



ANNEXURE – D TO THE DIRECTORS' REPORT

Report on Corporate Governance for the year ended on 31st March, 2017 (2016-2017)

pursuant to Schedule – V of SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015

❖ **Brief statement on Company's philosophy on Code of Governance :-**

SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 (hereinafter referred to as "SEBI (LODR) Regulations, 2015") envisages various compliances and disclosure requirements in terms of Corporate Governance. Further, Schedule – V read with regulation 34(3) and 53(f) of the SEBI (LODR) Regulation, 2015 the Annual Report of a listed entity shall contain various Additional Disclosures which includes Corporate Governance Report.

Over the past few years, the transition in the business environment, coupled with liberalisation and changing market conditions, has led to a fundamental shift in the management's approach to enhancing shareholder value. In this context, Corporate Governance has attained paramount importance for ensuring fairness, transparency, accountability and responsibility to all stakeholders.

The Company's philosophy on Corporate Governance is aimed at making the top management of the Company in the efficient conduct of its business and in making its obligation to Shareholders.

❖ **The Report on Corporate Governance is divided into ten parts :-**

- | | |
|-------------------------------|--|
| 1) Board of Directors, | 6) General Shareholder information |
| 2) Remuneration of Directors, | 7) Other Disclosures |
| 3) Committees of the Board, | 8) Disclosure of Compliance with Corporate Governance Requirements |
| 4) General Body Meetings, | 9) Non-compliance, if any, of requirement of Corporate Governance Report |
| 5) Means of Communication | 10) Compliance of discretionary requirements |

1) **Board of Directors**

(i) **Composition and category of Directors :**

The Board of the Company comprises Executive and Non-executive Directors. The majority Directors on the Board are Non-executive Directors. The day-to-day management of the Company is conducted by the Managing Directors of the Company, subject to the supervision, direction and control of the Board of Directors of the Company.

The Board of Directors of the Company as on 31-03-2017 consists the following 8 Directors, out of which, majority Directors are Non-executive Directors and one half of the total Directors are Independent Directors :-

	Category	Name of the Directors
A.	Promoters and Executive Directors	1 Mr. Rajesh R. Gandhi, Chairman & Managing Director 2 Mr. Devanshu L. Gandhi, Managing Director
B.	Promoters, Non-executive and Non-Independent Directors	3 Mrs. Devalben D. Gandhi 4 Mr. Kalpit R. Gandhi*
C.	Independent Directors	5 Mr. Malay Mahadevia 6 Mr. Chetan Jamboli 7 Mr. Jignesh Shah 8 Mr. Vijay Shah

* Mr. Kalpit R. Gandhi is also Chief Financial Officer, Key Managerial Personnel, of the Company.

(ii) **Number of Board Meetings held and the dates on which held :**

The Board met 5 times during the year under review on 28-5-2016, 8-8-2016, 11-11-2016, 25-1-2017 and 9-2-2017. The gap between two Board Meetings did not exceed 120 days.

(iii) **Attendance of each Director at the Board Meetings (5 Board Meetings) held during the year from 01-04-2016 to 31-03-2017, last Annual General Meeting (AGM) and number of Directorship and Chairmanship / Membership of Committee of each Director in various Companies as on 31-03-2017:**

Name of Director	Attendance Particulars		No. of Directorships and Committee Membership/ Chairmanship (including Vadilal Industries Limited)		
	Board Meetings (5 Board Meetings)	Last AGM	Directorship*	Committee Membership **	Committee Chairmanship ** (Out of Committee Membership)
Mr. Rajesh R. Gandhi	5	Yes	4	5	Nil
Mr. Devanshu L. Gandhi	5	Yes	3	5	Nil
Mrs. Deval D. Gandhi	5	Yes	2	Nil	Nil
Mr. Kalpit R. Gandhi	3	Yes	2	1	Nil
Mr. Kshitish M. Shah#	2	Yes	3	3	1
Mr. Rohit J. Patel#	2	Yes	3	5	3
Mr. Malay R. Mahadevia	3	No	2	2	Nil
Mr. Chetan M. Tamboli	4	No	2	2	1
Mr. Jignesh J. Shah##	2	NA	3	2	1
Mr. Vijay R. Shah##	2	NA	1	2	Nil

* This excludes Directorships held in Private/Foreign Companies and Companies incorporated under Section 8 of the Companies Act, 2013.

** Committees of Directors include Audit Committee and Stakeholders' Relationship Committee.

Ceased to be Directors of the Company w.e.f. 27-09-2016.

Appointed as Additional Directors of the Company w.e.f. 11-11-2016.

None of the Directors of the Company is a member of Board of more than 20 Companies and more than 10 Public Limited Companies, in terms of Section 165 of the Companies Act, 2013. None of the Directors is a member of more than 10 Board level Committees or a Chairman of more than 5 such Committees as required under Regulation 26(1) of SEBI (LODR) Regulation, 2015. The necessary disclosures regarding Committee positions have been made by the Directors.

(iv) Relationship between the Directors :-

- Mr. Kalpit R. Gandhi is the son of Mr. Rajesh R. Gandhi.
- Mrs. Devalben D. Gandhi is the spouse of Mr. Devanshu L. Gandhi.

None of the other directors are related to any other director on the Board.

(vi) Independent Directors :

Every Independent Director, at the first meeting of the Board in which he participates as a Director and thereafter at the first meeting of the Board in every financial year, gives a declaration that he meets the criteria of independence as provided under law.

Every Independent Director is abide by the provisions specified in Schedule – IV to the Companies Act, 2013 and Regulation 25 of the SEBI (LODR) Regulation, 2015 related to obligation of Independent Directors.

The policy decisions are considered by the Nomination and Remuneration Committee for appointment as Independent Director on the Board. The Board considers the committee's recommendation and takes appropriate action.

The Company's Independent Directors meet at least once in every financial year without the presence of Executive Directors or management personnel:

- To review the performance of non-independent directors and the Board as a whole.
- To review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors.
- To assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.

(vi) Information supplied to the Board :-

The information in respect of the following matters, among others, are regularly placed before the Board of Directors:

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the company and its operating divisions or business segments.
- Minutes of meetings of audit committee and other committees of the board.
- The information on recruitment and remuneration of senior officers just below the level of board of directors, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial nonpayment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgement or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of material nature, of investments, subsidiaries, assets, which is not in normal course of business.
- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.
- Appointment, remuneration and resignation of Directors.
- Formation/reconstitution of Board Committees.
- Declaration of Independent Directors at the time of appointment/annually
- Disclosure of Directors' interest and their shareholding
- Appointment or removal of the Key Managerial Personnel
- Appointment of Internal Auditors and Secretarial Auditors
- Quarterly / Annual Secretarial Audit reports submitted by Secretarial Auditors
- Dividend declaration
- Quarterly summary of all long-term borrowings made, bank guarantees issued and loans and investments made



- Significant changes in accounting policies and internal controls
- Issue of securities including debentures
- Recommending appointment of and fixing of remuneration of the Auditors as recommended by the Audit Committee
- Internal Audit findings and External Audit Reports (through the Audit Committee)
- Proposals for major investments, mergers, amalgamations and reconstructions

The Board is routinely presented with all information required under Regulation 17(7) read with Schedule – II of the SEBI (LODR) Regulation, 2015 wherever applicable and materially significant. These are normally submitted as a part of the Agenda papers and circulated in advance to the Directors. Where it is not practicable to attach any document to the agenda, it is tabled before the meeting with specific reference to this effect in the agenda. In special and exceptional circumstances, additional or supplementary item(s) on the agenda are permitted. Action taken report on the decision / minutes of the previous meeting is placed at the immediately succeeding meeting of the Board/Committee for noting by the Board/Committee.

The Board evaluated its own performance and that of its committees and individual directors in terms of the provisions of Section 134(3)(p) of the Companies Act, 2013 and Regulation 17(10) read with Regulation 25(4) of the SEBI (LODR) Regulation, 2015.

2) Remuneration to all Directors:

The Policy on appointment and remuneration of Directors is enclosed with the Directors' report.

The aggregate value of salary, perquisites and other allowances paid including contribution towards Provident Fund to the two Managing Directors of the Company during the year ended on 31-03-2017 (i.e. from 01-04-2016 to 31-03-2017) are as follows:-

Amount (₹ in lacs)

Name of Managing Director	Salary	Perquisites/ Allowances	Commission	Contribution to PF	Total
Mr. Rajesh R. Gandhi	39.60	21.27	58.23	4.75	123.85
Mr. Devanshu L. Gandhi	39.60	21.24	58.23	4.75	123.82

Besides this, the above Managing Directors are also entitled to Superannuation or Annuity Fund, to the extent not taxable and Gratuity and encashment of Leave as per Rules of the Company.

The Company has not paid Bonus to the above Managing Directors of the Company for the financial year ended on 31-03-2017.

The Managing Directors are required to give 3 months' notice in writing to the Company to resign from the office of Managing Director. The Company does not have a scheme for grant of stock options either to the Managing Directors or Employees. None of the other Directors are paid remuneration except sitting fees for attending Board and Committee Meetings.

The Company has paid sitting fees to all Non-executive Directors of the Company for attending Board Meetings, as under, held during the year ended on 31-03-2017:

Sr. No.	Name of the Director	Amount in Rs. (including Service Tax)
1	Mrs. Deval D. Gandhi	100000
2	Mr. Kalpit R. Gandhi*	0
3	Mr. Kshitish M. Shah#	40000
4	Mr. Rohit J. Patel#	40000
5	Mr. Malay Mahadeviya*	0
6	Mr. Chetan M. Tamboli	80000
7	Mr. Jignesh J. Shah##	40000
8	Mr. Vijay R. Shah##	40000

* Mr. Kalpit R. Gandhi and Mr. Malay R. Mahadevia do not receive sitting fees for attending any meeting of the Board and any committee thereof.

Ceased to be Directors of the Company w.e.f. 27-09-2016.

Appointed as Directors of the Company w.e.f. 11-11-2016.

The Company has also paid sitting fees to the following Non-executive Directors of the Company for attending Audit Committee meetings, held during the year ended on 31-03-2017:-

Sr. No.	Name of the Director	Amount in Rs. (plus Service Tax)
1	Mr. Devanshu L. Gandhi	0
2	Mr. Kalpit R. Gandhi *	0
3	Mr. Rohit J. Patel#	25000
4	Mr. Kshitish M. Shah#	25000
5	Mr. Malay Mahadevia*	0
6	Mr. Chetan M. Tamboli	25000
7	Mr. Jignesh J. Shah	12500
8	Mr. Vijay R. Shah	12500

* Mr. Devanshu L. Gandhi, Mr. Kalpit R. Gandhi and Mr. Malay R. Mahadevia do not receive sitting fees for attending any meeting of the Board and any committee thereof.

Ceased to be Directors of the Company w.e.f. 27-09-2016.

Appointed as Directors of the Company w.e.f. 11-11-2016.

The Company has also paid sitting fees to the following Non-executive Directors of the Company for attending Nomination and Remuneration Committee meeting, held during the year ended on 31-03-2017 :-

Sr. No.	Name of the Director	Amount in Rs. (plus Service Tax)
1	Mr. Kshitish M. Shah#	0
2	Mr. Rohit J. Patel#	0
3	Mr. Malay Mahadevia*	0
4	Mr. Chetan M. Tamboli	20000
5	Mr. Jignesh J. Shah	10000
6	Mr. Vijay R. Shah	10000

* Mr. Malay R. Mahadevia does not receive sitting fees for attending any meeting of the Board and any committee thereof.

Ceased to be Directors of the Company w.e.f. 27-09-2016.

Appointed as Directors of the Company w.e.f. 11-11-2016.

The Non-executive Directors of the Company are also reimbursed the traveling and out-of-pocket expenses for attending such meetings.

Mrs. Devalben D. Gandhi is holding 59266 Equity Shares of the Company. Except the above, no other Non-executive Directors of the Company hold any shares in the Company.

There was no pecuniary relationship or transaction of Independent Directors with the Company.

3) Committees of the Board:

The Board of Directors of the Company has formulated the following committees in terms of the provisions of the SEBI (LODR) Regulation, 2015 and Companies Act, 2013 and Rules made thereunder :

- Audit Committee
- Nomination and Remuneration Committee
- Stakeholders' Relationship Committee
- Corporate Social Responsibility Committee

The composition and terms of reference of the said committees are as under :

(a) Audit Committee :

(i) Composition

As on 31-03-2017, there were 6 members of Audit Committee as under :-

Sr. No.	Name of the Member	Designation	Category
1	Mr. Chetan M. Tamboli	Chairman	Independent Director
2	Mr. Devanshu L. Gandhi	Member	Executive Director
3	Mr. Kalpit R. Gandhi	Member	Non-Executive and Non-independent Director
4	Mr. Malay Mahadevia	Member	Independent Director
5	Mr. Jignesh J. Shah	Member	Independent Director
6	Mr. Vijay R. Shah	Member	Independent Director

The Audit Committee was reconstituted on 9-2-2017.

The constitution of the Audit Committee fulfills the requirements of Regulation 18 of the SEBI (LODR) Regulation, 2015 and Section 177 of the Companies Act, 2013. The members of audit committee are financially literate and having accounting or related financial management expertise.

Mr. Rohit J. Patel, who was the Chairman of the Audit Committee, was present at the last Annual General Meeting of the Company held on 27-09-2016. All the queries related to financial results raised by the members present at the said meeting were duly replied.

Mrs. Ruchita Gurjar, who is a Company Secretary of the Company, is the Secretary to the Audit Committee.

(ii) Meeting and Attendance :

The Audit Committee met 4 times during the year under review on 28-5-2016, 8-8-2016, 11-11-2016 and 9-2-2017..

The presence of the Members of the aforesaid Audit Committee Meetings are as under :

Sr. No.	Name of the Director	No. of Audit Committee Meetings attended
1	Mr. Rohit J. Patel#	2
2	Mr. Kshitish M. Shah#	2
3	Mr. Kalpit R. Gandhi	3
4	Mr. Malay Mahadevia	3
5	Mr. Devanshu L. Gandhi	1
6	Mr. Chetam Tamboli	2
7	Mr. Jignesh J. Shah	1
8	Mr. Vijay R. Shah	1

Ceased to be Directors of the Company w.e.f. 27-09-2016.

The representative of the Statutory Auditors was present in all meetings of the Audit Committee. The Internal Auditors were also present in the meetings as and when called them. The Managing Directors of the Company were also generally invited to attend the Audit Committee meetings. The Minutes of the Audit Committee Meetings are placed before all Directors of the Company at the time of Board Meeting and are confirmed in the Board Meeting.

(iii) Terms of reference:

The terms of reference of the Audit Committee as stipulated by the Board at its meeting held on 29th May, 2015, are as under and they are in accordance with the provisions of Regulation 18 read with Part C of Schedule II of the SEBI (LODR) Regulation, 2015 and Section 177 of the Companies Act, 2013:

1. The recommendation for appointment, remuneration and terms of appointment of auditors of the company;
2. Review and monitor the auditor's independence and performance, and effectiveness of audit process;
3. Examination of the financial statement and the auditors' report thereon; Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - b. Changes, if any, in accounting policies and practices and reasons for the same;
 - c. Major accounting entries involving estimates based on the exercise of judgment by management;
 - d. Significant adjustments made in the financial statements arising out of audit findings;
 - e. Compliance with listing and other legal requirements relating to financial statements;
 - f. Disclosure of any related party transactions;
 - g. Modified Opinions/Qualifications in the draft audit report
4. Approval or any subsequent modification of transactions of the company with related parties;
5. Scrutiny of inter-corporate loans and investments;
6. Valuation of undertakings or assets of the company, wherever it is necessary;
7. Evaluation of internal financial controls and risk management systems;
8. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
9. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
10. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
11. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
14. Discussion with internal auditors of any significant findings and follow up there on;
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
18. To review the functioning of the Whistle Blower mechanism;
19. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate."

(b) Nomination and Remuneration Committee :

(i) Composition

The erstwhile Remuneration Committee of the Directors of the Company was re-constituted and re-nomenclature as a *Nomination and Remuneration Committee*, at the meeting of Board of Directors held on 29th May, 2014, pursuant to the provisions of Regulation 19 read with Part D Schedule II of the SEBI (LODR) Regulation, 2015 and Section 178 of the Companies Act, 2013.

The Nomination and Remuneration Committee comprises the following Directors of the Company, as on 31st March, 2017, namely:

Sr. No.	Name of the Member	Designation	Category
1	Mr. Malay Mahadevia	Chairman	Independent Director
2	Mr. Chetan M. Tamboli	Member	Independent Director
3	Mr. Vijay R. Shah	Member	Independent Director
4	Mr. Jignesh J. Shah	Member	Independent Director

The Nomination and Remuneration Committee was reconstituted on 9-2-2017.

The constitution of Nomination and Remuneration Committee fulfills the requirements of the Regulation 19 of the SEBI (LODR) Regulation, 2015 and Section 178 of the Companies Act, 2013. All members of the Nomination and Remuneration Committee are independent Directors of the Company.

(ii) Meeting and attendance:

The Nomination and Remuneration Committee normally meets for considering proposal related to appointment and/or remuneration of any Director or Key Managerial Personnel of the Company and for considering any other matter as may be specified under the terms of reference of the committee.

During the year under review, the Nomination and Remuneration Committee met 2 times on 11-11-2016 and 9-2-2017.

The presence of the Members of the aforesaid Nomination and Remuneration Committee Meetings are as under:

Sr. No.	Name of the Director	No. of Meetings attended.
1	Mr. Malay Mahadevia	2
2	Mr. Chetan M. Tamboli	2
3	Mr. Vijay R. Shah	1
4	Mr. Jignesh J. Shah	1

(iii) Terms of Reference:

Pursuant to Section 178 of the Companies Act, 2013 read with Companies (Meeting of Board and its Powers) and Regulation 19 read with Part – D of Schedule – II of SEBI (LODR) Regulation, 2015, the role of the Nomination and Remuneration committee shall, *inter-alia*, include the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board of Directors;
3. Devising a policy on diversity of the Board of Directors;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal. The company shall disclose the remuneration policy and the evaluation criteria in its Annual Report.
5. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

(iv) Performance evaluation of all the Director and Key Managerial Personnel carried out by the Nomination and Remuneration Committee of the Company

(c) Stakeholders' Relationship Committee:

(i) Composition:

The erstwhile Share Transfer and Investors' Grievance Committee of the Directors of the Company was re-constituted and re-nomenclature as a *Stakeholders' Relationship Committee*, at the meeting of Board of Directors held on 29th May, 2014, pursuant to the provisions of Regulation 20 read with Part D of Schedule II of the SEBI (LODR) Regulation, 2015 and Section 178 of the Companies Act, 2013.

The Stakeholders' Relationship Committee comprises the following Directors of the Company, as on 31st March, 2017, namely:

Sr. No.	Name of the Member	Designation	Category
1	Mr. Jignesh J. Shah	Chairman	Independent Director
2	Mr. Rajesh R. Gandhi	Member	Executive Director
3	Mr. Devanshu L. Gandhi	Member	Executive Director
4	Mr. Vijay R. Shah	Member	Independent Director

The Stakeholders' Relationship Committee was re-constituted on 9-2-2017.

The constitution of Stakeholders' Relationship Committee fulfills the requirements of Regulation 20 read with Part D of Schedule II of the SEBI (LODR) Regulation, 2015 and Section 178 of the Companies Act, 2013.

The Committee, inter alia, approves the transfer of Shares, issue of duplicate Share Certificates, splitting and consolidation of Shares etc. The Committee also looks after redressal of Shareholder's complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividends, etc. The Board of Directors has delegated the power of approving transfer of Shares etc. to the Stakeholders' Relationship Committee.

(ii) No. of Shareholders complaints received and not solved to the satisfaction of the Shareholders:

The total number of complaints received and replied to the satisfaction of Shareholders during the year under review were as under :

No. of Complaints outstanding as on 31-03-2016	- 3
No. of complaints received during the year under review	- 1
No. of complaints disposed off during the year under review	- 4
No. of complaints outstanding as on 31-03-2017	- 0

(iii) Name and designation of Compliance Officer :

The Board has designated Mrs. Ruchita Gurjar, Dy. General Manager (Secretarial) and Company Secretary, as the Compliance Officer of the Company in terms of Regulation 6 and 20 of the SEBI (LODR) Regulation, 2015.

(c) Risk Management Committee :

The provisions of Regulation 21 of the SEBI (LODR) Regulation, 2015 regarding constitution of Risk Management Committee of the Directors are not applicable to the Company, as the company does not fall in the list of top 100 listed entities determined on the basis of market capitalization.



(d) Corporate Social Responsibility Committee :

(i) Composition :

In terms of provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder, a committee of the Directors of the Company has been constituted as Corporate Social Responsibility Committee, comprising the following Directors:

1.	Mr. Vijay R. Shah	Chairman
2.	Mr. Devanshu L. Gandhi	Member
3.	Mr. Kalpit R. Gandhi	Member
4.	Mr. Jignesh J. Shah	Member

The constitution of the Corporate Social Responsibility Committee fulfills the requirements of Section 135 of the Companies Act, 2013.

(ii) Terms of Reference :

The Corporate Social Responsibility Committee shall,—

1. Formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII;
2. Recommend the amount of expenditure to be incurred on the activities referred to in clause (a);
3. Monitor the Corporate Social Responsibility Policy of the company from time to time and;
4. Institute a transparent mechanism for implementation of the CSR Projects or programs or activities undertaken by the Company.

(iii) Corporate Social Responsibility Policy:

The Corporate Social Responsibility Committee has formulated a policy on the measures to be undertaken by the Company as specified in Schedule VII to the Companies Act, 2013.

4) General Body Meetings:

(i) Location and Time for last 3 Annual General Meetings (AGM) were along with details of Special Resolution Passed:

Year	AGM	Location	Date	Time	Special Resolution Passed
2015-2016	32 nd	GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad-380 006.	27-09-2016	3.00 p.m.	No special resolution.
2014-2015	31 st	GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad-380 006.	28-09-2015	2.00 p.m.	<ol style="list-style-type: none"> 1. To adopt new Articles of Association of the Company containing regulations in conformity with the Companies Act, 2013 2. To approve the Related Party Transactions under Section 188 of the Companies Act, 2013 and Rules made thereunder and Clause – 49 of the Listing Agreement
2013-2014	30 th	GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad-380 006.	25-09-2014	2.00 p.m.	<ol style="list-style-type: none"> 1. To re-appoint Mr. Rajesh R. Gandhi (DIN: 00009879) as a Managing Director designated as a “Chairman & Managing Director” for a period of 5 years and payment of remuneration for a period of 3 years 2. To re-appoint Mr. Devanshu L. Gandhi (DIN: 00010146) as a Managing Director designated as a “Chairman & Managing Director” for a period of 5 years and payment of remuneration for a period of 3 years 3. To confirm the borrowing limit of the Company not exceeding 275 Crores 4. To confirm creation of charge within the borrowing limit of the Company 5. To insert new Article in the Articles of Association relating to Chairperson of the Company 6. To alter Articles of Association by inserting new Article relating Inspection and copy of Register & Index of Members and Annual Return 7. To keep Register and Index of Members at other place (With Share Transfer Agent MCS Limited) 8. To accept Fixed Deposit from the members

(ii) Resolution carried out through Postal Ballot:

No postal ballots were used/invited for voting at the above meetings in respect of Special Resolutions passed in the above said meetings.

At the forthcoming 33rd AGM, no resolution is proposed to be passed through Postal Ballot.

5) Means of communication:

➤ **Annual Reports :**

The Company has total 12893 shareholders as on 31st March, 2017. The main channel of communication to the shareholders is through Annual Report, which includes inter alia, the Director's Report, Management Discussions & Analysis and Report on Corporate Governance and Audited Financial Results. The Annual Report is also posted on the web-site of the Company viz. www.vadilalgroup.com/reports.

➤ **Quarterly Results:**

The Unaudited Quarterly Results of the Company for the quarters ended on 30-06-2016 (1st Quarter), 30-09-2016 (2nd Quarter) and 31-12-2016 (3rd Quarter) and the Annual Audited Accounts for the year ended on 31-03-2017 including notes and segment wise revenue, results and capital employed and also the Consolidated Financial Results and half-yearly Statement of Assets and Liabilities and Limited Review Report thereon were submitted to the Stock Exchanges immediately after conclusion of the Board Meetings in which, they are approved by the Board.

The said results were published in the newspapers of Ahmedabad edition, namely, Indian Express (English) and Financial Express (Gujarati). The said results including Notes and Segment wise revenue, results and capital employed are displayed on the corporate website of the Company viz. www.vadilalgroup.com/reports.

➤ **Company's Web-site :**

The website of the Company viz. www.vadilalgroup.com has an exhaustive investor-relations section. It contains comprehensive guidelines and procedure for the investors. It also contains all statutory disclosures required to be placed under the provisions of various statute.

➤ **NSE Electronic Application Processing System (NEAPS):**

The NEAPS www.connect2nse.com/LISTING/ is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

➤ **BSE Corporate Compliance & Listing Centre (the 'Listing Centre'):**

BSE's Listing Centre viz. www.listing.bseindia.com is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

➤ **SEBI Complaints Redress System (SCORES):**

The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

➤ **Designated Exclusive email-id:**

The Company has designated email-id viz. shareslogs@vadilalgroup.com exclusively for resolving investor grievance.

6) General Shareholder' information:

(i) Annual General Meeting, i.e. next AGM

- Date & Time : Friday, 29th September, 2017 at 4.00 P.M.
- Venue : GICEA, Gajjar Hall, Nirman Bhavan, Opp. Law Garden, Ellisbridge, Ahmedabad – 380 006.

(ii) Financial Calendar (from 01-04-2017 to 31-03-2018) (Tentative) :

- Results for quarter ended on 30-06-2017 : On or before 14th September, 2017
- Results for quarter ending on 30-09-2017 : On or before 14th December, 2017
- Results for quarter ending on 31-12-2017 : On or before 14th February, 2018
- Audited Results for the year ending on 31-03-2018 : On or before 30th May, 2018
- AGM for the year ending on 31-03-2018 : In the month of September, 2018

(iii) Book-closure date :

Book-closure shall be from 16th September, 2017 to 29th September, 2017 (both days inclusive) for the purpose of payment of dividend on Equity Shares for the year ended on 31st March, 2017.

(iv) Dividend payment date :

The Dividend of Rs. 1.25 per share (@ 12.50%) on Equity Shares for the year ended on 31st March, 2017, if approved and declared, will be paid within the prescribed time limit.



(v) Listing of Equity Shares on Stock Exchanges at -

The Company's shares are listed at the BSE Limited (BSE) and National Stock Exchange of India Limited (NSE).

- BSE Limited Phiroze Jeejeebhoy Towers Dalal Street Mumbai- 400001
Phone: 91-22-2272 1234 / 1233
- The National Stock Exchange of India Ltd.
Exchange Plaza, Plot no. C/1, G Block,
Bandra-Kurla Complex
Bandra (E), Mumbai - 400 051
Phone: 91-22-26598100/8114

Listing fees upto the Financial Year –2017-2018 has already been paid to the above Stock Exchanges. The Annual Custody/Issuer fee for the year –2017-2018 has also been paid by the Company to NSDL and CDSL.

(vi) Security Code No. :

- BSE Limited : 519156
- National Stock Exchange of (India) Limited : VADILALIND-EQ
- ISIN No. of NSDL & CDSL for demat of Equity Shares : INE694D01016

(vii) Stock Market Data :

The monthly High, Low and Closing Prices of Shares of the Company at BSE Limited, (BSE) and National Stock Exchange of India Limited (NSE), for the year under review are as under:

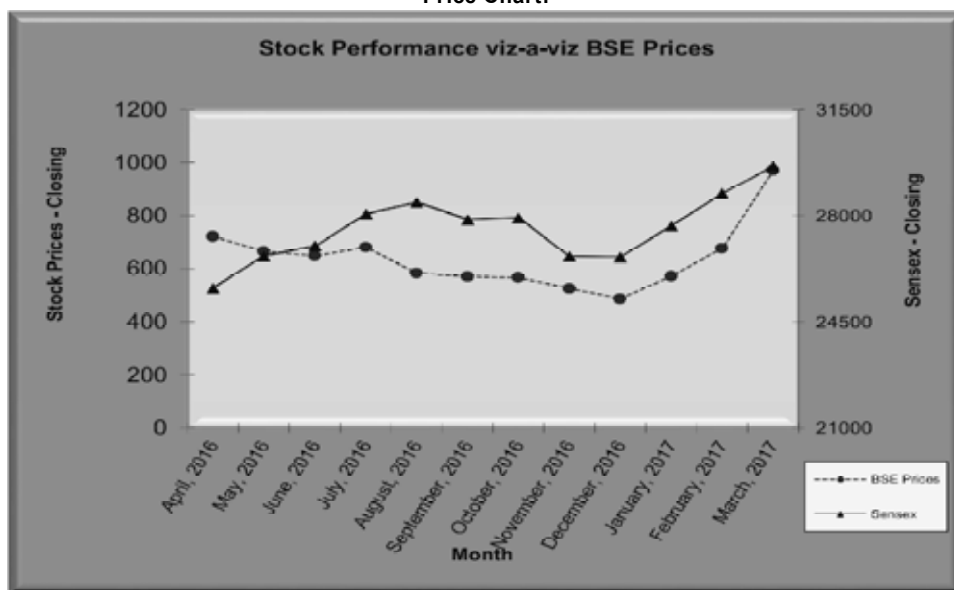
Months	B S E			N S E		
	High (₹)	Low (₹)	Volume No. of Shares	High (₹)	Low (₹)	Volume No. of Shares
April, 2016	766.00	634.50	780568	764.00	635.00	3901706
May, 2016	740.00	630.00	414883	740.00	628.15	1804882
June, 2016	712.80	542.75	218621	712.00	539.70	1260825
July, 2016	713.00	630.00	116437	717.85	630.00	731335
August, 2016	690.00	574.00	99875	684.70	534.60	596291
September, 2016	631.55	556.00	75759	630.85	555.00	515434
October, 2016	608.90	560.00	37700	610.00	560.00	377097
November, 2016	570.00	450.00	33714	574.50	440.50	191179
December, 2016	568.35	480.00	73561	567.70	478.65	184760
January, 2017	614.00	485.00	83635	613.80	481.10	519775
February, 2017	710.00	561.00	241521	708.35	562.10	1201623
March, 2017	987.00	670.00	1467726	987.00	673.00	7208385

(viii) Vadilal Industries Limited BSE Share Price versus the BSE Sensex :

Market - Price data : The monthly closing prices of the shares of the Company, during the financial year under review and performance of the same in comparison to BSE Sensex are given below :

Months	BSE Closing (₹)	SENSEX 13 Closing (₹)
April, 2016	721.75	25606.62
May, 2016	665.45	26667.96
June, 2016	648.05	26999.72
July, 2016	681.35	28051.86
August, 2016	582.60	28452.17
September, 2016	570.05	27865.96
October, 2016	566.70	27930.21
November, 2016	525.65	26652.81
December, 2016	486.90	26626.46
January, 2017	571.90	27655.96
February, 2017	677.35	28743.32
March, 2017	971.35	29620.50

Price Chart:

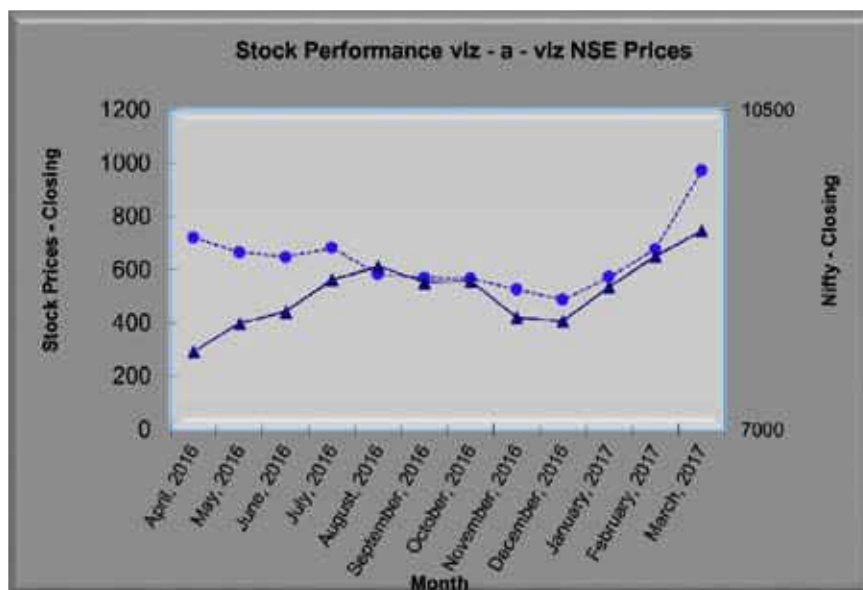


(ix) Vadilal Industries Limited NSE Share Price versus the NSE NIFTY

Market - Price data : The monthly closing prices of the shares of the Company, during the financial year under review and performance of the same in comparison to NSE Nifty are given below :

Months	NSE Closing (₹)	Nifty Closing (₹)
April, 2016	720.50	7849.80
May, 2016	663.75	8160.10
June, 2016	648.10	8287.75
July, 2016	682.05	8638.50
August, 2016	582.10	8786.20
September, 2016	567.60	8611.15
October, 2016	569.85	8625.70
November, 2016	525.05	8224.50
December, 2016	485.75	8185.80
January, 2017	574.80	8561.30
February, 2017	676.85	8896.70
March, 2017	972.70	9173.75

Price Chart:



(x) Registrar and Transfer Agent:

In terms of SEBI Circular No. D&CC/FITTC/CIR-15/2002, dated 27-12-2002, the Company has assigned all work related to Share Registry in terms of both physical and electronic to MCS Share Transfer Agent Ltd., Ahmedabad, by entering into an Agreement with the said R&T Agent to that effect. Hence, all Shareholders are requested to send/deliver the documents/correspondence including complaints relating to the Company's share transfer/demat/remat activity to **MCS Share Transfer Agent Ltd.** 201, Shatdal Complex, 2nd Floor, Opp. Bata Show Room, Ashram Road, Ahmedabad-380 009.

(xi) Share Transfer system:

Presently, the requests for share transfer, which are received by the Company or its Registrar & Share Transfer Agent, in physical form, from the shareholders, are processed and the share certificates are returned to the shareholders, within a period of 15/30 days from the date of receipt of such request for transfer, subject to the documents being valid and complete in all respects. The Share Transfer & Investors' Grievance Committee of the Company, normally meets twice a month to approve the transfer, issue of duplicate share certificates, consolidation and splitting of shares etc.

(xii) Share Reconciliation Audit:

Mr. Ashish C. Doshi, a practicing Company Secretary carried out Share Reconciliation audit of first 3 quarter and PRT & Associates has carried out audit of last quarter in the Financial Year –2016-2017, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The audit reports confirm that the total issued / paid-up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with depositories.

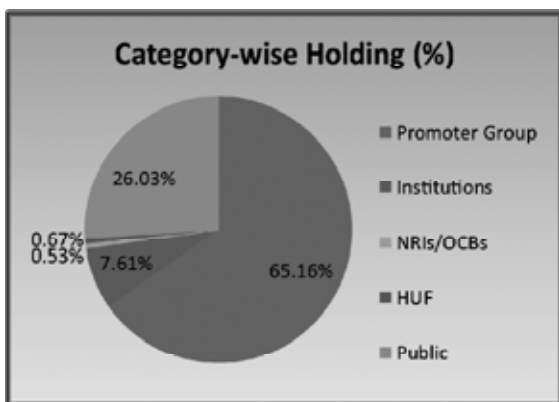
Pursuant to SEBI Cir. D&CC/FITTC/CIR-16/2002 dated December, 2002, certificates, on half-yearly basis, have been issued by a Practicing Company Secretary for due compliance of share transfer formalities by the Company.

(xiii) Shareholding Details:

(a) Distribution of Shareholding as on 31st March, 2017:

No. of Equity Shares held	No. of Share holders	No. of Shares	% of Share Holding
1-500	12409	797463	11.09
501-1000	221	171558	2.39
1001-2000	131	194603	2.71
2001-3000	44	112496	1.57
3001-4000	17	60971	0.85
4001-5000	11	51186	0.71
5001-10000	27	201210	2.80
10001- 50000	18	328423	4.57
50001-100000	2	121227	1.69
100001 & above	13	5148693	71.63
Total:	12893	7187830	100.00

(b) Categories of Shareholders as on 31st March, 2017:



Category of Shareholder	No. of Equity Shares held	% to total Paid-up Capital
A : Promoters and Promoters' Group :		
Directors and Relatives	1083799	15.08
Group Companies	3413175	47.49
HUFs	186351	2.58
Total (A) :	4683325	65.16
B : Public :		
Institutions	546984	7.61
NRIs/OCBs	38198	0.53
HUF	48167	0.67
Public	1871156	26.03
Total (B) :	2504505	34.84
Total	7187830	100.00

(xiv) Dematerialisation of Shares :

The Company, consequent to introduction of Depository System (DS), has established an electronic connectivity with NSDL & CDSL, Depositories. Members, therefore, have the option of holding and dealing in the shares of the Company in electronic form through NSDL and CDSL. In view of the numerous advantages offered by the DS, members are requested to avail the facility of dematerialisation of the Company's shares on either of the Depositories as aforesaid.

If you wish to maintain your shareholding in the electronic form by joining DS, you will have to open an account with a Depository Participant (DP), who are agents of NSDL or CDSL and lodge your share certificates with your DP for

Dematerialisation. The DP will then ensure that the physical share certificates are cancelled and after verification by the Company, an equivalent number of shares will be credited to your account with the DP in the electronic form. You are also permitted under the DS to reconvert your electronic shareholding into the physical form of share certificates by a process of Rematerialisation. It may be noted that the DP would charge the investors for its services, which may vary from one DP to another.

It is reiterated that requests for Dematerialisation and Rematerialisation are to be made only to the DP with whom you have opened an account and not directly to the Company or its Registrar & Share Transfer Agent.

Total 6800183 Equity Shares of the Company representing 94.61% of the total paid-up capital of the Company have been dematerialised upto 31-03-2017. Trading in Equity Shares of the Company is permitted only in dematerialised form as per notification issued by SEBI.

(xv) Dividend History for last 10 years :



Financial year	Dividend Per Share (Rs.)
2006-07	1.20
2007-08	1.20
2008-09	1.20
2009-10	1.50
2010-11	1.50
2011-12	1.50
2012-13	1.50
2013-14	1.00
2014-15	1.00
2015-16	1.25

(xvi) Outstanding GDRs / ADRs / Warrants or any Convertible Instruments, conversion date and likely impact on Equity :

Not Applicable

(xvii) Plant locations :

- A. Ice-cream Division : 1) Village Pundhra, Taluka Mansa, Dist. Gandhinagar (Gujarat)
2) Parsakhera Industrial Area, Bareilly, Uttar Pradesh.
- B. Processed Food Division : Dharampur, Dist. Valsad (Gujarat)
- C. Forex Division : Vadilal House, Navrangpura, Ahmedabad (Gujarat)

(xviii) Investor Correspondence:

For transfer and dematerialisation of shares, payment of dividend on shares and interest and redemption on debentures and any other query relating to the shares of the Company :-

- 1) MCS Share Transfer Agent Limited, (Unit : Vadilal Industries Limited), 201, 2nd Floor, Shatdal Complex, Opp. Bata Show Room, Ashram Road, Ahmedabad - 380 009. Tel. Nos. : (079) 26580461/462/463, Fax No. : (079) 26584027
- 2) Secretarial & Share Department, 10th Floor, Colonnade Building, Opp. Iscon Temple BRTS Bus Stand, Ambli-Bopal Road, Ahmedabad-380015.
Contact person : Mrs. Ruchita Gurjar, Company Secretary
Tel. Nos. : (079) 30921200
- 3) E-mail ID for investors' grievance purpose : shareslogs@vadilalgroup.com
Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

(xix) Amalgamation of Vadilal Financial Services Ltd. with Vadilal Industries Limited - Exchange of Share Certificates :

Vadilal Financial Services Ltd. (VFSL), which was a Subsidiary Company, was amalgamated with Vadilal Industries Limited (VIL) w.e.f. 1st April, 1997. It is observed that some of the members of VFSL have still not exchanged their Share Certificates for new Shares of VIL on amalgamation of VFSL with VIL. As the Share Certificates of VFSL are no longer valid, concerned Shareholders are requested to surrender their Share Certificates of VFSL at the Registered Office of the Company to enable them to get new Shares of VIL in the ratio of 1:4.

(xx) Nomination facility:

Your Company has already offered the facility of nomination to the members. Individual Shareholders can avail of the facility of nomination and may submit to the Company the prescribed SH-13 **at the Share Department** of the Company. It is advisable to avail of this facility especially by Shareholders who currently hold Shares in single name. In case of any assistance, please contact **at the Share Department** of the Company at 10th Floor, Colonnade Building, Opp. Iscon Temple BRTS Bus Stand, Ambli-Bopal Road, Ahmedabad-380015, Phone : 079-30921200.

7) Other Disclosures:

(i) Related party transactions:

Transaction with related parties are disclosed in Note No. 28.3 of the Notes on Accounts for the year ended on 31st March, 2017, in the Annual Report as required by the Accounting Standard (AS) 18 issued by ICAI.

The details of Related party transactions made by the Company during the year under review are mentioned in the Directors' Report.



However, there are no materially significant related party transactions made by the Company with its promoters, directors or the management or their subsidiaries etc. that may have potential conflict with the interests of the Company at large.

The Independent Directors, who apart from receiving sitting fees for attending Board Meetings and Committee Meetings, do not have any other material pecuniary relationship or transactions with the company, its promoters, its management or its subsidiary, which in the judgment of the Board may affect independence of the judgment of the Directors.

The Directors regularly make full disclosures to the Board of Directors regarding nature of their interest in the Companies in which they are Directors or Members. Full particulars of contract entered with the Companies / Partnership Firms, in which the Directors are directly or indirectly concerned or interested are entered in the Register of Contract maintained under Section 189 of the Companies Act, 2013 and the same is placed in every Board Meeting for the noting and signature of the Directors.

The policy on related party transaction is placed on the company website at www.vadilalgroup.com

(ii) During the last three years, there were no strictures or penalties imposed on the Company by either SEBI or the Stock Exchanges or any statutory authority for non-compliance of any matter related to the capital markets.

(iii) Risk Management :

Business risk evaluation and management is an ongoing process within the Company. During the year under review, the Board of Directors has reviewed frequently the risk assessment and minimisation procedure adopted by the Company covering the business operations of the Company.

(iv) CEO/CFO Certification :

In terms of Regulation 17(8) read with Part – B of Schedule – II of the SEBI (LODR) Regulation, 2015 the Certification by CEO and CFO on the financial statements and internal controls relating to financial reporting of the Company has been obtained and is a part of the Annual Report.

(v) Management:

The Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms part of this report.

Pursuant to the provisions of Regulation 26(5) of the SEBI (LODR) Regulation, 2015 the Senior Management has made disclosures to the Board that during the year ended on 31st March, 2017, they have not entered into any material financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the Company.

(vi) Code of Conduct :

The Board of Directors has adopted the Code of Business Conduct and Ethics for Directors and Senior Management Personnel. The said Code has been communicated to all the Directors and members of Senior Management. They have also affirmed to the Company about the compliance of the said Code during the Financial Year ended on 31st March, 2017. The Code has also been posted on the Company's website - www.vadilalgroup.com. The Certificate received from Managing Directors of the Company, affirming compliance of the said Code of Conduct by all the Board Members and the Senior Management Personnel is annexed separately to this Report.

(vii) Whistle Blower policy / Vigil Mechanism:

The Company has a Vigil mechanism and Whistle blower policy under which the employees are free to report any act of serious misconduct or wrongful activity being occurred or suspected to occur within the organization, to his immediate HOD or the HR Head or directly to the concern Managing Director of the Company, as he may desire. No employee of the Company is denied access to the Audit Committee.

(viii) Policy on Directors' appointment and remuneration:

The Policy on Directors' appointment and remuneration as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors is enclosed with the Directors' report and marked as "Annexure - F".

(ix) Policy on determining 'material' subsidiary:

The Company has prepared policy on determining 'material' subsidiary pursuant to regulation 16 of the SEBI (LODR) Regulation, 2015 were criteria for determining material subsidiary has been clearly specified

The policy on the same has been placed on the company website at www.vadilalgroup.com

(x) Code of Conduct under SEBI (Prohibition of Insider Trading) Regulations, 2015:

The Company has formulated Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders including therein Code of Conduct for fair disclosures of price sensitive information of the Company, in terms of provisions of SEBI (Prohibition of Insider Trading) Regulation, 2015. The same has also been published on the web-site of the Company viz. www.vadilalgroup.com.

8) Disclosure of Compliance with Corporate Governance requirements:

The Company has duly complied with the Corporate Governance requirements as specified in Regulation 17 to 27 of and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (LODR) Regulation, 2015.

9) Non-Compliance, if any, of requirements of Corporate Governance Report:

There is no instance of non-compliance of any requirement of corporate governance report as specified in sub-para (2) to (10) of Part C of Schedule – V of the SEBI (LODR) Regulation, 2015.



10) Compliance of discretionary requirements:

The Company has not adopted the following non-mandatory/discretionary requirements as per Part E of Schedule – II of the SEBI (LODR) Regulation, 2015 regarding Corporate Governance:-

1. The Company does not have any non-executive chairman.
2. Half-yearly declaration of financial performance and summary of significant events in last six months has not been sent to each shareholder of the Company.
3. The Company has not appointed separate post for Chairman and Managing Director.
4. The Internal Auditor reports to Chairman and Managing Director. However, the Internal Auditor provides quarterly Internal Audit Report directly to the Audit Committee for their review.

❖ Compliance Certificate of the Auditors :

The Certificate from the Company's Auditors, M/s. Kantilal Patel & Co., Chartered Accountants, Ahmedabad, confirming compliance with conditions of Corporate Governance as stipulated under SEBI (LODR) Regulation, 2015, is attached to this Report.

Certificate by Chief Executive Officer (CEO) and Chief Financial Officer (CFO)

**[As per Schedule II, Part B read with Regulation 17(8) of SEBI
(Listing Obligation and Disclosure Requirements) Regulations, 2015]**

We the undersigned, certify that:

- (a) We have reviewed financial statements and the cash flow statement of Vadilal Industries Limited for the year ended 31st March, 2017 that to the best of their knowledge and belief:
 1. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of their knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which We are aware and the steps they have taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee
 1. That there Significant changes in internal control over financial reporting during the year;
 2. That there were no significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 3. That there were no instances of significant fraud of which they have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

Kalpiti Gandhi
Chief Financial Officer

Rajesh R. Gandhi
Chairman & Managing Director

Place: Ahmedabad

Date: 26th August, 2017

DECLARATION REGARDING AFFIRMATION OF CODE OF CONDUCT

In terms of the requirement of the Regulation 26 of SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 regarding Corporate Governance, we hereby confirm that all Board Members and Senior Management Personnel of Vadilal Industries Limited have affirmed the compliance of Code of Business Conduct and Ethics during the year ended on 31st March, 2017.

By order of the Board of Directors

RAJESH R. GANDHI
Chairman and Managing Director

DIN : 00009879

Place : Ahmedabad

Date : 26th August, 2017