



**Annexure - XI to the Listing Agreement**

**Quarterly Compliance Report on Corporate Governance**

**Name of the Company: Source Natural Foods and Herbal Supplements Limited**

**Quarter ending on: 30<sup>th</sup> September, 2015**

| Particulars                                                             | Clause of Listing Agreement | Compliance Status Yes/No/N.A | Remarks                         |
|-------------------------------------------------------------------------|-----------------------------|------------------------------|---------------------------------|
| <b>II. Board of Directors</b>                                           | 49 (II)                     |                              | AS PER THE NOTES ANNEXED HERETO |
| (A) Composition of Board                                                | 49 (IIA)                    | Yes                          |                                 |
| (B) Independent Directors                                               | 49 (IIB)                    | Yes                          |                                 |
| (C) Non-executive Directors' compensation & disclosures                 | 49 (IIC)                    | Yes                          |                                 |
| (D) Other provisions as to Board and Committees                         | 49 (IID)                    | Yes                          |                                 |
| (E) Code of Conduct                                                     | 49 (IIE)                    | Yes                          |                                 |
| (F) Whistle Blower Policy                                               | 49 (IIF)                    | Yes                          |                                 |
| <b>III. Audit Committee</b>                                             | 49 (III)                    |                              |                                 |
| (A) Qualified & Independent Audit Committee                             | 49 (IIIA)                   | Yes                          |                                 |
| (B) Meeting of Audit Committee                                          | 49 (IIIB)                   | Yes                          |                                 |
| (C) Powers of Audit Committee                                           | 49 (IIIC)                   | Yes                          |                                 |
| (D) Role of Audit Committee                                             | 49 (IIID)                   | Yes                          |                                 |
| (E) Review of Information by Audit Committee                            | 49 (IIIE)                   | Yes                          |                                 |
| <b>IV. Nomination and Remuneration Committee</b>                        | 49 (IV)                     | Yes                          |                                 |
| <b>V. Subsidiary Companies</b>                                          | 49 (V)                      | N.A.                         |                                 |
| <b>VI. Risk Management</b>                                              | 49 (VI)                     | Yes                          |                                 |
| <b>VII. Related Party Transactions</b>                                  | 49 (VII)                    | Yes                          |                                 |
| <b>VIII. Disclosures</b>                                                | 49 (VIII)                   |                              |                                 |
| (A) Related party transactions                                          | 49 (VIII A)                 | Yes                          |                                 |
| (B) Disclosure of Accounting Treatment                                  | 49 (VIII B)                 | Yes                          |                                 |
| (C) Remuneration of Directors                                           | 49 (VIII C)                 | Yes                          |                                 |
| (D) Management                                                          | 49 (VIII D)                 | Yes                          |                                 |
| (E) Shareholders                                                        | 49 (VIII E)                 | Yes                          |                                 |
| (F) Proceeds from public issues, rights issue, preferential issues, etc | 49 (VIII F)                 | N.A.                         |                                 |
| IX. CEO/CFO Certification                                               | 49 (IX)                     | Yes                          |                                 |
| X. Report on Corporate Governance                                       | 49 (X)                      | Yes                          |                                 |
| XI. Compliance                                                          | 49 (XI)                     | Yes                          |                                 |



## **Note 1: Clause 49 (II)-BOARD OF DIRECTORS**

### **Clause 49 (IIA)**

#### **Composition of Board**

- |                              |                          |
|------------------------------|--------------------------|
| 1. Mr. Narayanan Narasimhan  | - Chairman & Director*** |
| 2. Mr. Arvind Varchaswi N    | - Managing Director*     |
| 3. Mr. Nikhil Sen            | - Director**             |
| 4. Mr. Srinivas Gowra        | - Director**             |
| 5. Mr. C.L. Rathi            | - Director**             |
| 6. Mr. Sriram Chandrasekaran | - Director**             |
| 7. Mrs. Bharathy             | - Director**             |

\*Executive Directors

\*\* Independent Non-Executive Directors

\*\*\* Non-Executive Director

### **Clause 49 (IIB)**

#### **Independent Directors**

The Board of Directors of the Company is comprised of requisite number of Independent Directors as per Clause 49(II)(A) and further, all the directors fulfill the criteria of Independent Director as mentioned under Clause 49(II)(B) of the listing agreement.

### **Clause 49 (IIC)**

#### **Non-executive Directors' compensation & disclosures**

No remuneration is paid to the Non-executive Directors.

### **Clause 49 (IID)**

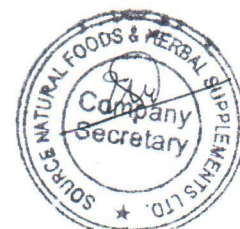
#### **Other provisions as to Board and Committees**

1. The Company is conducting the Board Meetings regularly and it is also ensured that the gap between two Board Meetings conducted does not exceed a period of one hundred and twenty days.
2. No Director is a Member of more than 10 committees or chairman of more than 5 committees across all companies in which he/she is a director.

### **Clause 49 (IIE)**

#### **Code of Conduct**

Code of conduct for all the Board members and senior management was adopted by the Board. Affirmation of compliance to the Code on annual basis by the Board and senior management is complied with in the Annual Report.





## **Clause 49 (IIF)**

### **Whistle Blower Policy**

Vigil mechanism for directors and employees is adopted by the Board and uploaded on the website of the Company.

## **Note 2: Clause 49 (III)-AUDIT COMMITTEE**

### **Clause 49 (IIIA)**

#### **Qualified & Independent Audit Committee**

The following are the members of the Audit Committee:

- |    |                           |             |
|----|---------------------------|-------------|
| 1. | Mr. Srinivas Gowra        | - Chairman* |
| 2. | Mr. Nikhil Sen            | - Member*   |
| 3. | Mr. Sriram Chandrasekaran | - Member*   |

\* Independent and Non-Executive Directors

### **Clause 49 (IIIB)**

#### **Meeting of Audit Committee**

The Audit Committee met as and when required and it is ensured that at least four meetings are held in a year with not more than four months gap between two meetings.

### **Clause 49 (IIIC) (III D) (III E)**

#### **Powers, Role of and Review of Information by Audit Committee**

The power, role of and review of information by the Audit Committee are as per the Listing Agreement and the Companies Act, 2013.

## **Note 3: Clause 49 (IV)-NOMINATION AND REMUNERATION COMMITTEE**

The Committee constituted by the Company is responsible 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.

The following are the members of the Nomination and Remuneration Committee:

- |    |                           |             |
|----|---------------------------|-------------|
| 1. | Mr. Nikhil Sen            | - Chairman* |
| 2. | Mr. Srinivas Gowra        | - Member*   |
| 3. | Mr. Sriram Chandrasekaran | - Member*   |

\* Independent and Non-Executive Directors



**Note 4: Clause 49 (V)-SUBSIDIARY COMPANIES**

The Company does not have any subsidiary under the Companies Act, 2013. Therefore the compliance of the sub clause is not applicable to the Company.

**Note 5: Clause 49 (VI)-RISK MANAGEMENT**

The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures and the Board is responsible for framing, implementing and monitoring the risk management plan for the company.

**Note 6: Clause 49 (VII)-RELATED PARTY TRANSACTIONS**

The basis of related party transactions are reviewed and approved by the Audit Committee and the Board of Directors. Members' approval at General Meeting is obtained for such related party transactions as required under Companies Act, 2013.

**Note 7: Clause 49 (VIII)-DISCLOSURES**

**Clause 49 (VIII A)-**

**Related Party Transactions**

The related party transactions are reviewed and approved by the Audit Committee and the Board of Directors of the Company in terms of the Companies Act 2013 and the Listing Agreement.

During the Quarter from 1<sup>st</sup> July, 2015 to 30<sup>th</sup> September, 2015 the transactions with Related Parties are:

Sales of Rs.13.43 lacs to Arvind Exports and Purchase of Rs.2,279/ from Madhurya

**Clause 49 (VIII B)-**

**Disclosure of Accounting Treatment**

The Company follows Accounting Standards notified under the Companies Act, 2013 in the preparation of financial statements. The Company has not adopted a treatment different from that prescribed in an Accounting Standards.

**Clause 49 (VIII C)-**

**Remuneration of Directors**

The details of remuneration paid to the Managing Director are disclosed in the Annual Report. No other remuneration is paid to other Directors



**Clause 49 (VIIID)-**

**Management**

The Management Discussion and Analysis Report is compiled in the Annual Report 2014-15.

**Clause 49 (VIIIE)-**

**Shareholders**

1. Quarterly results are being sent to the stock exchange on timely basis.
2. There are no pending investor grievances.
3. The share transfers work has been delegated to the Registrars which are attended once in a fortnight.

**Clause 49 (VIIIF)-**

**Proceeds from public issues, rights issue, preferential issues etc.**

There was no public or rights issue proceeds outstanding.

**Note 8: Clause 49 (IX)-CEO/CFO CERTIFICATION**

The CEO/CFO certification is compiled every year.

**Note 9: Clause 49 (X)-REPORT ON CORPORATE GOVERNANCE**

The corporate governance report is was compiled and included in the Annual Report 2014-15

**Note 10: Clause 49 (XI)-COMPLIANCE**

Certificate from the Auditors for compliance with clause 49 was given in the Annual Report 2014-15.

Yours truly,

FOR SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED



VIJAYENDRA. R  
COMPANY SECRETARY

