

# Vadilal

Date: 9<sup>th</sup> August, 2019

To,  
The National Stock Exchange of India Ltd.  
Exchange Plaza,  
Plot no. C/1, G Block,  
Bandra-Kurla Complex  
Bandra (E), Mumbai - 400 051.

**Scrip Code: VADILALIND-EQ**

**Subject: Reply to Clarification**

Further to the clarification sought by the exchange as on 18/7/2019, please find herewith the resignation letters of Mr. Malay Mahadevia & Mr. Jignesh Shah together with their confirmations and clarification as to the resignation as required by the Exchange.

You are requested to take the above information in your records.

For **VADILAL INDUSTRIES LIMITED**

  
Ms. Rashmi Bhatt  
Company Secretary & Compliance Officer



**VADILAL INDUSTRIES LIMITED**

Reg. Office : Vadilal House, 53, Shrimali Society, Nr. Navrangpura Railway Crossing, Navrangpura, Ahmedabad - 380009.

Ph. No.: 079-26564019-24. Email id : info@vadilalgroup.com

Website : www.vadilalicecreams.com / www.vadilalgroup.com CIN No. : L91110GJ1982PLC005169

August 9, 2019

To

The National Stock Exchange of India Ltd.  
Exchange Plaza  
Plot No. C/1, G Block  
Bandra Kurla Complex  
Bandra (E), Mumbai – 400 051.

**Subject: Furnishing additional information/clarification  
Resignation of Independent directors - VADILALIND - Vadilal Industries Limited**

In reference to resignation letter dated 19<sup>th</sup> June, 2019 of Mr. Malay Mahadevia, please find herewith below information as requested in chronological order:

- 1) Pursuant to regulation 30 of SEBI (LODR) 2015 read with Schedule III and w.r.t to notices received by the Directors and the Company from the Director General of Foreign Trade (DGFT), justify your compliance w.r.t intimating stock exchange regarding the same.

Reply : The said notice was received by the Company in its ordinary course of business and was not required to be intimated pursuant to regulation 30 of SEBI (LODR) 2015 read with Schedule III as the same was not material in nature

Moreover, the Company has already responded to the said notice and based on Company's responses, notice was withdrawn by DGFT. This is for your kind information please.

- 2) What were the safety issues at Bareilly plant and what actions were undertaken by the company?

Reply : All applicable safety rules are being complied with regularly. Further, due to lack of space at the plant, the Company is exploring to relocate/additional land/plot nearby the existing plant.

- 3) Justify whether company has complied with regulation 23 of SEBI (LODR) 2015 in regard to related party transaction/s with Vadilal Enterprise Limited approved at AGM held on 27<sup>th</sup> September 2016.

Reply : The Company has fully Complied with regulation 23 of SEBI (Listing Regulation and Disclosure requirement), 2015 with respect to Related party transaction with Vadilal Enterprises Limited as under:

The agreement pertaining to Related Party transaction with Vadilal Enterprises Limited was approved by the Audit committee and the Board of Directors in their respective meetings held on 8<sup>th</sup> August, 2016. The same was also approved by the shareholders at the AGM of the Company held on 27<sup>th</sup> September, 2016 Thus, all requisite approvals were obtained in due compliance with the applicable provisions of Regulation 23 of SEBI-LODR.

4. What was the opinion/guidance of the retired Supreme Court Judge in the said RPT.



Reply: The opinion of the retired supreme court judge with respect to the the said related party transaction was that:

- a. The agreement dated 29/9/2016 with Vadilal Enterprises Limited on the basis of which, the company sells ice-creams and Frozen desserts that it manufactures to Vadilal Enterprises limited which in turn, engages in the domestic marketing and sales of ice-cream and frozen desserts is valid contract in terms of the provision of the Indian Contract Act, 1872
  - b. The said agreement dated 29/9/2016 with Vadilal Enterprises Limited as well as the transactions effectuated pursuant to the agreement are compliant with the provisions of not only the Companies act, 2013 but also with the provisions of Income tax act, 1961
  - c. The transaction between Vadilal Industries Limited and Vadilal Enterprises Limited pursuant to the agreement dated 29/9/2016 are arms-length transactions.
- 5) What inappropriate expenses were incurred by the directors of the company as stated by Mr. Malay Mahadevia in his resignation letter.

Reply: The Board of Directors has already appointed Independent external Auditors to look into, examine/investigate, the matter pertaining to the business rationale of certain payments amounting to Rs. 29.91 lacs made by the Company's Management. Apart from this, the Company is not aware of any other specific instance of inappropriate expenses incurred by the directors of the company. In view of non materiality of the quantum of such amount and as the matter is under examination/investigation at the stage of independent professional, the same was not requiring any specific reporting under the applicable provisions of the SEBI-LODR.

- 6) Whether presentation of complete financials of the company were made to audit committee and board members.

Reply : The Company always make presentation of complete financials of the Company to audit committee and board members

- 7) Assent or decent provided by Mr. Malay Mahadevia in the board and audit committee meeting held on 08<sup>th</sup> August, 2016.

Reply : It may be noted that Mr. Malay Mahadevia who attended the respective meetings of the Audit Committee and the Board of Directors held on 8<sup>th</sup> August, 2016 also gave his consent to the Agenda Item pertaining to entering into agreement between the Company and Vadilal Enterprises Limited.

- 8) Complete details of RPT with Vadilal Enterprise Limited.

Reply: The Company sells majority of Ice-cream, Frozen Desert, other Milk and Milk Products, Dairy Products and Processed Food Products manufactured by it to Vadilal Enterprises Limited for domestic marketing and sales in India. The same is governed by an Agreement dated 29<sup>th</sup> September, 2016 between both the Companies. The full particulars of related party transaction, as carried out pursuant to the said agreement between both the



companies, are disclosed from time to time in the financial statements as well as in the Corporate governance report etc.

- 9) What are the litigations between the promoters which are placed before the NCLT as stated by Mr. Malay Mahadevia in his resignation letter

Reply: The issues amongst the Promoters of the Company are already part of the Company Petition pending before the Hon'ble NCLT-Ahmedabad Bench since April, 2017. The Company is also one of the respondents in the concerned Company Petition. The matter is sub-judice. The same was informed to the Stock exchanges vide our letter dated 17<sup>th</sup> April, 2017

In reference to resignation letter dated 19<sup>th</sup> June, 2019 of Mr. Jignesh Shah, please find herewith below information/clarification/explanation in chronological order:

- 1) What are the serious issues between the promoters which are placed before the NCLT as stated by Mr. Jignesh Shah in his resignation letter. Also provide whether intimated to stock exchange under regulation 30 of SEBI (LOD) Regulation 2015.

Reply: The issues amongst the Promoters of the Company are already part of the Company Petition pending before the Hon'ble NCLT-Ahmedabad Bench since April, 2017 under Section 241 and 243 of Companies Act, 2013. The Company is also one of the respondents in the concerned Company Petition. The matter is sub-judice. The same was informed to stock exchange vide letter dated 17<sup>th</sup> April, 2017.

- 2) Assent or decent provided by Mr. Jignesh Shah in the board and audit committee meeting held on 08<sup>th</sup> August, 2016.

Reply: Mr. Jignesh Shah has assented to the Agenda Item pertaining to entering into agreement between the Company and Vadilal Enterprises Limited at the respective meetings of the Board and Audit committee held on 8<sup>th</sup> Augsut, 2016 by M/s Vadilal Enterprises Limited



June 19, 2019

To,  
Mrs. Rashmi Bhatt,  
Company Secretary,  
Vadilal Industries Limited,  
Ahmedabad

Sub :- Resignation from the post of Independent Director of the company

Ref :- Our letters dated 28.02.2018, 11.08.2018, 14.03.2019, 30.03.2019,  
Undated letter of April, 2019, 20.05.2019

Dear Madam,

This letter is in continuation to various letters of the undersigned, addressed time and again to board members of the company.

As an independent director, I am tendering my resignation from the post of independent director of the company with immediate effect, for various reasons cited below.

The undersigned was appointed as independent director on the board of the company w.e.f. 31.03.2015. Subsequent to the board meeting of the company held on 13.02.2018, the undersigned had vide letter dated 28.02.2018 in the interest of the company, sent in certain suggestions to the then Company Secretary of the company. The said email was however furiously replied vide email dated 28.05.2018 accusing the undersigned to be non independent and partisan. Thereafter the undersigned had in the interest of the company, vide letter dated 14.03.2019, raised certain serious issues interalia among others, concerning the affairs of the company in regard to arms length pricing between the company and Vadilal Enterprises Limited, various notices received by the directors and the company from the Director General of Foreign Trade (DGFT), safety issues at Bareilly plant of the company, certain in-appropriate expenses incurred by the directors of the company, request for presentation of complete financials of the company to the audit committee and board members, etc. Instead of giving proper, detailed, technical reply, allegation of undersigned not being



independent came up after almost 3 years of my association with the company. As you are aware there are serious issues among promoters of the company wherein there are various cross allegations of wrong doings on each other's part. I as independent director had always supported to investigate the matters which were alleged to be unlawful/ illegal, provided the board of directors were presented with proper factual records.

The atmosphere is too hostile in the meetings of audit committee, nomination & remuneration committee and board of directors of the company, and it is impossible for the undersigned to do any value addition in the interest of the company.

In such a scenario, I resign from the post of independent director of the company with immediate effect.

I take this opportunity to convey my gratitude to the company for providing me an opportunity.

Kindly find the above in order and acknowledge the receipt of the same.

I also request you to complete necessary formalities as required under the Companies Act, 2013 and submit copies of the same for record to me.

Yours faithfully,



Malay Mahadevia

C.C. :-

1. Mr. Jignesh Shah - Independent Director of the company
2. Mr. Chetan Tamboli - Independent Director of the company
3. Mr. Vijay Shah - Independent Director of the company
4. Mr. Rajesh R. Gandhi - Director of the company
5. Mr. Kalpit R. Gandhi - Director of the company
6. Mr. Devanshu L. Gandhi - Director of the Company
7. Mrs. Deval D. Gandhi - Director of the company

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**From:** Malay Mahadevia [<mailto:Malay.Mahadevia@adani.com>]  
**Sent:** Tuesday, June 25, 2019 12:37 PM  
**To:** Rashmi Bhatt <[rashmibhatt@vadilalgroup.com](mailto:rashmibhatt@vadilalgroup.com)>  
**Subject:** RE: Resignation from the post of Independent Director of the company

Dear Madam,

I am in receipt of your email requesting me to confirm that there are no other material reasons for resignation.

In this regard, I would like to state that I have mentioned references of my earlier communications in my resignation letter dated 19th June, 2019. The issues mentioned in those letters including the reasons mentioned in my resignation letter are the material reasons for resignation. I confirm that there are no other material reasons for resignation.

Regards,

Malay

**Date : June 19, 2019**

**From, Jignesh J. Shah**

To,  
Mrs. Rashmi Bhatt,  
Company Secretary,  
Vadilal Industries Limited,  
Ahmedabad.

69, Manekbaug Society,  
S.M. Road, Ambawadi,  
Ahmedabad - 380015

**Sub :- Resignation from the post of Independent Director of the company.**

**Ref :- My letters dated 14.03.2019, 30.03.2019, Undated letter of April, 2019, and 20.05.2019**

Dear Madam,

This letter is in continuation to various letters of the undersigned as mentioned above.

As an independent director, I am tendering my resignation from the post of independent director of the company with immediate effect, for various reasons cited below.

The undersigned was appointed as independent director on the board of the company w.e.f. 11.11.2016. Subsequent to the board meeting of the company held on 12.02.2019, the undersigned had vide letter dated 14.03.2019, raised various serious issues concerning the affairs of the company . The main issue raised by me was in respect of arms length pricing between the company and Vadilal Enterprises Limited, a related party. However such questioning by me did not go well with one of the promoter Director and instead of replying to my above referred letter in right earnest, the said promoter Director started targeting me on my integrity and independence on the board of the company. It was surprising for me to find that such allegations on my Independence, came up after a period of more than 2 years of my association with the company. As you are aware there are serious issues among promoters of the company wherein there are various cross allegations of wrong doings on each other's part. I as independent director had always supported to investigate the matters which were alleged to be unlawful/ illegal, provided the board of directors were presented with proper factual records in advance.

The atmosphere is too hostile in the meetings of audit committee, nomination and remuneration committee and board of directors of the company, and it is impossible for the undersigned to carry out the functions in an Independent manner, where every act of the undersigned, though in interest of the company has been termed as Non Independent and Partisan.

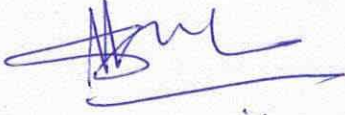
In such a scenario, I resign from the post of independent director of the company with immediate effect.

I take this opportunity to convey my gratitude to the company for providing me an opportunity to work for the betterment of its interest.

Kindly find the above in order and acknowledge the receipt of the same.

I also request you to complete necessary formalities as required under the Companies Act, 2013 and submit copies of the same for record to me.

Yours faithfully,



**Jignesh Shah**  
**DIN : 01202435**

C.C. :-

1. Mr. Malay Mahadevia - Independent Director of the company
2. Mr. Chetan Tamboli - Independent Director of the company
3. Mr. Vijay Shah - Independent Director of the company
4. Mr. Rajesh R. Gandhi - Director of the company
5. Mr. Kalpit R. Gandhi - Director of the company
6. Mr. Devanshu L. Gandhi - Director of the Company
7. Mrs. Deval D. Gandhi - Director of the company

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From: Jignesh Shah [mailto:jignesh@jtshahco.com]  
Sent: Tuesday, June 25, 2019 6:05 PM  
To: Rashmi Bhatt <rashmibhatt@vadilalgroup.com>  
Subject: Re: Resignation as Independent Director

Dear Mam,

I am in receipt of your email requesting me to confirm that there are no other material reasons for resignation.

In this regard, i would like to state that I have mentioned references of my earlier communications in my resignation letter dated 19th June, 2019. The issues mentioned in those letters including the reasons mentioned in my resignation letter are the material reasons for resignation. I confirm that there are no other material reasons for resignation.

Thanking You,  
Jignesh Shah

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