

Code of Business Conduct and Ethics for Directors, Key Managerial Personnel & Senior Management Personnel

1. Introduction

Vadilal Dairy International Limited is committed to good governance practice and for conducting its business in accordance with applicable laws, rules and regulations and the highest standards of business ethics and ethical conduct.

2. Applicability

This Code of Conduct for Directors (hereinafter referred to as "Code") is framed in accordance with Companies Act, 2013 and as per revised Clause 49 of the Listing Agreement applicable w.e.f. October 1, 2014.

This Code is applicable to the following:

- Directors, both Executive & Non-Executive Directors, including the Alternate Directors or Nominee Directors if appointed on the Board
- Key Managerial Personnel [KMPs] as appointed by the Board, from time to time; and
- Senior Management Personnel [SMPs] i.e. personnel of the Company who are members of its core management team excluding Board of Directors. Usually, this would comprise of all members of management one level below the executive Directors, including all functional heads.

The principal duty of the Board of Directors, along with Management (including KMPs and SMPs), is to ensure that the Company is well managed in the interests of its stakeholders. The Board of Directors plays the central role in the Company's governance. This Code is intended to provide guidance and help in recognizing and dealing with ethical issues and to help foster a culture of honesty and accountability. Every Director, KMPs and SMPs are expected to read and understand this Code and its application to the performance of his or her duties, functions and responsibilities.

Each Director, KMP & SMP is requested to uphold these standards in day-to-day activities, and comply with: all applicable laws; rules and regulations; and all applicable policies, codes and procedures adopted by the Company that govern the conduct of the Board and its employees.

3. Duties of the Board of Directors/KMPs/SMPs

3.1. A Director/KMP/SMP of the Company shall act in accordance with the Articles of the Company, subject to the applicable provisions of the Companies Act, 2013

3.2. A Director/KMP/SMP of the Company shall act in good faith in order to promote the objects of the Company for the benefit of its members as a whole, and in the best interests of the Company, its employees, the shareholders, the community and for the protection of environment.

3.3. A Director/KMP/SMP of the Company shall exercise his duties with due and reasonable care, skill and diligence and shall exercise independent judgment.

3.4. A Director/KMP/SMP of the Company shall not involve in a situation in which he may have a direct or indirect interest that conflicts, or possibly may conflict, with the interest of the Company.

3.5. A Director/KMP/SMP of the Company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such Director/KMP/SMP is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the Company.

3.6. A Director/KMP/SMP of the Company shall not assign his office and any assignment so made shall be void.

3.7. The Directors/KMPs/SMPs of the Company shall disclose the following information to the Board of Directors / Company:

3.7.1. Disclosure of any material interest, whether directly/indirectly or on behalf of third parties, in any transaction or matter directly affecting the Company.

3.8. The Board and top management should conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture for good decision making.

4. Key Functions of the Board of Directors

In accordance with the revised Clause 49 of the Listing Agreement applicable w.e.f. October 1, 2014, the Board of Directors should fulfill certain key functions, including the following:

4.1 Reviewing and guiding corporate strategy, major plans of action, risk policy, annual budgets and business plans; setting performance objectives; monitoring implementation and corporate performance; and overseeing major capital expenditures, acquisitions and divestments.

4.2 Monitoring the effectiveness of the company's governance practices and making changes as needed.

4.3 Selecting, compensating, monitoring and, when necessary, replacing key executives and overseeing succession planning.

4.4 Aligning key executive and board remuneration with the longer term interests of the company and its shareholders.

4.5 Ensuring a transparent board nomination process with the diversity of thought, experience, knowledge, perspective and gender in the Board.

4.6 Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets and abuse in related party transactions.

4.7 Ensuring the integrity of the company's accounting and financial reporting systems, including the independent audit, and that appropriate systems of control are in place, in particular, systems for risk management, financial and operational control, and compliance with the law and relevant standards.

4.8 Overseeing the process of disclosure and communications.

4.9 Monitoring and reviewing Board Evaluation framework.

5. Other Responsibilities of the Board of Directors:

In accordance with the revised Clause 49 of the Listing Agreement applicable w.e.f. October 1, 2014, the Board of Directors should fulfill the following other responsibilities:

5.1 The Board should provide the strategic guidance to the company, ensure effective monitoring of the management and should be accountable to the Company and the shareholders.

5.2 The Board should set a corporate culture and the values by which executives throughout a group will behave.

5.3 Board members should act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the company and the shareholders.

5.4 The Board should encourage continuing directors training to ensure that the Board members are kept up to date.

5.5 Where Board decisions may affect different shareholder groups differently, the Board should treat all shareholders fairly.

5.6 The Board should apply high ethical standards. It should take into account the interests of stakeholders.

5.7 The Board should be able to exercise objective independent judgment on corporate affairs.

5.8 The Board should consider assigning a sufficient number of non-executive Board members capable of exercising independent judgment to tasks where there is a potential for conflict of interest.

5.9 The Board should ensure that, while rightly encouraging positive thinking, these do not result in over-optimism that either leads to significant risks not being recognized or exposes the company to excessive risk.

5.10 The Board should have ability to 'step back' to assist executive management by challenging the assumptions underlying: strategy, strategic initiatives (such as acquisitions), risk appetite, exposures and the key areas of the company's focus.

5.11 When committees of the board are established, their mandate, composition and working procedures should be well defined and disclosed by the board.

5.12 Board members should be able to commit themselves effectively to their responsibilities.

5.13 In order to fulfill their responsibilities, board members should have access to accurate, relevant and timely information.

5.14 The Board and senior management should facilitate the Independent Directors to perform their role effectively as a Board member and also a member of a committee.

6. Apart from the above duties, functions and responsibilities expected to be delivered and adhered to by the Director as per the Companies Act 2013 and as per the revised Clause 49 of the Listing Agreement,

the Board alongwith KMPs and SMPs are required to adhere and follow the below mentioned guidelines governing their conduct:

6.1. Compliance with Applicable Laws

Each Director/KMP/SMP 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 also seek to:

- make reasonable efforts to attend Board and committee meetings;
- dedicate time and attention to the Company; and
- seek to comply with all applicable laws, regulations, confidentiality obligations and corporate policies /codes of the Company.

6.2. Honest and Ethical Conduct

6.2.1. Each Director/KMP/SMP should act in accordance with the highest standards of personal and professional integrity, honesty and ethical conduct, whenever the Company's business is being conducted at any place where such Director/KMP/SMP is representing the Company.

6.2.2. Honest conduct is a conduct that is considered to be free from fraud or deception.

6.2.3. Ethical conduct is considered to be a conduct conforming to the accepted professional standards of conduct, which includes ethical handling of actual or apparent conflicts of interest between personal and professional relationships.

6.3. Conflicts of Interest

6.3.1. The Code does not attempt to describe all conceivable conflicts of interest that could develop in usual affair. However, the Directors/KMPs/SMPs must avoid all possible sorts of conflicts of interest.

6.3.2. Director/KMP/SMP should also be mindful of, and seek to avoid, conduct which could reasonably be construed as creating an appearance of a conflict of interest. While Directors/KMPs/SMPs are free to make personal investments and enjoy social relations and normal business courtesies, they must not have any interests that adversely influence the performance of their duties, functions and responsibilities as Directors/KMPs/SMPs of the Company.

6.3.3. A conflict of interest can arise when a Director/KMP/SMP or a member of his/her immediate family receives improper personal benefits as a result of his/her position as a Director/KMP/SMP of the Company.

6.3.4. A conflict situation can also arise when a Director/KMP/SMP takes an action or has an interest that may makes it difficult for him or her to perform his or her duties, functions and responsibilities objectively or effectively.

6.3.5. Directors/KMPs/SMPs 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.

6.3.6. Directors/KMPs/SMPs should make a full disclosure to the Board of any transaction or relationship that such a Director/KMP/SMP 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.

6.3.7. It is a conflict of interest to serve as a Director of any Company that competes with the Company. Directors/KMPs/SMPs should obtain prior approval from the Board of Directors before accepting such a directorship.

6.4. Corporate Business Opportunity

6.4.1. A corporate business opportunity is an opportunity

- which is in the Company's line of business or proposed expansion or diversification,
- which the Company is financially able to undertake and
- which may be of interest to the Company.

6.4.2. A Director/KMP/SMP who learns of such a corporate business opportunity and who wishes to avail of it should first 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/KMP/SMP has not wrongfully utilized the Company's resources in order to acquire such opportunity.

6.4.3. In carrying out their duties, functions and responsibilities, Directors/KMPs/SMPs shall not:

- Compete with the Company, directly or indirectly;
- Take for themselves personally any business opportunities that belong to the Company or are discovered through the use of corporate property, information or position; or Use corporate property, information or position for personal gain

6.5. Confidentiality

6.5.1. Directors/KMPs/SMPs should maintain the confidentiality of confidential 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 already in the public domain.

6.5.2. The term "Confidential information" includes, but is not limited to, non public information that might be of use to competitors of the Company, or harmful to the Company or its customers, if disclosed.

6.5.3. The Company's confidential information shall not be inappropriately disclosed or used for the personal gain or advantage of anyone other than the Company. These obligations apply while employed or serving as a Director/KMP/SMP of the Company even after employment or the director's term with the Company ends.

6.5.4. Directors/KMPs/SMPs should not disclose the Confidential Information to other employees of the Company except on a "need to know" or "need to use" basis and then only with a strong statement that the information is confidential.

6.5.5. If any Directors/KMPs/SMPs leaves the Company, his or her obligation to protect the Company's confidential information continues until the information becomes publicly available.

6.6. Fair Dealing

6.6.1. Directors/KMPs/SMPs should endeavour to deal fairly with the Company's customers, suppliers, competitors, officers and employees.

6.6.2. No Director/KMP/SMP shall take unfair advantage of anyone (including the Company) through manipulation, concealment, abuse of privileged information, misrepresentation of material facts or any other unfair dealing practice.

6.6.3. Gifts or entertainment in any form that is likely to result in a feeling of expectation of personal obligation should not be extended or accepted.

6.7. Insider Trading

6.7.1. Directors/KMPs/SMPs should observe all applicable laws and regulations including the Company's policies and codes as applicable to them with respect to the purchase and sale of the Company's securities.

6.7.2. All non public information about the Company should be considered confidential information. To use non public information for personal financial benefit or to "tip" others who might make an investment decision on the basis of this information is not only unethical but also illegal. A more detailed discussion of the insider trading laws can be found in the Company's Code of Conduct for prevention of Insider Trading.

6.7.3. Directors/KMPs/SMPs should abide by the Code for Prevention of Insider Trading as framed by the Company and applicable sections of Companies Act, 2013 and rules thereto and SEBI Guidelines in this regard.

6.8. Protection and Proper Use of Company Assets

In carrying out their duties and responsibilities, Directors/KMPs/SMPs should endeavor to protect the Company's assets and proprietary information, and ensure that the same are being used by the Company and its employees only for legitimate business purposes of the Company. Any suspected incident of fraud, mismanagement of Company assets or theft should be immediately reported for investigation to the Chairman of the Board or such other person as designated in this regard.

6.9. Record Keeping Reporting

The Company requires honest and accurate recording and reporting of information in order to make responsible business decisions. All of the Company's books, records, accounts and financial statements must be maintained in reasonable detail, must appropriately reflect the Company's transactions and must conform both to applicable legal requirements and to the Company's system of internal controls. Records and documents should always be retained or destroyed according to the prescribed statutory regulations. The Company shall provide full, fair, accurate, timely, and understandable disclosure in all reports and documents that it files with, or submits to, any governmental agency or securities exchange, and in other public communications made by the registrant.

6.10. No Rights Created

This Code sets forth guidelines for conduct of the Directors/KMPs/SMPs of the Company. This Code is not an expressed or implied contract of employment and does not create any contractual rights of any kind between the Company and its employees. In addition, all employees should understand that the Code does not modify their employment relationship, whether at will or governed by contract.

6.11. Waivers and Amendments

Any amendment to this Code must be approved by the Board of Directors and publicly disclosed as required by any applicable law or regulation. Any waiver of this Code for the benefit of any Director/KMP/SMP of the Company may be made only by the Company's Board of Directors and shall be disclosed promptly as required by applicable laws and regulations including the rules of any exchange on which the Company's securities are listed or traded.

6.12. Reporting any Illegal or Unethical Behavior

6.12.1. Directors/KMPs/SMPs should endeavor to promote ethical behavior and to encourage employees to report evidence of illegal or unethical behavior to appropriate Company personnel. It is the policy of the Company to not allow retaliation against any employee who makes a good faith report about a possible violation of this Code.

6.12.2. Suspected violations of this Code may be reported to the Chairman of the Board or the Chairman of the Audit Committee. All reported violations will be appropriately investigated. When in doubt of the best course of action in a particular situation, employees are encouraged to talk promptly to their supervisor, managers or the Compliance Officer.

6.13. Responding to Inquiries from the Press and Others

6.13.1. Any requests received by a Director/KMP/SMP from media, press, financial community, SEBI or other regulators or the public seeking any sort of financial or business information, shall be forwarded by a Director/KMP/SMP to the Executive Vice Chairman & Managing Director and to the Group CEO & Managing Director for responding to the same.

6.13.2. Director/KMP/SMP should refrain themselves from talking to any media, press, financial community or any other regulators, except where it is legally mandated to do so.

7. Violations of the Code

7.1. It is a part of Director's/KMP's/SMP's job and his/her ethical responsibility to help enforce this Code. Directors/KMPs/SMPs should be alert to possible violations and report this to the Chairman of the Board of Directors or to the Chairman of the Audit Committee of the Company.

7.2. Director/KMP/SMP should cooperate in any internal or external investigations of possible violations.

7.3. Actual violations of laws, this Code or other Company policies or codes, should be promptly reported to the Executive Vice Chairman & Managing Director or the Group CEO & MD of the Company.

7.4. Those who violate this Code will be subject to disciplinary action, up to and including discharge from the duties/office held in the Company.

8. Amendment, Modification and Waiver

8.1. Any amendment to this Code must be approved by the Board of Directors and publicly disclosed as required by any applicable law or regulation.

8.2. Any waiver of this Code for the benefit of Director of the Company may be made only by the Company's Board of Directors and shall be disclosed promptly as required by applicable laws and regulations including the rules of any exchange on which the Company's securities are listed or traded.
