

VADILAL INDUSTRIES LIMITED
CODE OF CONDUCT FOR DIRECTORS

I. INTRODUCTION

This Code of Conduct has been adopted by Vadilal Industries Limited to comply with the applicable rules of the Stock Exchanges where securities of the Company are listed i.e. The Stock Exchange, Mumbai and Ahmedabad Stock Exchange.

The principal duty of the Board of Directors, along with management, is to ensure that the Company is well managed in the interests of its shareholders. The Board of Directors plays the central role in the Company's governance. It is the Company's decision-making authority on all matters except those reserved to shareholders or delegated to the management. The Board of Directors is not expected to assume an active role in the day-to-day management of the Company.

All Board members shall affirm compliance of this Code on an annual basis. On the basis of affirmation, two Managing Directors of the Company, namely, Shri Rajesh R. Gandhi and Shri Devanshu L. Gandhi, will give the declaration to this effect and the declaration will be published in the Annual Report of the Company.

II. GUIDELINES FOR CONDUCT

Each director should seek to use due care in the performance of his/her duties, be loyal to the Company, act in good faith and in a manner such director reasonably believes to be not opposed to the best interests of the Company. A director should seek to also :-

- i) make reasonable efforts to attend Board Meetings, Committee Meetings and General Meetings of the Shareholders ;
- ii) dedicate time and attention to the Company; and
- iii) seek to comply with all applicable laws, regulations, confidentiality, obligations and corporate policies of the Company.

III. CORPORATE BUSINESS OPPORTUNITIES

In carrying out their duties and responsibilities, directors should avoid :

- i) appropriating corporate business opportunities for themselves that are discovered through the use of Company property or information or their position as directors;
- ii) using Company property or information, or their position as directors, for personal gain; and
- iii) competing with the Company.

A corporate business opportunity is an opportunity (1) which is in the Company's line of business or proposed expansion or diversification, (2) which the Company is financially able to undertake and (3) which may be of interest to the Company. A director who learns of such a corporate business opportunity and who wishes to avail of, it should disclose such opportunity to the Company's Board of Directors. If the Board of Directors determines that the Company does not have an actual or expected interest in such opportunity, then, and only then, may the director avail of it, provided that the director has not wrongfully utilized the Company's resources in order to acquire such opportunity.

IV. CONFLICTS OF INTEREST

Each director should endeavor to avoid having his or her private interests interfere with (i) the interests of the Company or (ii) his or her ability to perform his or her duties and responsibilities objectively and effectively. Directors should avoid receiving, or permitting members of their immediate family to receive, improper personal benefits from the Company, including loans from or guarantees of obligations by the Company. A director should make a full disclosure to the entire Board of any transaction or relationship that such a director reasonably expects could give rise to an actual conflict of interest with the Company and seek the Board's authorization to pursue such transactions or relationships.

It is a conflict of interest to serve as a Director of any Company that competes with the Company.

V. COMPANY PROPERTY

In carrying out their duties and responsibilities, directors should endeavor to ensure that management is causing the Company's assets, proprietary information and resources to be used by the Company and its employees only for legitimate business purposes of the Company.

VI. CONFIDENTIAL INFORMATION

Directors should maintain the confidentiality of information entrusted to them in carrying out their duties and responsibilities, except where disclosure is approved by the Company or legally mandated or if such information is in the public domain.

The Company's confidential and proprietary information shall not be inappropriately disclosed or used for the personal gain or advantage of any director or anyone other than the Company. These obligations apply not only during a Director's term, but thereafter as well.

VII. FAIR DEALING

In carrying out their duties and responsibilities, directors should endeavor to deal fairly, and should promote fair dealing by the Company, its employees and agents, with customers, suppliers and employees.

Directors should not seek to take unfair advantage of the Company through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing.

VIII. COMPLIANCE WITH LAWS AND REGULATIONS

In carrying out their duties and responsibilities, directors should comply, and endeavor to ensure that the management is causing the Company to comply, with applicable laws, rules and regulations. In addition, if any director becomes aware of any information that he or she believes constitutes evidence of a material violation of any securities or other laws, rules or regulations applicable to the Company or the operation of its business, by the Company, any employee or another director, then such director should bring such information to the attention of the Board of Directors of the Company.

IX. INSIDER TRADING

Directors should observe all applicable laws and with respect to the purchase and sale of the Company's securities. It is the responsibility of each director to become familiar with and understand these laws and regulations.

Insider Trading generally involves the act of subscribing or buying or selling of the Company's securities, when in the possession of any Unpublished Price Sensitive Information about the Company. It also involves disclosing any Unpublished Price Sensitive Information about the Company to others who could subscribe or buy or sell the Company's securities. Insider Trading invokes severe civil and criminal penalties not only on the Insider but also on the Company in certain circumstances under the Regulations issued in India under the Securities and Exchange Board of India (SEBI) Act, 1992.

"sensitive information" is information which relates directly or indirectly to a Company and which if published is likely to materially affect the price of Securities of a Company. It is important to note that both positive and negative information could be price sensitive.

X. RELATED PARTIES

As a general rule, Directors should avoid conducting Company business with related parties as defined under applicable Accounting Rules, SEBI, Companies Act, 1956 and Securities Market Rules. If such a related party transaction is unavoidable, director must fully disclose the nature of the such transaction to the Company.

XI. POLITICAL CONTRIBUTIONS

It is the Company's policy to comply fully with all local, state, foreign and other applicable laws, rules and regulations regarding political contributions. The Company's funds or assets must not be used for or be contributed to political campaigns or political practices under any circumstances without the prior approval of the Board of Directors of the Company.

XII. ENCOURAGING THE REPORTING OF ILLEGAL OR UNETHICAL BEHAVIOR

Directors should endeavor to ensure that management is causing the Company to promote ethical behavior and to encourage employees to report evidence of illegal or unethical behavior to appropriate Company personnel. Directors should endeavor to ensure that the Company will not allow retaliation against any employee who makes a good faith report about a possible violation of the Company's Code of Conduct.

XIII. OTHERS

- (i) To observe and guide the Company in maintaining highest degree of Corporate Governance.
- (ii) To inform the Company immediately about the emergence of any situation that may disqualify him / her from directorship.
- (iii) Not to hold any office or place of profits in the company by himself / herself or by his / her relatives without full disclosure of information in connection therewith.

XIV. NON-COMPLIANCE

Suspected violations of this Code may be reported to the Chairman of the Board or the Chairman of the Audit Committee. All reported violations should be appropriately investigated.

Any waiver of this Directors' Code must be approved by the Board of Directors and publicly disclosed if required by any applicable law or regulation.

XV. NO RIGHTS CREATED

This Directors' Code sets forth guidelines for conduct for the Board of Directors.

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