the above said internal controls and shall verify that the system for internal control are adequate and are operating effectively.
- v. Audit committee shall review at least once in a financial year, compliance with this Code of Conduct read with Prevention of Insider Trading Regulations.

### **9. INSITUTIONAL MECHANISM FOR PREVENTION OF INSIDER TRADING**

The Company shall ensure that adequate and effective system of internal controls are put in place to ensure compliance with the requirements of SEBI (Prohibition of Insider Trading) Regulations and to prevent insider trading. Internal controls shall include:

- a. Identification of all employees having access to UPSI as designated employees;
- b. Identification and maintenance of confidentiality of UPSI;
- c. Restriction on communication or procurement of UPSI shall be placed;
- d. Maintaining a list of employees with whom UPSI is shared;
- e. Maintaining a list of persons/fiduciaries with whom UPSI is shared and confidentiality agreements or notice to be served on them; and
- f. Periodic process review to evaluate effectiveness of internal controls.

The Company shall also take necessary steps to communicate with Intermediaries and Fiduciaries for maintaining by them of the minimum standards for Code of Conduct as required by the Regulation.

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**10. DEALING IN CASE OF SUSPECTED LEAK OR LEAK OF UPSI****10.1. Inquiry for Leakage of UPSI**

All UPSI shall be handled on a need to know basis only. In case of any UPSI is proposed to be provided, the person proposing to provide the information shall consult Chief Financial Officer / Company Secretary / Chairman and Managing Director in advance. In case any UPSI is leaked or is suspected to be leaked by any insider, Whistle-Blower Committee will investigate the matter and collect / gather the evidences and will report to the Chairman of Audit Committee. The Chairman of the Audit Committee will thereafter convene meeting of Audit Committee depending on severity of the matter.

**10.2. Process for inquiry**

All the matters concerning leak of UPSI or suspected leak of UPSI, will be thoroughly investigated by Whistle-Blower Committee/ Chief Financial Officer. Such team / Chief Financial Officer may at their discretion, consider involving external investigators for the purpose of the investigation. The Whistle-Blower Committee / Chief Financial Officer may ask the concerned insider to remain present for investigation, discussion etc. and for such investigation task team may ask for personal bank account statement or such other details or documents as it deems fit.

**10.3. Powers of Whistle Blower Committee/ Chief Financial Officer(CFO)**

The powers of Whistle Blower Committee / CFO for inquiry under this clause are as under:

- i. To investigate the matter
- ii. To ask 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, 2000
- v. To retain the documents gathered during investigation
- vi. To report to Audit Committee

**10.4. Report to Audit Committee for appropriate action**

The Whistle Blower Committee / CFO will report to the Chairman of the Audit Committee and upon receipt of report by the Chairman, he will convene meeting of the Audit Committee, depending on severity of the matter. The Audit Committee based on such report decide the suitable action including but not limited to withholding of salary / termination of employment / monetary penalty.

**11. PENALTY**

Every Designated Person shall be individually responsible for complying with the provisions of the Code (including to the extent the provisions hereof are applicable to his/her immediate relatives).

The Designated person, who violates this Code shall, in addition to any other penal action that may be taken by the Company pursuant to the law, also be subject to disciplinary action including termination of employment, suspension, wage freeze, non-participation in future employee stock option or any other appropriate action as may be imposed by the Audit Committee / Board.



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If any non-adherence is observed, the Compliance officer shall cause an internal inquiry and if non-compliance is established, he shall report to the Chairman & Managing Director / CEO and after further inquiry or investigation or direction, the Chairman & Managing Director / CEO will decide further course of action including reporting to the Audit Committee/Board of Directors

In case of any non-observance of this code by any Director, the same shall be decided by the Board.

Action taken by the Company for violation of this code against any Designated Person will not preclude the SEBI from initiating any action for violation of the Regulations or any other applicable laws, rules, directions, etc. Accordingly, in addition to the action taken by the Company, the person violating this Code and Regulations will also be subject to action by SEBI.

In case the Board of Directors of the Company observed and determined that there has been violation of this code and Regulations, it is mandatory for the Board to inform the SEBI about such violation, as per the Regulations.

**As per Section 15G and 24 of the Act, Insider, who violate the SEBI PIT Regulations, are liable to a penalty that may be imposed by SEBI which shall not be less than INR 10 lakhs but which may extend to INR 25 crores or 3 times the amount of profit made out of the Insider Trading, whichever is higher and shall also be punishable with imprisonment for a term extending to 10 years or a fine up to INR 25 crores or with both.**

As per Section 11(C) (6) of the Act, if any person without justifiable reason, refuse to co-operate in any investigation by SEBI with respect to Insider Trading, then he shall be punishable with an imprisonment for a term extending up to one year, or with fine up to INR 1 Crore or with both, and also with further fine up to INR 5 lakh for every day of such non co-operation.

As per Section 11(4) (b) of the Act, SEBI is also empowered to pass directions to such insider not to deal in the concerned securities in any particular manner and/or prohibit him from disposing of the concerned securities and/or declaring the concerned transaction(s) of securities as null and void, restraining the insider from communicating or counseling any person to deal in Securities.

When a person (including a connected person) who has traded in securities has been in possession of UPSI, his trades would be presumed to have been motivated by the knowledge and awareness of such information in his possession. This onus is on such a person to prove their innocence.

Any violations under the Regulations and this Code will be reported by Compliance Officer to SEBI.

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<b>Forms</b>	<b>Description</b>
<b>Form A</b>	Form for initial disclosure of securities held by promoter, key managerial personnel, director, designated persons and immediate relatives
<b>Form B</b>	Form for disclosure of securities held on being appointed as key managerial personnel or director or designated person or upon becoming a promoter of a listed company.
<b>Form C</b>	Form for disclosure by promoter, key managerial personnel, director, designated persons for transactions of securities in excess of certain limits
<b>Form D</b>	Form for application for pre-clearance of dealings of securities
<b>Form E</b>	Form for undertaking to be accompanied with the application for pre-clearance
<b>Form F</b>	Form for pre-clearance order
<b>Form G</b>	Form for disclosure of pre-clearance transactions
<b>Form H</b>	Form for Annual disclosure of securities held by promoter, key managerial personnel, director and designated person