

# 22<sup>nd</sup> ANNUAL REPORT 2016-17



**SOURCE NATURAL**  
**FOODS AND HERBAL SUPPLEMENTS LIMITED**

**BOARD OF DIRECTORS:**

MR. ARVIND VARCHASWI N.  
MR. NARAYANAN NARASIMHA  
  
MR. TEJAGNA KASHMIRA KATPITIA  
MR. SRINIVAS GOWRA  
MR. SRIRAM CHANDRASEKARAN  
MR. CHANDRAKANT L. RATHI  
MRS. BHARATHY

MANAGING DIRECTOR  
NON-EXECUTIVE CHAIRMAN &  
DIRECTOR  
EXECUTIVE DIRECTOR  
INDEPENDENT DIRECTOR  
INDEPENDENT DIRECTOR  
INDEPENDENT DIRECTOR  
INDEPENDENT DIRECTOR

**REGISTERED OFFICE**

201, #54/46, Sumeru Towers, II  
Floor, #54/4639th A Cross, 11th  
Main Road,

Jayanagar 4th T Block,  
Bangalore - 560 041

CIN: L24231KA1995PLC101742,

Phone: 080 26087733,

Fax: 080 22449505

Web: [www.source-natural.com](http://www.source-natural.com)

Mail: [info@source-natural.com](mailto:info@source-natural.com)

**INVESTORS CONTACT EMAIL ID  
AUDITORS**

[investor\\_relations@source-natural.com](mailto:investor_relations@source-natural.com)

SRINAGA & GIRIDHARAN

CHARTERED ACCOUNTANTS

136/1, I FLOOR, 5TH MAIN,

CHAMARAJPET, BANGALORE - 560 018

**SHARE TRANSFER AGENTS**

VENTURE CAPITAL & CORPORATE  
INVESTMENTS PRIVATE LIMITED,  
12-10-167, BHARATNAGAR,  
HYDERABAD – 500 018.

## **NOTICE**

Notice is hereby given that the Twenty Second Annual General Meeting of **SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED** will be held on Monday, 18<sup>th</sup> September, 2017 at 10.00 A.M. at Hotel Pai Viceroy, 1504, 16th Cross, 9th Main, 3rd Block, near Ramakrishna Super Speciality Hospital, Jayanagar, Bengaluru, Karnataka 560011 Bangalore to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended on 31<sup>st</sup> March, 2017 together with the Reports of Directors, Auditors and such other Reports annexed thereon.
2. To appoint a Director in place of Shri Narayanan Narasimhan (DIN: 00143620) who retires by rotation and being eligible offers himself for re-appointment.
3. To ratify the appointment of M/s Srinaga & Giridharan, Chartered Accountants, as the Statutory Auditors of the Company and in this regard to consider and if thought fit, to pass the following resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (“Act”) and the Rules framed thereunder, as amended from time to time, and the resolution passed by the Members in the 21<sup>st</sup> Annual General Meeting, the appointment of M/s Srinaga & Giridharan, Chartered Accountants (Firm Reg. No. 004013S), as the Statutory Auditors of the Company, who shall hold office until the conclusion of 26<sup>th</sup> Annual general meeting of the Company, be and is hereby ratified, at such remuneration as may be mutually agreed upon between the Board of Directors of the Company and the Auditors.”

### **SPECIAL BUSINESS:**

4. To appoint Mr. Tejagna Kashmiri Katpitia as Director of the Company:

To consider and if thought fit, to pass, the following resolution as Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 152 and other applicable provisions of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) and Articles of Association of the Company, Mr. Tejagna Kashmiri Katpitia (DIN: 00445283), who was appointed as an Additional Director of the Company by the Board of Directors in its meeting held on 14<sup>th</sup> June, 2017, and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director as per Section 160 of the Act, be and is hereby appointed as a Director of the Company.”

5. To appoint Mr. Tejagna Kashmiria Katpitia as Whole-time Director of the Company:

To consider and if thought fit, to pass, the following resolution as Ordinary Resolution:

**“RESOLVED THAT** pursuant to the Section 196 read with Section 203, and other applicable provisions, if any, of the Companies Act, 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the consent of the members be and is hereby accorded to appoint Mr. Tejagna Kashmiria Katpitia (DIN: 00445283) as the Whole-time Director of the Company, without any remuneration for a period of Five years, with effect from 01.08.2017, on such terms and conditions as set out in the Agreement to be entered with him, with the authority to the Board of Directors to vary and alter the terms of said appointment from time to time.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorised to sign and execute the said agreement, file requisite forms with the Registrar of Companies and to do all such acts, deeds and things as may be deemed expedient to give effect to the above resolution.”

**Date: 12.08.2017**

**Regd. Office:** 201, II Floor, Sumeru Towers,  
#54/46, 39<sup>th</sup> A Cross, 11<sup>th</sup> Main Road,  
Jayanagar, 4<sup>th</sup> T Block, Bangalore - 560041

By Order of the Board  
For **SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

(Arvind Varchaswi N.)  
Managing Director  
DIN: 00143713

#### **NOTES**

1. A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy / proxies to attend and vote on a poll instead of himself / herself and such proxy / proxies need not be a member of the company. The instrument of proxy / proxies, in order to be effective must be deposited at the registered office of the company, duly completed and signed, not less than forty eight hours before the commencement of the meeting. A proxy form is enclosed with this notice
2. A person can act as proxy on behalf of members not exceeding fifty and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. A member holding more than 10% of the total share capital of the Company

carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholder.

3. The notice of AGM is being sent to those members / beneficial owners whose name will appear in the register of members / list of beneficiaries received from the depositories as on **11<sup>th</sup> August , 2017**
4. The copy of annual report, notice of Annual General Meeting, notice of e-voting, etc. are being sent to the members through e-mail who have registered their email ids with the Company / depository participant (DPs) / Company's Registrar and Transfer Agent (RTA).
5. The full version of the Annual Reports is also be available on the website of the Company [www.source-natural.com](http://www.source-natural.com).
6. The Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, 12<sup>th</sup> September, 2017 to Monday, 18<sup>th</sup> September, 2017 (both days inclusive)**, in accordance with the provisions of the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges, where the equity shares of the Company are listed, for the purpose of AGM.
7. The results of voting shall simultaneously be communicated to the Stock Exchanges. The resolutions will be deemed to be passed on the date of AGM subject to receipt of the requisite number of votes in favour of the resolutions.
8. The Register of Directors and Key Managerial Personnel and their shareholding, Register of Contracts or Arrangements in which Directors are interested and documents referred to in the notice are open for inspection at the Registered Office of the Company on all working days (Monday to Friday) between 11.00 a.m. and 1.00 p.m. upto the date of AGM and will also be available for inspection at the venue of the meeting.
9. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.
10. Members are requested to update their preferred e-mail ids with the Company / DPs / RTA, which will be used for the purpose of future communications. Members whose e-mail id is not registered with the Company are being sent physical copies of the Notice of Annual General Meeting, Annual Report, notice of e-voting etc. at their registered address through Courier mode.
11. Members whose e-mail ids are registered with the Company and who wish to receive printed copy of the abridged / full version of the Annual Report may send their request to the Company at its registered office address or to the RTA, M/s. Venture Capital &

Corporate Investments Private Limited, 12-10-167, Bharat Nagar Colony, Hyderabad – 500018 (Telangana).

12. In terms of provisions of Section 107 of the Companies Act, 2013, since the Company is providing the facility of remote e-voting to the shareholders, there shall be no voting by show of hands at the AGM. The facility for Poll / polling paper shall be made available at the Meeting and the members attending the Meeting who have not cast their vote by remote e-voting shall be able to vote at the Meeting through polling paper.
13. In compliance with the provisions of Section 108 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide to its members facility to exercise their right to vote on resolutions proposed to be passed in the Meeting by electronic means. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting (“remote e-voting”).

#### **EXPLANATORY STATEMENT**

[Pursuant to Section 102(2) of the Companies Act, 2013]

#### **Item No. 4:**

The members are hereby informed that Mr. Tejagna Kashmira Katpitia was appointed as an Additional Director of the Company by the Board of Directors on 14.06.2017, who holds office upto the ensuing Annual General Meeting of the Company. He possesses vast experience in the core business activities of the Company. A brief profile of the appointee is provided in the Notice for your information.

Further, a notice proposing his candidature as Director and deposit of amount, as per Section 160 of the Companies Act, 2013, is received from a member of the Company. Your approval is sought in accordance with Section 152 of the Companies Act, 2013

The Board recommends the approval of resolution for the said appointment.

None of the Directors or Key managerial Personnel are in any way interested or concerned in the said resolution.

#### **Item No. 5:**

The Board of Directors of the Company, on the recommendation of the Nomination and Remuneration Committee of the Board, propose to appoint Mr. Tejagna Kashmira Katpitia as Whole-time Director of the Company, without remuneration, for a period of Five years with effect from 01.08.2017. The Board opines that under his able guidance and abundant experience, the Company will be able to diversify and augment its business activities.

The terms and conditions of the said appointment are set out in the Agreement to be entered with him, subject to such variations and alterations from time to time, as the Board may deem fit. A brief profile of Mr. Tejagna Kashmira Katpitia is annexed to the Notice for your perusal.

Pursuant to Section 196 of the Companies Act, 2013, the approval of members is sought for the said appointment. The Board recommends the approval of members on the resolution for the said appointment.

None of the Directors or Key managerial Personnel are in any way interested or concerned in the said resolution.

### **BRIEF PROFILE OF THE DIRECTORS:**

#### **❖ Shri Narayanan Narasimhan:**

Mr. Narayan Narasimhan Graduate in Architect from School of Architecture, Madras University Diploma in Housing Planning and Building, from Bouwcentrum Centre, Rotterdam, Holland He is the father of Mr. Arvind Varchaswi, Managing Director.

#### **❖ Mr. Tejagna Kashmira Katpitia**

Mr. Tejagna Kashmira Katpitia is a seasoned professional with 20 years of experience in Operations Management, Finance and Marketing. Starting his career in with a family owned business of exports in 1997, he gained significant experience in the set up and management of group offices in India, the middle east, far east, USA and Russia. Since 2010, he has been with Source Natural Foods & Herbal Supplements Limited, a public company with pan India and Domestic clientele, specialize in manufacturing and marketing Ayurveda, Herbal Supplements and Food. He believes that the world is poised at a stage where lifestyle, health and wellness are slowly and surely becoming the top most priority of every individual. Being greatly inspired by the high level of work ethic and opportunity to contribute directly to the wellness of both customers and the society alike, he looks forward to building a strong presence and market share for the company's products over the coming years. Mr. Tejagna Katpitia is currently the Chief Executive Officer of Sriveda Sattva Private Limited of which Source Natural Foods and Herbal Supplements is a subsidiary. His role as CEO in establishing a strong distribution network and customer base for Sri Sri Ayurveda products manufactured at this company has been driven by his passion for Sales and Marketing. He holds a Bachelor of Commerce Degree from the University Of Mumbai.

## **INSTRUCTIONS- VOTING THROUGH ELECTRONIC MEANS**

1. The voting period begins on **Friday, 15<sup>th</sup> September, 2017 (9:00 AM) and ends on Sunday, 17<sup>th</sup> September, 2017 (5:00 PM)** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the **Cut-Off Date 11<sup>th</sup> September, 2017**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
2. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
3. Click on "Shareholders".
4. Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
5. Next enter the Image Verification as displayed and Click on Login.
6. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
7. If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"><li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field.</li><li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li></ul>



8. After entering these details appropriately, click on “**SUBMIT**” tab.
9. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform.

***“It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.”***

10. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
11. Click on the **EVS**N for “**Source natural Foods and Herbal Supplements Limited**”.
12. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you Assent to the Resolution and option NO implies that you dissent to the Resolution.
13. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
14. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
15. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
16. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
17. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
18. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

### **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

**Note:** *In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).*

19. A member may participate in the AGM even after exercising his right to vote through remote e-voting but shall not be allowed to vote again at the AGM.
20. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through Polling paper.
21. Shri. Ajay Suman Shrivastava, Practicing Company Secretary, (CP No. 3479) has been appointed as the Scrutinizer for providing facility to the members of the Company to scrutinize the voting and remote e-voting process in a fair and transparent manner.
22. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of “Polling Paper” for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

23. The Scrutinizer shall after the conclusion of voting at the general meeting, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
24. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.source-natural.com](http://www.source-natural.com) and on the website of CDSL immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited, Mumbai.

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## DIRECTORS' REPORT

To,  
The Members,  
Source Natural Foods and Herbal Supplements Limited  
Bangalore

Your Directors are pleased to present the 22<sup>nd</sup> Annual Report of the Company together with Audited Financial Statements for the year ended 31<sup>st</sup> March 2017.

### 1. FINANCIAL RESULTS:

Particulars	(Rs. in Lakhs)	
	31.03.2017	31.03.2016
Total revenue	1594.66	1093.14
Profit/ (Loss) before exceptional and extraordinary items and tax	140.98	47.72
Exceptional Items	-	-
Profit before extraordinary items and tax	140.98	47.72
Extraordinary Items	-	-
Tax expenses	28.74	5.05
Net Profit/ (Loss) carried to Balance Sheet	140.44	42.67
Earnings Per Share (Basic/ Diluted)	2.18	0.66

### 2. OPERATIONS:

The Total revenue of the Company for the year ended 31<sup>st</sup> March, 2017 was Rs. 1594.66 Lakhs, which has increased by 45.87 % as compared to the total revenue of the previous year of Rs. 1093.14 Lakhs. The Net Profit of the Company during the financial year under review is Rs. 140.44 Lakhs as compared to 42.67 Lakhs during the previous year. The increase in revenue is due to entry in new market areas and sales of flagship products of the Company. The Company has made an additional investment of Rs. 56.89 Lakhs in the Fixed Assets during the year, in order to augment and enhance the production activities of the Company.

During the year, there was increase in expenses towards advertisement, rapid increase in foreign expenses in order to augment the Marketing team and brand building of the Company's products. As the benefits of these expenses will be derived over a long period of time, your Directors are optimistic for the future growth of the Company.

### 3. FUTURE OUTLOOK:

The Ayurveda and Herbal Supplement sector has huge potential for growth not only in India but all over the world. The Company has a vision to make Ayurveda and Herbal Supplements to become part of every individual's daily consumption. The Company

will continue to contribute its might to the growth of Ayurveda and Herbal Supplements and at the same time enhance shareholders wealth by accelerated performance.

#### **4. RESEARCH AND DEVELOPMENT:**

Ayurveda is a system of Medicine with high credentials as a Holistic Healing and wellness Science. It is concerned with the whole and complete system rather than with the analysis or treatment of parts. It attempts to treat both the Mind and the Body. Research and Development is a core activity in any pharma industry and through its scientific validation, it will help to reinstate the high credentials of Ayurveda System of Medicine as a holistic Healing and wellness science.

Your Company focuses on ongoing R & D, which helps it to achieve its core objectives so as to bring more herbal and organic products in to the existing/ new product portfolio and to add more value to the existing products and develop organic food and nutritional supplements with an optimum mix of naturally available ingredients for attaining a sustainable improvement in the Health of all age Groups.

Over the years, the Company has developed a variety of products on the basis of their continued and in depth efforts in R & D and it also understands that combining rich Ayurveda wisdom with modern science will help in providing simple but effective methods of Ayurveda. Research and Development activities undertaken by the Company will also enable it to adhere to the benchmarks and standards set by the Government and other Standard Institutes.

#### **5. DIVIDEND:**

In order to conserve the available resources for future growth, your Directors do not recommend any Dividend for the financial year ended 31.03.2017.

#### **6. AMOUNT TRANSFERRED TO RESERVES:**

The amount to be carried to Reserves is Rs. 140.44 Lakhs.

#### **7. CHANGE IN THE NATURE OF BUSINESS:**

There is no change in nature of business of the Company during the year.

#### **8. MATERIAL CHANGES AND COMMITMENT IF ANY AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT:**

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which these financial statements relate on the date of this report.

## **9. SHARE CAPITAL:**

The Authorised Share Capital of your Company is Rs. 9,00,00,000/- divided into 90,00,000 Equity Shares of Rs. 10/- each. The Paid up Capital is Rs. 6,43,69,310/- divided into 64,36,931 Equity Shares of Rs. 10/- each.

During the year under review, there is no change in the Share Capital of the Company.

### **a. Provision of money by company for purchase of its own shares by employees or by trustees for the benefit of employees:**

The Company has not made any provision of money for purchase of its own shares by employees or by trustees for the benefit of employees as per Rule 16(4) of Companies (Share capital and Debentures) Rules, 2014.

### **b. Issue of Sweat Equity Shares:**

The Company has not issued any sweat equity share during the financial year, in accordance with the provisions of Section 54 of Companies Act, 2013 read with Rule 8 of the Companies (Share Capital and Debentures) Rules, 2014.

### **c. Issue of Equity Shares With Differential Rights:**

The Company has not issued any equity shares with differential voting rights during the financial year, as per Rule 4(4) of Companies (Share capital and Debentures) Rules, 2014.

### **d. Issue of Employee Stock Option:**

The Company has not issued any employee stock option during the financial year, as per Rule 12 of Companies (Share Capital and Debentures) Rules, 2014.

## **10. DIRECTORS:**

Pursuant to the provisions of Section 152 of the Companies Act, 2013 and the Articles of Association of the Company, Shri Narayanan Narasimhan retires by rotation at the conclusion of the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

During the period under review, pursuant to Section 161 of the Companies Act, 2013, the Board appointed Mr. Tejagna Kashmira Katpitia as Additional Director wef June 14, 2017 who shall hold office till the ensuing Annual General Meeting. Pursuant to Section 160 Act, a notice has been received from a member proposing his candidature for the office of a Director. The Board recommends his appointment as Director pursuant to Section 152 of the Companies Act, 2013.

As per Section 196 and Section 203 of the Companies Act, 2013 and the recommendation of the Nomination and Remuneration Committee, Mr. Tejagna

Kashmira Katpitia has been appointed as Whole-time Director for a period of Five years with effect from 01.08.2017, without any remuneration. The Board recommends approval of the said resolution in the ensuing Annual General Meeting.

The profiles of Directors retiring by rotation and of those proposed to be appointed are given elsewhere in the Annual Report.

Mr. Nikhil Sen (Independent Director) resigned from the directorship of the Company due to his pre-occupation wef August 12<sup>th</sup>, 2017. The Board places on record its appreciation for the services rendered by him during his tenure.

#### **11. NUMBER OF MEETINGS OF THE BAORD:**

During the financial year under review, the Board met **Six** times on 28.05.2016, 11.08.2016, 11.11.2016, 09.12.2016, 13.02.2017 and 27.03.2017.

The details of the meetings of the Board are covered in the Corporate Governance Report, annexed herewith.

#### **12. KEY MANAGERIAL PERSONNEL:**

In compliance with Section 203 of the Companies Act, 2013, the following are the Key managerial Personnel of the Company:

Mr. Arvind Varchaswi N.	- Managing Director
Mr. Tejagna K. Katpitia	- Whole-time Director
Mr. Ravi Shankar Murthy GV	- Chief Financial Officer*
Mrs. Sweta Joshi	- Company Secretary

\* Appointed with effect from 05.12.2016 and resigned on 12.08.2017

During the year under review, Mr. Vijayendra R, resigned as the Company Secretary and Compliance Officer of the Company. Subsequently, the Board appointed Mrs. Sweta Joshi as the Company Secretary and Compliance Officer of the Company with effect from 13.02.2017.

#### **13. DECLARATION OF INDEPENDENT DIRECTORS:**

In accordance with Section 149(7) of the Companies Act, 2013, the Independent Directors of your Company, have given a Declaration that they meet the criteria of Independence as provided in sub section (6) of Section 149 of the Act. There has been no change in terms and conditions of appointment of Independent Directors. The Policy relating to appointment of Independent Directors is available on the website of the Company: <http://www.source-natural.com>

#### **14. POLICY ON DIRECTORS APPOINTMENT, ANNUAL PERFORMANCE EVALUATION OF THE BOARD AND POLICY ON REMUNERATION:**

Pursuant to the requirement under Section 134(3) (e) and Section 178(3) of the Companies Act, 2013, the policy on appointment of Board members including criteria for determining qualification, positive attributes, independence of a director and the policy on remuneration of Directors, KMP and other employees is available on the website of the Company: <http://www.source-natural.com> and is attached as **Annexure – 1**, which forms part of this report.

In a separate meeting of Independent directors, performance of non-independent directors, performance of the Board as a whole and performance of the Chairman was evaluated, taking into account the views of Executive directors and non-executive directors. The same was discussed in the Board meeting that followed, at which the performance of the Board, its Committees and individual directors was discussed.

In accordance with Regulation 17(10) of SEBI Listing Regulations, the Board of Directors of the Company shall evaluate the performance of Independent Directors of the Company. Performance evaluation of Independent Directors was done by the entire Board, excluding the Independent Directors being evaluated.

#### **15. PARTICULARS OF REMUNERATION TO DIRECTORS/ KMP/ EMPLOYEES:**

There were no employees during the year 2016-17 covered under the provisions of Section 197 of the Companies Act, 2013.

The details of Remuneration paid to the Directors, Key Managerial Personnel and Employees as required under Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given in Form MGT-9, forming part of the Directors' Report.

A statement on the Ratio of the remuneration of each director to the median remuneration of the employees of the Company and the related remuneration details is provided in **Annexure - 2**, to this report.

#### **16. DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to the provisions under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, the Directors confirm:

- a. That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and no material departures have been made from the same;



- b. That they have selected such accounting policies and applied them consistently, and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c. That they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. That they have prepared the annual accounts on a going concern basis;
- e. That they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- f. That they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **17. AUDITORS:**

In accordance with Section 139 of the Companies Act, 2013 and rules thereunder, M/s. Srinaga & Giridharan, Chartered Accountants were appointed as the Statutory Auditors of the Company at 21<sup>st</sup> Annual General Meeting for a period of 5 years, subject to the ratification at every Annual General Meeting.

In view of the above, the Board recommends the ratification of appointment of M/s. Srinaga & Giridharan, Chartered Accountants as the Statutory Auditors of the Company. Accordingly, the Company has received consent and Certificate to the effect that their appointment is within prescribed limits under Section 141 of the Companies Act, 2013.

The Audit Report for the financial year 2016-17 as certified by the Statutory Auditors of the Company, does not contain any qualification, reservation or adverse remarks and therefore does not require any explanations from the Directors.

## **18. SECRETARIAL AUDIT REPORT:**

The Board appointed Mr. Ajay Suman Shrivastava, Practicing Company Secretary, to carry out Secretarial Audit for the financial year 2016-17, under the provisions of Section 204 of the Companies Act, 2013. The Secretarial Audit Report is annexed to this report as **Annexure - 3**. There are no qualifications and adverse remarks made by the Auditor in the Report.

## **19. MANAGEMENT DISCUSSION AND ANALYSIS:**

The Management Discussion and Analysis Report, prepared in accordance with Schedule V of the SEBI Listing Regulations, is annexed to this report as **Annexure - 4**.

## **20. CORPORATE GOVERNANCE REPORT:**

The Company's philosophy on Corporate Governance oversees business strategies and ensures fiscal accountability, ethical corporate behaviour and fairness to all stakeholders comprising regulators, employees, investors and the society at large. The Company has adopted a uniform Code of Conduct for Directors, Senior Management Personnel and other Executive level officers to ensure proper ethical standards and further ensure due compliance to such established standards.

The Report on Corporate Governance as per Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, covering amongst other matters, the details of Meetings of the Board and Committees, along with Compliance Certificate on Corporate Governance received from the Statutory Auditors is attached herewith as **Annexure - 5** to this report.

## **21. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNAL:**

During the year under review, there has been no significant and material orders passed by any regulators or courts or tribunal.

## **22. RISK MANAGEMENT:**

The Company has comprehensive risk assessment and minimization procedure, which are reviewed by the Board and the Audit Committee of the Company. The Company identifies risks and control systems to mitigate them are in place. In the opinion of the Board, at present there are no risks which may threaten the existence of the Company

## **23. ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO FINANCIAL STATEMENTS:**

The Company has in place adequate internal financial controls which are commensurate and adequate with the size and scale of operations of the Company. During the year under review, such controls were tested and no reportable material weakness in the design or operation were observed.

## **24. ESTABLISHMENT OF VIGIL MECHANISM:**

The Company has adopted a Whistle Blower Policy and has established the necessary vigil mechanism as defined under Regulation 22 of SEBI Listing Regulations, for directors and employees to report concerns about unethical behaviour. Adequate safeguards against victimization of employees and Directors who express their concerns, forms part of the mechanism. The Company has also provided direct access to the chairman of the Audit Committee on reporting issues concerning the interests of the employees and the Company. The said policy has been also put up on the website of the Company - [www.source-natural.com](http://www.source-natural.com).

## **25. CORPORATE SOCIAL RESPONSIBILITY (CSR):**

As your Company's net worth does not exceed Rs. 500 Crores (or) Company's turnover does not exceed Rs. 1000 Crores or company's net profit does not exceed Rs. 5 Crores for the financial year, the provisions under Section 135 of the Act read with rules made thereunder, are not applicable. Hence, the compliance to the initiative of Corporate Social Responsibility is not required.

However, as a good Corporate Citizen, the Company aims to provide sustainable value to the society in which it operates. Moreover, your Company is focused to bring Ayurveda into every individual's daily diet by manufacturing various Ayurvedic and herbal products, thus elevating the healthcare standards in the country as a whole.

## **26. LISTING:**

The shares of your Company are listed at BSE Limited and traded actively during the year. Your Company has duly complied with all the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## **27. DISCLOSURES:**

### **a. Extract of Annual Return:**

Pursuant to the Section 92(3) of the Companies Act, 2013, the extract of the Annual Return in Form MGT-9, is annexed to this report as **Annexure - 6**.

### **b. Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo:**

Pursuant to the provisions of Section 134 of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules 2014, the details of conservation of energy and technology absorption and Foreign exchange earnings and outgo are attached as **Annexure - 7**.

### **c. Subsidiary, Holding, Associate Companies:**

There are no subsidiaries to your Company as on the date of report. In terms of the shareholding, the Company is a subsidiary of Sriveda Sattva Private Limited.

### **d. Particulars of Loans, Guarantees or Investments made under Section 186 of the Companies Act, 2013:**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the details required to be furnished herein are NIL.

**e. Particulars of Contracts or Arrangements made with Related Parties:**

All the related party transactions are entered on arm's length basis and in the ordinary course of business, in compliance with the applicable provisions of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.

The details of the transactions with related parties are provided in the Notes to the financial statements.

**f. Fixed Deposits:**

Your Company has not accepted any Fixed Deposits from the Public within the meaning of Section 73 to 76 of the Companies Act, 2013, during the year under review.

**ACKNOWLEDGEMENTS:**

Your Directors take this opportunity to express their gratitude for the assistance and co-operation extended by Government Authorities, Bank named, The State Bank of Mysore and other business associates along with our estimated Shareholders. Your Directors also acknowledge the support extended by the Company's employees for their dedicated services.

**Place: Bangalore**  
**Board**  
**Date: 12.08.2017**

**On Behalf of the**

**(Arvind Varchaswi N.)**  
**Managing Director**  
**DIN: 00143713**

**(Sriram Chandrasekharan)**  
**Director**  
**DIN: 02213018**

## ANNEXURE - 1

### **POLICY ON DIRECTORS APPOINTMENT, APPRAISAL PROCEDURE, REMUNERATION POLICY OF DIRECTORS/ KMP/ EMPLOYEES**

#### **Policy on appointment of Board Members**

Constitution & Size

Members

Chairman

Executive Members

Independent Members

#### **Profile**

Board should ideally comprise of 6-8 Members

50% of members should be independent

The skill profile of the Board members will be driven by the following key tasks defined by the Board:

- ❖ Focus on corporate Governance
- ❖ Guiding strategy and Enhance Shareholders value
- ❖ Monitoring Performance, Management Development and Compensation
- ❖ Control and Compliance

The Company appoints the Directors with rich experience and expertise in various sectors of finance, information technology, corporate strategy, Marketing, Corporate Law, Finance, Administration and in the area of FMCG.

The criteria for appointment of Directors will also be based on company's priority at the time of appointment.

I. Criteria for Determining Qualifications, Positive Attributes & Independence of Director:

**a) Qualifications of Independent Director:**

An Independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, operations or other disciplines related to the company's business.

**b) Positive attributes of Independent Directors:**

An independent director shall be a person of integrity, who possesses relevant expertise and experience and who shall uphold ethical standards of integrity and probity; act objectively and constructively; exercise his responsibilities in a bona fide manner in the interest of the company; devote sufficient time and attention to his professional obligations for informed and balanced decision making; and assist the company in implementing the best corporate governance practices.

**c) Independence of Independent Directors:**

An Independent director should meet the requirements of the Companies Act, 2013 and Chapter IV Regulation 16 of SEBI LODR REGULATION 2015 concerning independence of directors.

**II. Remuneration Policy for Directors, Key Managerial Personnel and other employees**

**a) Nonexecutive Directors:**

The Board of Directors of the Company shall approve the payment of sitting fees for every meeting of the board or committee thereof attended by the Non-executive Directors as a member.

Commission to NEDs if any shall be approved by the Nomination and Remuneration Committee and Board of Directors and shall be according to the Companies Act, 2013. The payment of commission shall be based on their attendance at the board and the committee meetings as member.

Additional commission, apart from commission referred to above, may be paid to non-executive directors as may be decided by the board of directors of the company from time to time, depending on the extra time and effort as may be devoted and contribution as may be made by the non-executive directors.

The company has no stock options plans and no payment by way of bonus, pension, incentives etc. shall be paid.

**b) Managing Director & Key Managerial Personnel & Other Employees**

The objective of the policy is directed towards having a compensation philosophy and structure that will reward and retain talent.

The Company while deciding the remuneration package takes into consideration the following items:

- a. employment scenario
- b. remuneration package of the industry and
- c. remuneration package of the managerial talent of other industries.

The Remuneration to Managing Director shall take into account the Company's overall performance, MD's contribution for the same & trends in the industry in general, in a manner which will ensure and support a high performance culture.

The company has no stock options, plans and hence, such instruments do not form part of his remuneration package.

The Remuneration to others will be such as to ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.

Remuneration to Directors, Key Managerial Personnel and Senior Management will involve a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

The Company pays remuneration by way of salary, perquisites and allowances (fixed component) and may pay commission (variable component) to Managing and Whole-time Directors after necessary approvals. Salary will be paid within the range of Companies Act, 2013. Annual increments will be effective from 1st April each year, as recommended by the Remuneration Committee, are approved by the Board. The ceiling on perquisites and allowances as a percentage of salary, is fixed by the Board. Within the prescribed ceiling, the perquisites package is approved by the Remuneration Committee. Commission is calculated with reference to net profits of the Company in a particular financial year and is determined by the Board of Directors at the end of the financial year based on the recommendations of the Remuneration Committee, subject to overall ceilings stipulated in Companies Act, 2013. Specific amount payable to such directors is based on the performance criteria laid down by the Board which broadly takes into account the profits earned by the Company for the year.

**Note:** The above criteria and policy are subject to review by the Nomination & Remuneration committee & the Board of Directors of the Company.

### **Performance Evaluation:**

As a member of the Board, their performance as well as the performance of the entire Board and its Committees will be evaluated annually. Evaluation of each director is done by all the other directors. The criteria for evaluation is disclosed in the Company's Annual Report. However, the actual evaluation process remains confidential and shall be a constructive mechanism to improve the effectiveness of the Board / Committee.

The board, through its nomination committee or similar board committee regularly reviews its required mix of skills and experience and other qualities such as its demographics and diversity in order to assess the effectiveness of the board. This brings a means of a self-evaluation of the board as a whole, its committees and the contribution of each individual director.

The performance evaluation of non-executive directors is also by a peer group comprising the entire Board of Directors, excluding the director being evaluated; and Peer Group evaluation is the mechanism to determine whether to extend / continue the terms of appointment of non-executive directors.

**Assessment:**

The list of questions which would be of use for the assessment of each of the non-executive director is as under:-

1. How well prepared and well informed the nonexecutive directors for board meetings?
2. Is the attendance of non-executive directors at meetings satisfactory?
3. Do the non-executive directors show willingness to spend time and effort learning about the company and its business?
4. Do the non-executive directors willing to participate in events outside board meetings such as factory visits?
5. What has been the quality and value of non- executive director's contributions at board meetings?
6. What has been their contribution to the development of (i) Strategy and (ii) risk management?
7. How successfully the non-executive directors brought their knowledge and experience to bear in the consideration of strategy?
8. How effectively the non-executive director probed to test assumptions?
9. Where necessary, how resolute are they in holding to their views and resisting pressure from others?
10. How effectively have they followed up matters about which they have expressed concern?
11. How good are their relationship with other board members, the company secretary and senior management?
12. How actively and successfully do they refresh their knowledge and skill?
13. Are they up-to-date with the latest developments in areas such as the corporate governance framework and financial reporting and in the industry and market conditions?
14. How well do they communicate with other board members, senior management and others?
15. Can they present their views convincingly, yet diplomatically?
16. Do they listen to the views of others?



The list excludes any specific questions about the performance of each non-executive director on board committee, although some of the questions in this list could be made applicable to their committee in which they serve. The answers to these questions provide an assessment of performance and also indicate the areas in which the performance may be required to be improved upon.

**Types of Evaluation Mechanism:**

**i. Formal / informal way of assessing effectiveness of the board members**

The board recognizes the importance of reviewing and improving upon its performance and meets regularly to discuss the effectiveness of its functioning and to agree ways in which performance can be further improved formally or informally.

**ii. Assessing by using the peer-to-peer performance evaluation**

The performance evaluation of non-executive directors is also done through a peer-to-peer performance evaluation of the Board of Directors and the Directors could be marked on a scale 1 to 5, with respect three broad parameters namely, guiding strategy, monitoring reference and statutory compliance & corporate governance and such other key points which the company thinks of importance.

**iii. External member could present themselves to their peer and assessment is done**

The Board evaluates the performance on non-executive / independent directors through a peer- evaluation process which could also be one of the ways. In this process each external Board member could present before the entire Board on how they have performed / added value to the company. Every Board member could evaluate each external Board member on a scale of 1 to 10 based on the performance indicators.

**Report to the Board:**

At the end of the evaluation process, the chairman and the Senior Independent Director submit a report to the board members on the results of the evaluation process.

**Disclosures through Annual Report**

The board reports the same to the shareholders by way of disclosure in the annual report.

**Place: Bangalore**

**On Behalf of the Board**

**Date: 12.08.2017**

**Sd/-  
(Arvind Varchaswi N)  
Managing Director  
DIN: 00143713**

**Sd/-  
(Sriram Chandrasekharan)  
Director  
DIN: 02213018**

## ANNEXURE - 2

### **Details regarding the Remuneration paid to the Managing Director, other Directors and other employees of the Company for the year 2016-17**

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year: 6.18: 1

(ii) the percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year; Remuneration is paid only to the Managing Director and to the Company Secretary.

There was no increase in salary to the Managing Director during the year and;

The Remuneration of the Company Secretary was increased by 17.29%

(iii) the percentage increase in the median remuneration of employees in the financial Year: 24%

(iv) the number of permanent employees on the rolls of company;  
As on 31.03.2015- 40 As on 31.03.2016 – 53

(v) average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;

The percentile increase in the remuneration of the employees of the Company was 14.05%, compared to 40% of the managerial personnel. The increase in remuneration was normal and as per the Industry Standards.

(vi) affirmation that the remuneration is as per the remuneration policy of the company.

The Remuneration paid is as per the Remuneration policy of the Company.

**Place: Bangalore**  
**Date: 12.08.2017**

**On Behalf of the Board**

**Sd/-**  
**(Arvind Varchaswi N)**  
**Managing Director**  
**DIN: 00143713**

**Sd/-**  
**(Sriram Chandrasekharan)**  
**Director**  
**DIN: 02213018**

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31.03.2017**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies  
(Appointment and Remuneration Personnel) Rules, 2014]

To,  
The Members  
**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**  
201, II Floor, Sumeru Towers,  
#54/46, 39<sup>th</sup> A Cross, 11<sup>th</sup> Main Road,  
Jayanagar, 4<sup>th</sup> T Block,  
Bangalore - 560041

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED (CIN: L24231KA1995PLC101742)** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained and the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company, during the audit period covering the financial year ended on 31<sup>st</sup> March, 2017, has complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance-mechanisms in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2017 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings ( No provisions were attracted during the period under review)

- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):-
- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; - **Not Applicable to the Company during the Audit Period**
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **Not Applicable to the Company during the Audit Period**
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; **Not Applicable to the Company during the Audit Period**
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Company's shares and dealing with its members;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; **Not Applicable to the Company during the Audit Period** and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; **Not Applicable to the Company during the Audit Period.**
  - (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulations, 2015
- vi. Pharmacy Act, 1948, Drugs and Cosmetics Act, 1940, Homoeopathy Central Council Act, 1973, Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954, Narcotic Drugs and Psychotropic Substances Act, 1985, Conservation of Foreign Exchange and Prevention of Smuggling Activities Act, 1974, Petroleum Act 1934, Poisons Act 1919, Food Safety And Standards Act, 2006, Insecticides Act 1968, Biological Diversity Act, 2002, Indian Boilers Act, 1923 and applicable labour laws;
- vii. Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, Environment Protection Act, 1986;
- viii. The Indian Copyright Act, 1957, The Patents Act, 1970, Trade Marks Act, 1999.

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015

During the Audit period under review and as per the clarification, representations provided by the Management in writing and oral in the Secretarial Audit checklist prepared by me, I confirm that the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, Listing Agreement, SEBI notifications etc. mentioned above. There are no fresh transactions attracting the provisions of FEMA during the reporting period.

**I further report that** compliance of applicable financial laws including Direct and Indirect Tax laws by the Company has not been reviewed in this Audit since the same has been subject to review by the Statutory Auditors and other designated professionals.

**I further report that**

- ❖ The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors during the period under review.
- ❖ Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting-
- ❖ Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

**I further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**Place: Hyderabad**

**Date: 07.08.2017**

Signature:

Name of Company Secretary in practice: **AJAY SUMAN SHRIVASTAVA**

FCS No.: 3489

C.P. No.: 3479

**ANNEXURE - 3A**

To,

The Members

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

201, II Floor, Sumeru Towers

#54/46, 39th A Cross, 11th Main Road,

Jayanagar, 4th T Block,

Bangalore - 560041

This report is to be read with our Certificate of even date which is annexed as 'Annexure -1' and forms an integral part of this report.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company and does not in any way authenticate the said compliances.

**Place: Hyderabad**

**Date: 07.08.2017**

Signature:

Name of Company Secretary in practice: **AJAY SUMAN SHRIVASTAVA**

FCS No.: 3489

C.P. No.: 3479

**MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

**Industry Structure and Development- Indian Economy**

- The Economic Survey 2016-17, was tabled in the Parliament on January 31, 2017, by the Government of India. The Survey forecasts a growth rate of 6.75 to 7.5 per cent for FY18, as compared to the expected growth rate of 6.5 per cent in FY17. Over the medium run, the implementation of the Goods and Services Tax (GST), follow-up to demonetisation, and enacting other structural reforms should take the economy towards its potential real GDP growth of 8% to 10%. Growth rate of industrial sector is estimated to moderate to 5.2 per cent in 2016-17 from 7.4 per cent last fiscal.
- GDP growth expected to be between 6.75 and 7.50 per cent in 2017-18.
- Real GDP growth expected at 6.5 per cent in 2016-17
- GVA growth at basic prices 7.0 per cent in 2016-17

Indian Economy is now strongly backed by policy reforms and it is sure that it is on its recovery trajectory.

Many initiatives taken by the Government and the Reserve Bank of India, coupled with significant fall in crude oil prices and wholesale price index will create huge demand for consumer products

**AYURVEDA AND HERBAL SUPPLEMENTS SECTOR**

Ayurveda, one of the world's oldest forms of medicine, is 5000 year old medicinal system originating from India meaning "LIFE-KNOWLEDGE". Nestling herbal healing derived from the Hindu culture, ayurvedic medicine concentrate on health and wellness by harmonising the mind, body and spirit.

Your Company operates in the Ayurveda and herbal sphere which has been identified as one of the key sectors of growth and innovation for the Country. As per the World Health Organisation, nearly 80 per cent of the people in Asian and African countries use traditional medicines as their primary medical aid. Even developed countries have started looking towards Ayurveda due to the lack of cure for prolonged illness and side effects of medicines under other systems of medication. India is recognised world over as alternate medicine source. Ayurveda by itself is a contribution to mankind in its quest towards human well-being.

Research has shown that meditation works very well in relieving stress and reducing the risk for heart disease. Other studies are looking into the ability of Ayurvedic herbs to treat cancer. Recently, scientists have reported that Ayurveda may be a valuable tool in managing obesity and diabetes.

Ayurveda is based on the belief that health and wellness depend on a delicate balance between the mind, body and spirit. It is based on indigenous theories, beliefs and experiences that are passed from generations to generations. Its primary object is to promote good health, rather than fight disease. Academic Courses in Ayurveda have started getting worldwide recognitions and accreditations.

The main goal of Ayurvedic medicine is to cleanse the human body of undigested food called “ama”, which can stick to the inside of the body and cause sickness. This cleansing process is called ‘panchakarma’. It is used to reduce any symptoms and re-establish harmony and balance.

The Indian Government has now widely acknowledged that Ayurveda and Yoga hold the key to differentiate India from rest of the world.

Treatment of illness and maintenance of health using herbal medicines is the oldest and most popular form of Healthcare practice known to humanity that has been practised by all cultures in all ages throughout the history of civilization. Even other systems of Medicine, including allopathy, use Herbal products and this practice prevails even in the developed countries where advanced facilities and high quality health care systems have been developed.

Herbal Products are also used for beauty needs. India has a history and knowledge of using natural products for beauty needs. While consumers in the rest of the world have to be educated about the benefits of natural herbs, this knowledge is well inherited in India from generations.

Today, consumers in most parts of the world are aware of Ayurveda and Herbal Products. At the same time, they are aware of the ingredients that are used to produce medicines in other systems of medicines, especially the synthetic materials and are also conscious of the side effects that they cause.

Companies that operate in Ayurveda, to take advantage of this development, are engaging in advanced research, complex extraction processes and clinical testing etc, by which acceptable products are delivered to the well informed consumers.

## **OUTLOOK**

The performance of the Company has been continuously increasing in the recent years. Moving forward, the Company expects and has plans to increase sales of its products helped by improvements in GDP growth, increase in disposable income



In the financial year under review, your Company continued to promote its products. The Advertisements in TV Channels were increased in view of its potential to expand the Market in the long run with a famous Woman Sports personality.

The Company is establishing a strong marketing and sales team and is appointing distributors and dealers across the country to develop a strong market base. The Company has plans and is taking required measures to strengthen its sales force as well as its distribution network.

The business prospects of Ayurveda are estimated to reach \$5 trillion by 2050. A large portion of this market would be centred in India as Ayurveda has originated from here.

With Changes in technology, rise in organised retailing, emerging E-Commerce and changes in the overall environment, the outlook for the Company appears very promising.

## **OPPORTUNITIES AND THREATS**

The opportunities in the Ayurvedic and Herbal supplements market are huge. Your Company is capturing these opportunities through continuous evolution of its products, penetrating its distributing network and reach, creating awareness about the value of its products through planned use of social media and others that connect consumers and trained medical paramedical staff.

Research and Development through scientific validation will help to reinstate the high credentials of Ayurveda System of Medicine as a holistic Healing and wellness Science. Your Company understands that there are huge opportunities for all round development of the Company by combining rich Ayurveda wisdom with modern science for providing simple but effective treatment.

India with its wide variety of climatic and soil conditions is said to be the Botanical Garden of the world. There are about 25,000 plants of medicinal value which are preventive, protective, nutritive and curative out of which only 10% are now used.

The e-Commerce market is fast growing. Lower cost of connectivity, smart phone proliferation, improving network and easy payment mechanism etc are expanding the e-Commerce market rapidly. The Company is exploring the opportunities in this segment to supplement its growth plans.

The main threat for Ayurveda has always been the absence of scientific validation. Therefore, there is a need to develop our products through scientific processes, which should be based on the principles of safety, efficiency and purity.

Large investments required in clinical trials of the products, huge expenditure required for advertisement to face the competitive industry, lack of supply of standard quality raw materials and stricter registration procedures in international regulatory bodies continue to be the major threats for the herbal industry. Currently more and more

discussions are emerging about source of herbs and their collection cultivation, harvesting, post harvesting practices, storage, microbiological and other contamination characteristics. These provide more challenges, notifications about export of such natural material need for sustainable development and the recent enacted biodiversity act add more aspects to be taken care of

## **RISKS AND CONCERNS**

Regulatory concerns, consumer perceptions and Competition are the main concerns for the Ayurveda Industry. Regulatory Agencies all over the world are focussing on quality, efficiency, safety and standardization of herbal medicines.

There is an emerging concern that there will be shortage of medicinal plants especially those that are collected from forests, because there are no systems now to conserve these plants. They are exploited indiscriminately which has led to the near extinction of certain species.

Therefore, there is a need for investment in large scale plantation and for evolving scientific methods to restore and conserve medicinal plants. Commercial plantation of medicinal plants can also address this concern.

Business Risks and Concerns exist for all entities. Some of them being inflationary conditions, credit risks, market risks, operational risks counterfeits and alike, unexpected changes in regulatory systems.

These risks and concerns are mitigated through appropriate risk management systems which have been an integral part of the business of the Company. The risk management system of the Company enables to reassess critical risks in changing business environment that need to be focussed on.

## **INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

The Company has a sound internal control system in the operations, which ensures that all the transactions are authorized, recorded and that all the assets of the Company are safeguarded.

The Company is carrying out internal audits at regular intervals so as to ensure that irregularities and operational inefficiencies are identified and addressed. Such Audits are carried out in accordance with the requirements of the Company under the supervision of the Audit Committee and are improved from time to time by including new methodologies and further improving the existing ones.

The Audit Committee comprises of the members from the Board so as to ensure total transparency and consists of three Independent non-executive Directors. The Committee performs the task of review of internal audit reports, internal control

systems from time to time and reviews the financials Statements every quarter before recommending the same to the Board of Directors.

## **SHARE CAPITAL**

During the year under review, there was no further issue of shares. The paid-up capital of the Company is Rs. 6,43,69,310 /- as on 31.03.2017.

## **SECURED LOANS**

Secured loans of the Company as on 31.03.2016 were Rs.7,02,596/- and as on 31.03.2017, they are Rs.32,09,851.95/-.

## **FIXED ASSETS**

New assets worth Rs.56,89,079/- have been acquired during the Year and added to the block as a result the net block of fixed assets stands at Rs.3,52,88,490 for the year ended 31.03.2017 after providing an accumulated depreciation of Rs.3,19,11,276/-.

## **HUMAN RESOURCES AND INDUSTRIAL RELATIONS**

The Company has in place structured HR policies and programs in the areas of resourcing, performance and compensation management system. This system supports the current and future human resource needs of the Company.

Leadership development is a key focus area and the company provides opportunities to develop talent of its employees internally at all levels. Employees are also encouraged to acquire new skills and update their knowledge based on latest trends in the industry.

Human and industrial relations have remained peaceful and composed during the year. The Company always provides its staff a comfortable and motivating environment to work. The Company has expanded its sales and marketing team to support the Company in its growth plans.

The number of permanent employees of the Company as on 31<sup>st</sup> March, 2017 was 53.

## **CAUTIONARY STATEMENT**

Statements made in the Management Discussion and Analysis Report which describes the objectives, projections, estimates, approximations, predictions etc., may be considered to be forward looking statements and are stated as per the applicable laws and regulations. Actual results may differ from those expressed or speculated and are determined by many factors both domestic and global like demand-supply conditions, processes, raw material availability, tax laws, government policies and other statutory obligations and implications which may affect the actual results, which may be

different from what the Directors envisaged in terms of future performance and outlook.

**Place: Bangalore**

**On Behalf of the Board**

**Date: 12<sup>th</sup> August, 2017**

**Arvind Varchaswi N  
Managing Director  
DIN: 00143713**

**Sriram Chandrasekharan  
Director  
DIN: 02213018**

## ANNEXURE-5

### CORPORATE GOVERNANCE REPORT

#### 1. Company Philosophy on Code of Corporate Governance:

Corporate governance refers to the set of systems, principles and processes by which a company is governed. They provide the guidelines as to how the company can be directed or controlled such that it can fulfil its goals and objectives in a manner that adds to the value of the Company and all its stakeholders in the long term.

The Company believes that Good Corporate Governance practice is a continuous and ongoing process and same needs to be improved upon with the growth in the business activities of the Company. This can be achieved through increased awareness for responsibility, transparency, professionalism and a focus on effective control. The Fundamental philosophy of corporate governance in the company is to achieve business excellence and dedicate itself meeting its obligations to the shareholders.

The Board of Directors of your Company are committed to the continued adherence to the Corporate Governance.

As a part of the compliance under Regulation 34(3) read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company presents hereunder the required disclosures in the form of a report.

#### 2. Board of Directors:

As on 31<sup>st</sup> March 2017, the Company's Board of Directors consists of the following Seven Directors:

	NAME	Designation	Category	No. of Board Meeting attended during the year 2016-17	Attendance at the last AGM held on 26 <sup>th</sup> September, 2016	Number of other Directorship and Committee Membership /Chairmanship		
						Other Directors hip *	Committees Membershi p **	Committ ee Chairma nship**
1	Mr. Narayanan Narasimhan	Chairman & Director	Promoter & Non-Executive	5	Yes	3	--	--

2	Mr. Arvind Varchaswi N.	Managing Director	Promoter & Executive	6	Yes	4	--	--
3	Mr. Chandrakant Laxminarayan Rathi	Director	Non-Executive & Independent	3	---	6	1	--
4	Mr. Nikhil Sen ***	Director	Non-Executive & Independent	5	Yes	6	2	--
5	Mr. Gowra Srinivas	Director	Non-Executive & Independent	3	Yes	13	1	-
6	Mr. Sriram Chandrasekaran	Director	Non-Executive & Independent	5	Yes	2	-	-
7	Ms. Bharathy	Director	Non- Executive Minority Independent woman director	5	Yes	--	--	--

\*The directorship in private companies and foreign companies are also included.

\*\* 1.The Membership and Chairmanship includes the Membership and Chairmanship of Source Natural Foods and Herbal Supplements.

2. Membership and Chairmanship of only Audit and Stakeholders Relationship Committees are considered.

\*\*\* Mr. Nikhil Sen has resigned as Independent Director wef 12.08.2017.

Mr. Arvind Varchaswi, Managing Director is the son Mr. Narayanan Narasimhan, Non-Executive Chairman and Director. Except this the other directors are not related to each other inter-se.

### Separate Meeting of Independent Directors

During the year under review, in accordance with the requirement under Section 149(8) and Schedule IV of the Companies Act, 2013 a separate meeting of Independent Directors of the Company was held on 30<sup>th</sup> December, 2016 without the presence of non-independent directors and management team.

### 3. Board Meeting:

During the year 2016-17, the Board met 6 (Six) times on the following dates, viz., May 28, 2016, August 11, 2016, November 11, 2016, December 09, 2016, February

13, 2017 and March 27, 2017. The maximum gap between any two successive meetings was less than 120 days.

#### **4. Information Supplied to the Board:**

The Board members are given agenda papers along with necessary documents and information in advance of each meeting of the Board and Committees. In addition to the regular business items, the following are regularly placed before the Board to the extent applicable.

- Quarterly and Half yearly results of the Company.
- Minutes of the Audit Committee, Shareholders Committee meetings and Nomination and Remuneration Committee.
- Details of Agreements entered into by the Company.
- Compliance of any statutory or listing requirements.

#### **5. Minutes of the Board/ Committee Meeting:**

The minutes of each Board and Committee meeting were prepared and approved by the Board/Committee and signed in the next meeting.

#### **6. Code of Conduct:**

The Company has prescribed a Code of Conduct for its directors and senior management. The same has been posted on the Company's website. The declaration from the Managing Director stating that all the Directors and the senior management of the Company have affirmed compliance with the Code of conduct for the financial year 2016-17 is provided in this report.

#### **7. Board Committees:**

The Company is committed to be transparent on all the matters by providing efficient and effective disclosures required for the discussions made by the Board and their Committees on the relevant matters. Further the Board has delegated certain powers to some of the Committees of its members and these Committees decided the matters referred and reported to the Board by recommendations in the Board meeting. The Company has constituted three Committees viz. Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee.

#### **8. Audit Committee:**

The terms referred in the audit Committee include the following:

1. Review of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
3. Approval of payment to statutory auditors for any other services rendered by them.
4. Reviewing with management the annual financial statements before submission to the board, focusing primarily on:
  - i. Any changes in accounting policies and practices.
  - ii. Major accounting entries based on exercise of judgment by management.
  - iii. Qualifications in draft audit report.
  - iv. Significant adjustments arising out of audit.
  - v. The going concern assumption.
  - vi. Compliance with accounting standards.
  - vii. Compliance with stock exchange and legal requirements concerning financial statements.
  - viii. Any related party transactions.
5. Reviewing the quarterly financial statements before submission to the Board.
6. Reviewing with the management, external and internal auditors, the adequacy of internal control systems, and recommending improvements to the management.
7. Discussion with internal auditors any significant findings and follow up thereon.
8. Reviewing the findings of any internal investigations by the internal auditors into matters wherever suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
9. Discussion with external auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
10. Reviewing the company's financial and risk management policies.
11. 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.

During the year 5 meetings of the Committee were held on May 28, 2016, August 11, 2016, November 11, 2016, December 05, 2016 and February 13, 2017.



The following are the details of the Director, their attendance at the Audit Committee Meeting held during the year 2016-17.

<b>Name</b>	<b>Designation</b>	<b>Attendance</b>
Mr. Gowra Srinivas	Chairman	3
Mr. Chandrakant Rathi	Member	4
Mr. Sriram Chandrasekaran	Member	3

**The Audit Committee has been re-constituted on 12.08.2017 as under:**

<b>Name</b>	<b>Designation</b>
Mr. Gowra Srinivas	Chairman
Ms. Bharathy	Member
Mr. Sriram Chandrasekaran	Member

#### **9. Stakeholders Relationship Committee:**

At the Board Meeting held on 26<sup>th</sup> May, 2014, the Shareholders Grievances Committee was re-named as Stakeholders Relationship Committee pursuant to the provisions of the Companies Act, 2013.

During the year two meetings of the Committee were held on 11<sup>th</sup> August 2016, 13<sup>th</sup> February, 2017

<b>Name</b>	<b>Designation</b>	<b>Attendance</b>
Mr. Nikhil Sen	Chairman	2
Mr. Gowra Srinivas	Member	2
Mr. Arvind Varchaswi N.	Member	2

The Stakeholders Committee has been re-constituted wef 12.08.2017 as under:

<b>Name</b>	<b>Designation</b>
Mr. Sriram Chandrasekaran	Chairman

Mr. Gowra Srinivas	Member
Mr. Arvind Varchaswi N.	Member

Name of Designation of Compliance Officer:

Sweta Joshi

Company Secretary and Compliance Officer

E mail: [cs@source-natural.com](mailto:cs@source-natural.com)

No Investors complaint was received during the year 2016-17 and hence there were no unresolved Investors Complaints at the end of the year.

#### **10. Nomination and Remuneration Committee:**

At the Board Meeting held on 26<sup>th</sup> May, 2014, the Remuneration Committee was re-named as Nomination and Remuneration Committee pursuant to the provisions of the Companies Act, 2013.

The composition of the Nomination and Remuneration Committee as on date is as under:

<b>Name</b>	<b>Designation</b>	<b>Category of Directorship</b>
Mr. Nikhil Sen	Chairman	Non-Executive
Mr. Gowra Srinivas	Member	Non-Executive
Mr. Sriram Chandrasekaran	Member	Non-Executive

The Nomination and Remuneration Committee has been re-constituted wef 12.08.2017 as under:

<b>Name</b>	<b>Designation</b>	<b>Category of Directorship</b>
Ms Bharthy	Chairman	Non-Executive
Mr. Gowra Srinivas	Member	Non-Executive
Mr. Sriram Chandrasekaran	Member	Non-Executive

During the year two meetings of the Committee were held on 05<sup>th</sup> December 2016 and 13<sup>th</sup> February, 2017.

The Remuneration policy of the Company is given in the Annexure-6 to the Directors Report.

The details of Remuneration to the Directors are provided in the MGT-9 (Annexure-2 of the Directors Report.)

### 11. Details of Annual/Extra ordinary General Meeting:

Locations and time of General meeting held in past 3 years:

YEAR	LOCATION	DATE	TIME	Special Resolutions passed
2013-14 (AGM)	Hotel Jaya Excellency, Begumpet, Near Airport, Hyderabad – 500 016	15/09/2014	11:30 A.M.	1.Appointment of Mr. Srinivas Gowra as an Independent Director 2. Appointment of Mr. Nikhil Sen as an Independent Director 3.Appointment of Mr. Sriram Chandrasekaran as an Independent Director 4. Appointment of Ms. Bharathy as a non- executive minority woman independent director 5. Shifting of the Registered office of the Company from the state of Andhra Pradesh to the state of Karnataka.
2014-15 (EGM)	Hotel Pai Comforts #1319, 100 Ft Road J P Nagar 2 <sup>nd</sup> Phase J P Nagar Bangalore- 560 078	29.032015	11:30 AM	1 Approval of related party transaction with Sumeru Ayurveda Private Limited. 2 Approval of Related party Transaction with Arvind Exports.
2014-15 (AGM)	Hotel Pai Comforts #1319, 100 Ft Road J P Nagar 2 <sup>nd</sup> Phase J P Nagar Bangalore- 560 078	26.09.2015	11:00 AM	1. Approval of Appointment of Mr. Chandrakant Rathi as Independent Director 2. Approval to the Board of Directors of the Company to mortgage or create charge on the assets of the Company for securing the loans etc availed by the Company
2015-16	Hotel Pai Comforts #1319, 100 Ft Road J P Nagar 2 <sup>nd</sup> Phase J P Nagar	26.09.2016	02:00 P.M	1 Change In MOA to bring it in line with Companies Act 2013. 2.Adoption of new set of AOA of company pursuant to the Companies Act 2013

(AGM)	Bangalore- 560 078			3Approval of related party transaction with Divine Services and Sumeru Travel Solutions LLP.
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## 12. DISCLOSURES:

(a) No transaction of material nature has been entered into by the company with directors or management and their relatives etc. that may have a potential conflict with the interests of the company. The Register of contracts containing transactions in which directors are interested is placed before the Board..

(b) There has been no instance of non-compliance by the Company on any matter related to the capital markets. Hence the question of penalties or strictures being imposed by SEBI or Stock Exchanges does not arise.

(c) The Company is in compliance with all the mandatory requirements of Corporate Governance and has fulfilled the non- mandatory requirements as prescribed in Schedule II –Part E SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 except items B of said part.

(d) The Company has followed the Accounting Standards issued by the Institute of Chartered Accountants of India, to the extent applicable, in the Preparation of the Financial Statements.

(e) The Company has laid down procedures to inform Board Members about the risk assessment and minimization procedures. These procedures are periodically reviewed to ensure that executive management control risks through means of a properly defined framework

(f) The Company has adopted with the Code of Conduct applicable to all Directors, senior management and employees. The Declaration as required under Schedule V (D) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 is given in this report,

(g) The Company has adopted Whistle Blower Policy of the Company, which among others allows access to the Audit Committee of the Company.

h) The Company has adopted Policy on dealing with Related Party Transactions, which is uploaded on the website of the Company.

**13. CEO Certification:** The Managing Director has given a certificate as prescribed in Schedule II –Part B SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015

The Management Discussion and Analysis is provided as an Annexure-3 of this report.

#### **14. Means of Communication**

The financial results are submitted by the Company in SEBI Prescribed format to the Bombay Stock Exchange, where in it will be announced and made public by it immediately. They are also published in Financial Express and Sanje Vani Newspapers within 48 hours of its approval by the Board and they are also uploaded on the website of the Company.

#### **15. General Shareholder Information**

1) 22<sup>st</sup> Annual General Meeting

Date and Time

18<sup>th</sup> September, 2017, 10:00 AM

Venue

Hotel Pai Comforts #1319,  
100 Feet Road, J P Nagar II Phase,  
Bangalore – 500 078

2) Financial Calendar (2017-18) (Tentative)

The Financial year of the company is from 1st April of the year to 31st March of the next year

For the year ending 31st March, 2018 quarterly Un-audited / Annual Audited results shall be announced as follows:

<b>Financial reporting for</b>	<b>Proposed Date</b>
Unaudited Results for the Quarter ending: 30th June, 2017	On or before 14th September, 2017 ( as provided vide SEBI circular dt 05.07.2016)
Unaudited Results for the Quarter ending: 30th September, 2017	On or before 14th November, 2017
Unaudited Results for the Quarter ending: 31st December, 2017	On or before 14th February, 2018

Audited Results for the year ended 31st March, 2018	On or before 30 <sup>th</sup> May, 2018
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- 3) Book Closure Date** 12<sup>th</sup> September, 2017 to 18th September, 2017  
(Both days inclusive)
- 4) Registered Office** No: 201, Sumeru Towers, 2<sup>nd</sup> Floor, #54/46, 39<sup>th</sup> A Cross, 11<sup>th</sup> Main Road, Jayanagar 4<sup>th</sup> T Block, Bangalore - 500 041
- 5) Listing of Equity Shares:** BSE Limited, Mumbai (BSE)
- 6) Listing Fees** Listing fee has been paid to BSE Limited till the year 2017-18
- 7) Stock Code** 531398
- 8) ISIN No.** INE679C01027
- 9) CIN Number** L24231KA1995PLC101742

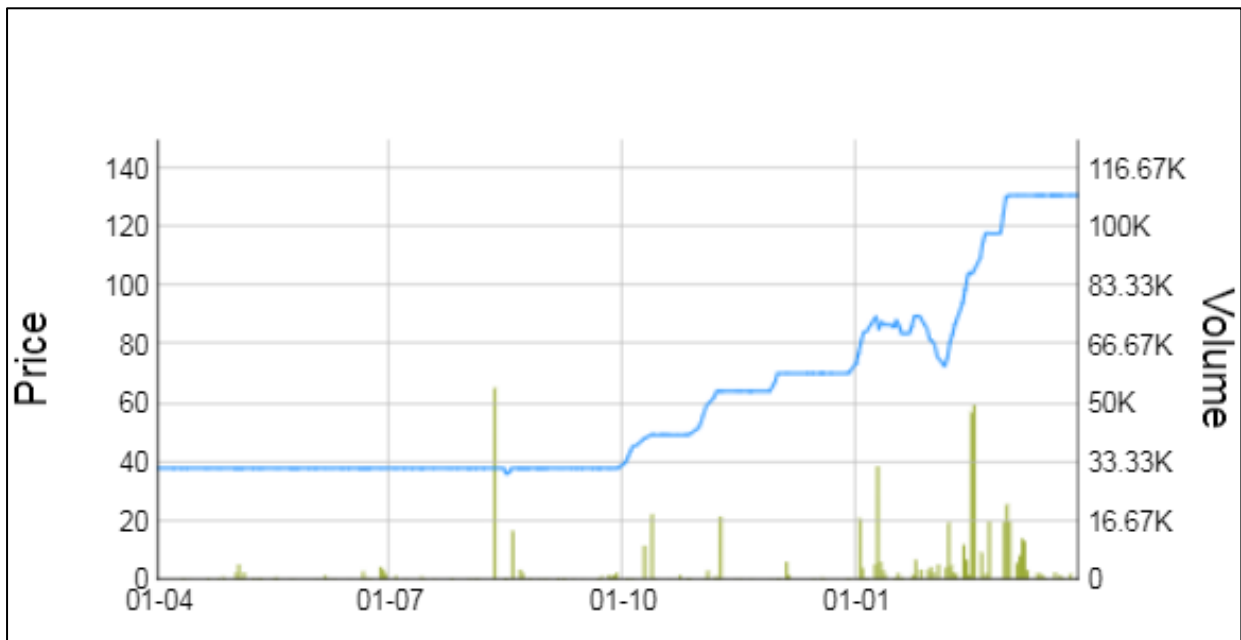
#### 10) Market Price Data

The monthly high and low quotations and volume of shares traded on BSE, along with monthly high and low of BSE Sensex is as follows.

Month	BSE, MUMBAI			Sensex	
	High Rs	Low Rs	No of Shares Traded	High	Low
April, 2016	38.10	38.10	3137	26,101	24,523
May, 2016	38.10	38.10	13,087	26,837	25,058
June, 2016	38.10	37.50	15,102	27,105	25,911
July, 2016	38.10	38.10	3694	28,240	27,034
August, 2016	38.10	36.20	76,702	28,532	27,628
September, 2016	38.10	38.10	10,539	29,077	27,717
October, 2016	49.50	40.00	32,883	28,478	27,488
November,	64.35	51.95	23,507	28,030	25,718

2016					
December, 2016	70.45	67.55	9788	26,804	25,754
January, 2017	91.55	73.95	89,103	27,980	26,447
February, 2017	118.05	65.65	1,76,141	29,065	27,590
March, 2017	131.05	122.85	1,03,471	29,825	28,716

### Comparison of Market Price of the Company with BSE Sensex



## 16) Investors' Correspondence / Registrar & Share Transfer Agents:

Venture Capital & Corporate Investment Pvt Ltd.,  
12-10-167, Bharat Nagar  
Hyderabad - 500 018.

Phone: 040-23818475

Fax: 040-23868024

E mail: [info@vccilindia.com](mailto:info@vccilindia.com)

## 17) Share Holding pattern as on 31st March 2017

SL No	Category	Number of Share holders	No of shares held	Shares held in dematerialized form	% of shares held to the total paid capital
	Promoter - Bodies Corporate	1	4786891	4786891	74.37
	Bodies Corporate	50	264148	262648	4.10
	Individual shareholders holding nominal share capital upto Rs.1 lakhs.	3237	549636	519313	8.54
	Individual shareholders holding nominal share capital in excess of Rs.1 lakhs.	24	790586	790586	12.28
	CLEARING MEMBER	21	35679	35679	0.55
	TRUST	1	158	-	-
	Non Resident Individuals	16	9833	9683	0.15
	Total		<b>64,36,931</b>	<b>64,04,800</b>	<b>100.00</b>



		<b>3350</b>		
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### 18) Distribution of Share Holding as on 31st March 2017

<b>Slab of Shareholding in Rs. (paid up value)</b>	<b>No. of Share Holders</b>	<b>% of Shareholders to Total No of Shareholder</b>	<b>Amount in Rs.</b>	<b>% of Holdings to Total shareholding</b>
Upto - 5000	3147	93.94	233891	3.63
5001 - 10000	88	2.63	68908	1.07
10001 - 20000	37	1.1	56253	0.87
20001 - 30000	16	0.48	40158	0.62
30001 - 40000	10	0.3	34215	0.53
40001 - 50000	9	0.27	42424	0.66
50001 - 100000	15	0.45	110648	1.72
100001 and above	28	0.84	5850434	90.89
<b>Total</b>	<b>3350</b>	<b>100</b>	<b>6436931</b>	<b>100</b>

### 19) Shares held by Non-Executive Directors

Shares held by Non-Executive Directors as on March 31<sup>st</sup> 2017 is as follows:-

<b>Sl. No.</b>	<b>Name of the Director</b>	<b>No. of Shares held</b>
1	Mr. Srinivas Gowra	7252
2	Mr. C. L. Rathi	955
3	Mr. Nikhil Sen	3,151
4	Mr. Sriram Chandrasekaran	2
5	Mrs. Bharathy	2

## **20) Remuneration to the Managing Director**

During the year 2016-15, Mr. Arvind Varchaswi N, Managing Director was paid remuneration of Rs.11.50 lacs in terms of the resolution passed by the members of the Company on 29<sup>th</sup> March, 2015.

## **Share Transfer System**

Share transfers which are received in physical form are processed by the Registrar and Share Transfer Agents and the share certificates are returned after affecting the transfer, subject to the documents being valid and complete in all respects.

## **21) Dematerialization of Shares as on March 31<sup>st</sup> 2017**

The company's trading of equity shares came under compulsory dematerialization from 07.02.2001. As on 31st March, 2017, 64,04,800 Equity Shares of Rs.10/- each aggregating to 99.50% of the paid up capital were held with NSDL & CSDL in demat form & the rest 32,131 aggregating to 0.50 % were in physical form.

The entire promoter shareholding of 4786891/- Equity Shares of Rs. 10/- each are held in dematerialised form.

**22) Outstanding Bonds/ Convertible Instruments** –As the entire share warrants issued to the promoters were converted into Equity Shares of the Company there are now no outstanding warrants due for conversion.

## **23) Postal Ballot:**

During the year 2016-17 no transaction was conducted through postal ballot.

## **24) Plant Location:**

Plot No: 22 & 23, SVCIE, Bachupally, Quthbullapur Mandal, Hyderabad - 500 090.

## **25) Address for Correspondence**

201, II Floor, Sumeru Towers, #54/46, 39<sup>th</sup> A Cross, 11<sup>th</sup> Main Road, Jayanagar 4<sup>th</sup> T Block, Bangalore-560 041

**Place: Bangalore**

**On Behalf of the Board**

**Date: 12<sup>th</sup> August, 2017**

**Arvind Varchaswi N.  
Managing Director  
DIN: 00143713**

**Sriram Chandrasekharan  
Director  
DIN: 02213018**

**COMPLIANCE CERTIFICATE**  
**[Regulation 17(8)of LODR,2015]**

We, the Managing Director and Chief Financial Officer of the Company , do here by certify in accordance with Regulation 17(8) of SEBI- Listing Obligations & Disclosure Requirements, 2015 read with Part B of Schedule II thereto, that :

A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our 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 our 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 jointly 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 namely Mr.Vishwanath Hegde and the Board Audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps that have been taken or propose to take to rectify these deficiencies.

D. We have indicated to the Auditors and the Audit committee

(1) significant changes in internal control over financial reporting during the year, if any;

(2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements, if any; and

(3) 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.

Given under our hand on this Saturday 12th day of August, 2017 at the Registered office of the Company at 201, Second Floor, Sumeru Towers, #54/46, 39th A Cross, 11th Main, Jayanagar 4th 'T' Block, Bangalore - 560 041.

(Arvind Varchaswi N)  
Managing Director  
DIN: 00143713

(RAVI SHANKAR GV)  
Chief Financial Officer  
AAPPR3525C

**Declaration of Code of Conduct:**

This is to confirm that the Board has laid down the Code of conduct for all the Directors and senior management personal of the Company. It is to further confirm that all Directors and senior management personals of the Company have affirmed compliance with the Code of Conduct of the Company for the financial year ended on 31st March, 2017, as envisaged in Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with Stock Exchange.

**Place: Bangalore**

**Date: 12<sup>th</sup> August, 2017**

**By Order of the Board**

**Sd/-**

**ARVIND VARCHASWI N.  
MANAGING DIRECTOR**

## **AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**TO THE MEMBERS OF SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

We have examined the compliance of conditions of corporate Governance by SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED , for the year ended 31<sup>st</sup> March,2017, as stipulated in clause 49 of the Listing Agreements of the said Company with stock Exchange (s).

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and the representation made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we have to state that based on report given by the Registrars of the Company to the Investors Grievance Committee, as on March 31, 2017, there were no investor grievance matters against the Company remaining unattended pending for more than 30 days.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the company.

For Sriniga & Giridharan & Co,  
Firm registration No.004013S  
Chartered Accountants

Sd/-  
Srinaga Giridharan  
Proprietor  
Membership No.0040135

Place: Bangalore  
Date: August 12<sup>th</sup> , 2017

**FORM No. MGT-9  
EXTRACT OF ANNUAL RETURN**

**as on the financial year ended March 31, 2017**

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**74. REGISTRATION AND OTHER DETAILS:**

i)	CIN	L24231KA1995PLC101742
ii)	Registration Date	2 <sup>nd</sup> January, 1995
iii)	Name of the Company	<b>Source Natural Foods and Herbal Supplements Limited</b>
iv)	Category/Sub-Category of the Company	Public Company Limited by Shares
v)	Address of the Registered office and contact details	201, II Floor, Sumeru Towers #54/46, 39 <sup>th</sup> A Cross, 11 <sup>th</sup> Main Road Jayanagar 4 <sup>th</sup> T Block, Bangalore- 560 041
vi)	Whether listed Company	Yes
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	Venture Capital & Corporate Investment Private Limited 12-10-167, Bharatnagar Hyderabad- 500 018 Phone Number:040 23818475/76 040 23868023 Fax : 040 23868024 E mail : <a href="mailto:info@vccilindia.com">info@vccilindia.com</a> Website : <a href="http://www.vccipl.com">www.vccipl.com</a>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

Sr. No	Name and Description of main Product/Services	NIC Code of the Product/Services	% to total turnover of the Company
1	Herbal Supplement	21003	52.49
2	Herbal Supplement	21003	28.56
3	Ayurvedic Medicines	21003	9.38

### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sr. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section of Companies Act,2013
1	Sriveda Sattva Private Limited	U85191KA2007PTC042791	Holding Company	74.37%	2(46)

### IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

#### i) Category-wise Shareholding

Category of shareholders	No. of Shares held at the beginning of the year (April 1, 2016)				No. of Shares held at the end of the year(March 31, 2017)				%Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>1) Indian</b>									
a) Individual/ HUF									
b) State Govt.(s)									
c) Bodies Corporate	4786891		4786891	74.37%	4786891		4786891	74.37%	NIL
d) Banks/FI									
e) Any Other									
<b>Sub-total (A)(1)</b>	4786891		4786891	74.37%	4786891		4786891	74.37%	NIL
<b>2) Foreign</b>									
a) NRIs – Individuals									
b) Other – Individuals									
c) Bodies Corporate									
d) Banks/FI									
e) Any Other									
<b>Sub-total (A)(2)</b>	-								
<b>Total Shareholding of Promoter</b>	4786891	-	4786891	74.37%	4786891	-	4786891	74.37	NIL



(A) = (A)(1) +(A)(2)									
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<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds / UTI									
b) Banks / FI									
c) Central Govt.									
d) State Govt.(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify) Foreign Portfolio Corpn. Qualified Foreign Investor									
<b>Sub-total (B)(1)</b>	-								
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian (Domestic)	344393	1500	345893	5.37%	262648	1500	264148	4.10%	- 1.27
ii) Overseas									
b) Individuals									

i) Individual shareholders holding nominal share capital upto Rs.1 Lac	587210	30323	617533	9.59%	519313	30323	549636	8.54	- 1.05
ii) Individual shareholders holding nominal share capital in excess of Rs.1 Lac	658892	-	658892	10.24%	790586		790586	12.28	2.04
c) Others									
-Trust	-	158	158	--	-	158	158	--	
- NRI (Repat)	4013		4013	0.06	4298		4298	0.05	0.01
- NRI (Non-Repat)	5473	150	5623	0.09	5385	150	5535	0.09	0%
<b>Clearing Member</b>	17928	-	17928	0.28	35679	-	35679	0.55	0.27
<b>Sub-total (B)(2)</b>	1617909	32131	1650040	25.63	1617909	32131	1650040	25.63	NI L
<b>Total Public Shareholding (B) = (B)(1) + (B)(2)</b>	1617909	32131	1650040	25.63	1617909	32131	1650040	25.63	NI L
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-						
<b>Grand Total (A+B+C)</b>	6404800	32131	6436931	100.00	6404800	32131	6436931	100.00	

## ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year (April 1, 2016)			Shareholding at the end of the year (March 31, 2017)			% Change in shareholding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ Encumbered to total shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/Encumbered To total shares	
1	Sriveda Sattva Private Limited	4786891	74.37%	NA	4786891	74.37%	NA	NIL

## iii) Change in Promoters' Shareholding (please specify, if there is no change)

There is no change in the shareholding of the Promoter.

## iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year (April 1, 2016)		Cumulative Shareholding at the end of the year (March 31, 2017)	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	IONIC HEALTHCARE PVT LTD	261000	4.05	218000	3.39
2	MANMOHAN AGARWAL	199255	3.10	199255	3.10
3	RAMESH CHANDRA AGARWAL	105483	1.73	54600	0.85
4	MUKESH SURYAKANT PAREKH	88298	1.37	88298	1.37
5	PUSHAPALATA AGARWAL	44980	0.70	2708	0.04
6	KAILASHBEN ASHOKKUMAR PATEL	37333	0.58	40000	0.62
7	CERAMET CONSULTANTS PVT LTD	33463	0.52	---	----
8	VINOD KUMAR	28523	0.44	28523	0.44
9	ASHOK KUMAR AGARWAL	27740	0.43	27740	0.43
10	INDERGIRI FINANCE LIMITED	26407	0.41	26407	0.41

## v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of	Cumulative Shareholding at the
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		the year (April 1, 2016)		end of the year (March 31, 2017)	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Mr. Srinivas Gowra	7252	0.11	7252	0.11
2	Mr. C L Rathi	955	0.01	955	0.01
3	Mr. Nikhil Sen	3151	0.05	3151	0.05
4	Mr. Sriram Chandrasekaran	2	-	2	-
5	Mrs. Bharathy	2	-	2	-
6	Mr. Narayanan Narasimhan	-	-	-	-
7	Mr. Arvind Varchaswi N	-	-	-	-
8	Mrs. Sweta Joshi	-	-	-	-

Date wise increase/decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)

## VI. Indebtedness

### Indebtedness of the Company including interest outstanding/accrued but not due for payment

Particulars	Secured Loans	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	-	-	-	-
i) Principal Amount	<b>7,02,596.70</b>	-	-	<b>7,02,596.70</b>
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (I + ii + iii)	<b>7,02,596.70</b>	-	-	<b>7,02,596.70</b>
Change in Indebtedness during the financial year				
• Addition	<b>28,26,000</b>	-	-	<b>28,26,000</b>
• Reduction	<b>3,187,44.75</b>	-	-	<b>3,187,44.75</b>
Net Change	<b>25,07,255.25</b>	-	-	<b>25,07,255.25</b>
Indebtedness at the end of the financial		-	-	

year				
i) Principal Amount	<b>32,09,851.95</b>	-	-	<b>32,09,851.95</b>
ii) Interest due but not paid	--	-	-	--
iii) Interest accrued but not due	---	-	-	---
Total (i+ii+iii)	<b>32,09,851.95</b>	-	-	<b>32,09,851.95</b>

## VII. Remuneration of Directors and Key Managerial Personnel.

(Rs in Lacs)

A Remuneration to Managing Directors, Whole Time Directors and Manager			
Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager	
		Mr. Arvind Varchaswi N Managing Director	
		Total Amount (Rs Lacs)	
<b>1</b>	1. Gross Salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	<b>11.29</b>	<b>11.29</b>
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961.		
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	--	
2.	Stock Option	--	
3	Sweat Equity	--	
4.	Commission - As % of Profit - Others, specify Executive Incentive Compensation Plan/Bonus	--	
<b>5</b>	Others, please specify : Employer contribution to Provident Fund	<b>0.22</b>	<b>0.22</b>
	<b>Total (A)</b>	<b>11.50</b>	<b>11.50</b>

	Ceiling as per the Act	5% of the Net Profits of the Company	
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(Rs Lacs)

B. Remuneration to other Directors			
Sr. No	Particulars of Remuneration	Name of Director	Total Amount (Rs. Lacs)
<b>1</b>	Independent Directors	<b>NIL</b>	<b>NA</b>
	Fee for attending Board & Committee		

	meetings		
	Commission		
	Others, please specify		
	Total (1)		
<b>2</b>	Other Non-executive Directors	NIL	NA
	Fee for attending Board & Committee meetings		
	Commission		
	Others, please specify		
	Total (2)		
	Total (B) = (1+2)	NA	NA
	Total Managerial Remuneration		
	Overall Ceiling as per the Act	: 1% of the Net Profits of the Company	

(Rs in Lacs)

<b>C</b>	<b>Remuneration to Key managerial personnel, other than mentioned above</b>			
Sr. No	Particulars of Remuneration	Company Secretary (Rs Lacs)	Chief Financial Officer (Rs Lacs)	Total Amount (Rs Lacs)
1	1. Gross Salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	3.84	18	21.84
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961			
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961			
2.	Stock Option			
3	Sweat Equity			
4.	Commission - As % of Profit - Others, specify Executive Incentive Compensation Plan/Bonus			

<b>5</b>	Others, please specify : Employer contribution to Provident Fund			
	Total (A)	3.84	18	21.84

**VIII. Penalties/ Punishment/Compounding of offences: NIL**

**Place: Bangalore**  
**Date: 12.08.2017**

**On Behalf of the Board**

**(Arvind Varchaswi N)**  
**Managing Director**  
**DIN: 00143713**

**(Sriram Chandrasekharan)**  
**Director**  
**DIN: 02213018**

**Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo.**

**A. Conservation of Energy.**

The Company during the year continued the following energy conservation measures

The Company initiated and implemented a number of energy conservation techniques during the year both at the manufacturing unit and at the offices of the Company. Some of them are:

- i. Use of Energy Efficient Lighting systems like mercury vapours lamps, high power sodium vapour lamps and LED lights.
- ii. Use of natural lighting whenever possible.
- iii. switching off machines / equipment when not in use and switching off lights in areas not having adequate activity by regrouping/repositioning the activity so that there will not be any wastage of energy due to lighting.
- iv. Switching off main machines and lights during lunch breaks.
- v. Reduction of water consumption through re-uses
- vi. Monitoring of utilization of energy in lighting and other auxiliary equipment.
- vii. Creating awareness among employees about the necessity of energy conservation by celebrating energy conservation week.
- viii. The management has plans to utilize alternative and renewable sources of energy like Wind and Solar energy.

The measures taken for conservation of energy has led to better pollution control, reduced the impact on environment, cost reduction, improved hygienic conditions and consistency in quality and improved productivity.

During the year, there was no capital investment on energy conservation equipments.

**B. TECHNOLOGY ABSORPTION.**

The products of the company have a high level of technology and require intensive technology. These are being constantly updated. Technology Development Plans of the Company have resulted in reducing the cost of production and also provided flexibility in manufacturing.



**C. FOREIGN EXCHANGE EARNINGS AND OUTGO.**

Foreign Exchange Earned. Nil

Foreign Exchange Outgo Rs.15.80 Lakhs

**Place: Bangalore**

**Date: 12.08.2017**

**On Behalf of the Board**

**(Arvind Varchaswi N)**  
**Managing Director**  
**DIN: 00143713**

**(Sriram Chandrasekharan)**  
**Director**  
**DIN: 02213018**

**ANNEXURE - 8****FORM NO. AOC -2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms' length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis.

<b>SL. No.</b>	<b>Particulars</b>	<b>Details</b>
	Name (s) of the related party & nature of relationship	NIL
	Nature of contracts/arrangements/transaction	
	Duration of the contracts/arrangements/transaction	
	Salient terms of the contracts or arrangements or transaction including the value, if any	
	Justification for entering into such contracts or arrangements or transactions'	
	Date of approval by the Board	
	Amount paid as advances, if any	
	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

2. Details of contracts or arrangements or transactions at Arm's length basis.

<b>SL. No.</b>	<b>Particulars</b>	<b>Details</b>
1	Name (s) of the related party & nature of relationship	Arvind Exports (AE)
		Sumeru Travel Solutions LLP (STLLP)
		Divine Services (DS)
		Madhurya (M)
2	Nature of contracts/arrangements/transaction	Sale and purchase of goods and availing of travelling Services
3	Duration of the contracts/arrangements/transaction	1 year

4	Salient terms of the contracts or arrangements or transaction including the value, if any in Rs.	AE – 70,12,589; STLLP – 5,20,177; DS – 13,25,104; M – 5,728
5	Date of approval by the Board	AE – 14.11.2015; STLLP – 14.11.2015; DS – 14.02.2015; M – 27.05.2015;
6	Amount paid as advances, if any	NIL

**Place: Bangalore**  
**Date: 12.08.2017**

**On Behalf of the Board**

**(Arvind Varchaswi N)**  
**Managing Director**  
**DIN: 00143713**

**(Sriram Chandrasekharan)**  
**Director**  
**DIN: 02213018**

## **INDEPENDENT AUDIT REPORT**

**To**

**The Members of Source Natural Foods and Herbal Supplements Limited**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of **SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED** (“the Company”), which comprise the Balance Sheet as at 31<sup>st</sup> March, 2017 and the Statement of Profit and Loss for the year then ended and a summary of significant accounting policies and other explanatory information.

### **Management’s Responsibility for the Financial Statements**

The Company’s Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act 2013 with respect to the preparation and presentation of these standalone financial statements that give a true and fair view of the financial position, financial performance of the Company in accordance with the Accounting Standards referred to in Section 133 of the Act read with Rules 7 of the Companies (Accounts) Rules 2014. This responsibility includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and preventing and detecting frauds and other irregularities, selecting and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design implementation of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and free from material, misstatement, whether due to fraud or error.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the

Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2016; and
- (b) In the case of the Statement of Profit and Loss, of the PROFIT for the year ended on that date and the cash flows for the year ended on that date

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet and Statement of Profit and Loss dealt with by this Report are in agreement with the books of account and returns ;

- d. in our opinion, the Financial Statements , comply with the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies ( Accounts) Rules 2014:
- e. On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of sub-section (2) of section 164 of the Act.
- f. With respect to the adequacy of the internal financial Controls over Financial reporting of the Company and the operating effectiveness of the controls , refer to separate report in Annexure B
- g. With respect to the other matters to be reported in the Auditors Report in accordance with Rule 11 of the Companies ( Audit and Auditors ) Rules 2014 in our opinion and to the best of our information and according to explanation given to us .
- (i) The company has disclosed in its notes to accounts, the pending litigations and its effect on the financial position of the company and the financial statement.
- (ii) In our opinion, as required by law or under the accounting standards, there was no further material losses for which any provision was required and there were no long term contracts including derivative contracts for which any provision for losses was required.
- (iii) There were no monies that needed to be deposited in the Investor Education and Protection Fund of the Company

For Srinaga & Giridharan  
Chartered Accountants  
Firm Reg. No.: 004013S

(S.Giridharan)  
Partner  
Membership No.: 024011

Place: Bangalore  
Date: **26.05.2017**

## **Source Natural Foods & Herbal Supplements Limited**

### **Annexure A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2017, we report that:

1. a. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
b. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.  
  
c. According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
2. a. The inventories have been physically verified during the year by the management, in our opinion and explanations furnished to us the frequency of verification is reasonable.  
  
b. As explained to us information furnished to us , there were no material discrepancies reported on physical verification of inventories as compared to the records of stocks maintained by the company
3. The Company has not granted loans to any firms , or any other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'.
4. The Company has not granted any loans , investments , guarantees and securities covered in the register maintained under sec. 185 and 186 of the Companies Act 2013.
5. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

7. a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.
- b. According to the information and explanations given to us, there are no dues of duty of customs which have not been deposited with the appropriate authorities on account of any dispute. However, according to information and explanations given to us, the following dues of income tax, sales tax, duty of excise, and value added tax have not been deposited by the Company on account of disputes:

Sl. No.	Name of the statute	Nature of Dues	Amount in Rs.	Period to which amounting to ( FY)	Forum Where dispute is pending
1.	VAT	Addl VAT	3,40,633/-	1999-2000	Commercial tax department
2	Excise Duty / CENVAT Availed	Input Credit	5,11,930	2007-08	Appeal in favour , but department still disputing
3	Excise Duty	Duty on Exempted Goods	13,42,727/-	2005-06	Appellate Tribunal
4	CST	Non Submission of Forms	221576/-	2011-12	CTO , Commercial Tax Department
5	CST	Non Submission of Forms	575,466/-	2012-13	CTO , Commercial Tax Department
6	CST	Non Submission of Forms	120,371/-	2013-14	CTO , Commercial Tax Department
7	CST	Non Submission of Forms	338,500/-	2014-15	CTO , Commercial Tax Department
			34,51,203/-		



8. The company has not defaulted in repayment of borrowings or loans to financial institutions , banks, Government according to explanation and information provided to us for verification. There are no dues to debenture holders during the year
9. The company has not raised any moneys by way of initial public offer , further public offer (including debt instruments) and term loans during the year as per information and explanation furnished to us .
10. Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements as per information and explanations given by the management , we report that no fraud on or by the company has been noticed or reported during the course of our audit .
11. The Company has paid Managerial remuneration in accordance with the requisite approvals mandated by the provisions of Sec. 197 read with Schedule V of the Companies Act 2013 as per information and explanations furnished to us for verification .
12. The Company is not a Nidhi Company hence this clause is not applicable
13. According to information and explanations given to us , and based on our verification of the books , all the related Party transactions are in compliance with the provisions of Sections 177 and 188 of the Companies Act 2013, wherever applicable and all the related party transaction have been properly disclosed in the financial statements for the year as required by the applicable accounting standards
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year .
15. The company has not entered into any non-cash transactions with the directors or persons connected with him , during the year , and hence the provisions of Section 192 of the Companies Act 2013 are not applicable .

16. The company is not required to be registered under Section 45-IA of the RBI Act as per information and explanations furnished to us.

For Srinaga & Giridharan  
Chartered Accountants  
Firm Reg. No.: 004013S

Place: Bangalore  
Date: **26.05.2017**

(S.Giridharan)  
Partner  
Membership No.: 024011

**ANNEXURE B -TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SOURCE NATURAL FOODS AND HERBAL SUPPLIMENTS LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

**To the Members of Source Natural Foods and Herbal Supplements Limited.**

We have audited the internal financial controls over financial reporting of Ojus Power And Technologies Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(1) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Srinaga & Giridharan**

**Chartered Accountants**

**F.No.004013S**

**S.Giridharan**

**Partner (M.No.024011)**

**Date: 26.05.2017**

**Place: Bangalore**

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

Regd. Office: No. 201, Second Floor, #54/46, 39th A Cross, 11th Main Road, Jayanagar 4th T Block, Bangalore - 560

**BALANCE SHEET AS AT 31.03.2017**

	<b>PARTICULARS</b>	<b>Note No.</b>	<b>As At Year End 31.03.2017</b>	<b>As At Previous Year End 31.03.2016</b>
<b>I.</b>	<b>EQUITY AND LIABILITIES</b>			
1	Shareholders' Funds			
	(a) Share Capital	2	643,69,310	643,69,310
	(b) Reserves and Surplus	3	52,89,638	(87,54,121)
	(c) Money received against Share Warrants		-	-
2	Share Application Money pending allotment		-	-
3	Non-Current Liabilities			
	(a) Long-Term Borrowings	4	29,89,610	5,57,356
	(b) Deferred Tax Liabilities (Net)		-	-
	(c) Other Long-Term Liabilities		-	-
	(d) Long-Term Provisions	5	9,65,697	9,87,064
4	Current Liabilities			
	(a) Short-Term Borrowings	6	160,96,643	1,98,296
	(b) Trade Payables	7	122,34,622	76,96,534
	(c) Other Current Liabilities	8	103,78,920	11,48,914
	(d) Short-Term Provisions	8a	28,74,342	-
	<b>TOTAL</b>		<b>1151,98,781</b>	<b>662,03,352</b>
<b>II.</b>	<b>ASSETS</b>			
1	Non-Current Assets			
	(a) Fixed Assets			
	(i) Tangible Assets	9	350,16,669	326,88,090
	(ii) Intangible Assets		2,71,821	4,53,037
	(iii) Capital Work-In-Progress		-	-
	(iv) Intangible Asset under Development		-	-
	(b) Non Current Investments		-	-
	(c) Deferred Tax Assets (Net)	25	28,20,485	-
	(d) Long-Term Loans and Advances	10	7,59,693	3,41,313
	(e) Other Non-Current Assets	11	-	-
2	Current Assets			
	(a) Current Investments		-	-
	(b) Inventories	12	167,86,069	135,47,129
	(c) Trade Receivables	13	439,24,303	83,44,089
	(d) Cash and Cash Equivalents	14	19,74,322	77,68,521
	(e) Short-Term Loans and Advances	15	136,45,420	30,61,173
	(f) Other Current Assets	16	-	-
	<b>TOTAL</b>		<b>1151,98,782</b>	<b>662,03,352</b>

Significant Accounting Policies  
Notes on Financial Statements

1 to 31

As Per our Report of Even Date  
For M/S Srinaga & Giridharan  
Chartered Accountants

For and on behalf of The Board

S.Giridharan  
Partner  
Membership No. 024011  
Firm Registration No.004013S

Arvind Varchaswi N  
Managing Director

Nikhil Sen  
Director

Place : Bangalore  
Date: 26.05.2017

Sweta Joshi  
Company Secretary

Ravishankar GV  
Chief Financial Officer

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31.03.2017

Figures in Rs.

	PARTICULARS	Note No.	Figures in Rs.	
			For the Year Ended 31.03.2017	For the Previous Year Ended 31.03.2016
I.	Revenue from Operations	17	1594,00,591	1092,58,940
II.	Other Income	18	65,755	55,997
III.	Total Revenue (I+II)		1594,66,346	1093,14,937
IV.	Expenses:			
	Cost of Materials Consumed	19	442,15,499	234,38,503
	Purchases of Stock-In-Trade		83,21,151	108,39,582
	Changes in Inventories of Finished Goods, Working-In-Progress and Stock-In-Trade	20	4,01,210	54,244
	Employee Benefits Expense	21	196,01,840	155,71,415
	Finance Costs	23	5,88,425	82,581
	Depreciation and Amortisation Expenses	9 & 24	35,41,716	48,54,258
	Other Expenses	22	686,98,889	497,02,192
	Total Expenses		1453,68,730	1045,42,775
V.	Profit before exceptional and extraordinary items and tax (III-IV)		140,97,616	47,72,162
VI.	Exceptional items		-	-
VII.	Profit before extraordinary items and tax (V- VI)		140,97,616	47,72,162
VIII.	Extraordinary Items		-	-
IX.	Profit before tax (VII - VIII)		140,97,616	47,72,162
X.	Tax expenses:			
	(1) Current tax		28,74,342	5,05,138
	(2) Deferred tax		(28,20,485)	-
XI.	Profit (Loss) for the period from Continuing operations (VII - VIII)		140,43,759	42,67,024
XII.	Profit / (loss) from discontinuing operations		-	-
XIII.	Tax expenses of Discontinuing operations		-	-
XIV.	Profit / (loss) from Discontinuing operations (after tax) (XII - XIII)		-	-
XV.	Profit / (loss) for the period (XI + XIV)		140,43,759	42,67,024
XVI.	Earnings per equity share:			
	(1) Basic		2.18	0.66
	(2) Diluted		2.18	0.66

Significant Accounting Policies  
Notes on Financial Statements

1 to 31

As Per our Report of Even Date  
For M/S Srinaga & Giridharan  
Chartered Accountants

For and on behalf of The Board

S.Giridharan  
Partner  
Membership No. 024011  
Firm Registration No.004013S

Arvind Varchaswi N  
Managing Director

Nikhil Sen  
Director

Place : Bangalore  
Date: 26.05.2017

Sweta Joshi  
Company Secretary

Ravishankar GV  
Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2017

(Rs. In Lakhs)

Particulars	31.03.2017	31.03.2016
<b>Cash Flow from Operating Activities</b>		
<b>Net Profit/ (Loss) before Tax and Extra-ordinary Items</b>	<b>140.44</b>	<b>42.67</b>
Adjustment for:		
Depreciation and Amortisation Expenses	35.42	48.54
Income Tax Expenses	0.54	0.00
Amortisation of Intangible Expenses	0.00	0.00
Interest	5.88	0.83
Loss / (Profit) on Deletions of Fixed Assets	0.00	0.00
<b>Operating Profit/ (Loss) Before Working capital Changes</b>	<b>182.28</b>	<b>92.04</b>
Inventories	(32.39)	(10.20)
Trade Receivables	(355.80)	(60.69)
Current Liabilities	137.68	17.13
<b>Cash from Operations</b>	<b>(68.23)</b>	<b>38.28</b>
Deffered Revenue Expenses Incurred	0.00	0.00
<b>Net Cash Flow From Operations</b>	<b>(68.23)</b>	<b>38.28</b>
Cash flow from Investing Activities		
Purchase of Fixed Assets	(56.89)	(14.15)
Capital Work - in - Process	0.00	0.00
(Increase)/Decrease in Loans & Advances	(110.03)	(2.27)
Investment in Fixed Deposits	0.00	0.00
<b>Net Cash used for Investing activities</b>	<b>(166.92)</b>	<b>(16.42)</b>
Cash Flow from Financing Activities		
Share Application Money	0.00	0.00
Loss on Capital Reduction	0.00	0.00
Share Premium	0.00	0.00
Long Term Provisions	(0.21)	3.33
Secured Loans	183.31	-1.28
Interest	(5.88)	(0.83)
Unsecured Loans	0.00	0.00
<b>Net Cash from Financing Activites</b>	<b>177.21</b>	<b>1.22</b>
Net Increase in cash and Cash Equivalues	(57.94)	23.08
Cash and Cash Equivalent, beginning of the year	<b>77.69</b>	<b>54.60</b>
Cash and Cash Equivalent, end of the year	19.74	77.69
1. Cash & Cash Equivalent		
Cash on hand	0.20	0.14
Balances with Schedule Banks in Current Account	19.54	77.54
Total	<b>19.74</b>	<b>77.69</b>
2. Prepared on the basis of the Accounted Financial Statements		
3. The above cash flow statement has been prepared under the "Indirect Method" Setout in Accounting Standard 3 issued by the Institute of Chartered Accountants of India.		

As Per Our Report of Even Date  
For M/S Srinaga & Giridharan  
Chartered Accountants

For and on behalf of The Board

Srinaga & Giridharan  
Partnership  
Membership No.  
Firm Registration No.

Arvind Varchaswi. N  
Managing Director

Nikhil Sen  
Director

Place : Bangalore  
Date : 26.05.2017

Sweta Joshi  
Company Secretary

Ravishankar GV  
Chief Financial Officer

## **Note 1- SIGNIFICANT ACCOUNTING POLICIES**

### **a.The Accounting Convention:**

The financial statements are prepared in historical cost convention and as a going concern concept. Accounting policies not referred to specifically are consistent with Generally Accepted Accounting Principles.

### **b.Revenue Recognition:**

The Company generally follows the mercantile system of accounting and recognises income and expenditure on accrual basis, except in the circumstances specifically mentioned below:

Sales Return: Breakages & Claims, Goods Returned Back.

### **c.Fixed Assets:**

Fixed Assets are stated at cost less accumulated depreciation. Cost includes freight, taxes and any attributable cost of bringing the asset to its working condition for its intended use.

### **d.Depreciation:**

Depreciation on assets is provided on straight line method, at the rates and in the manner prescribed under Schedule II to the Companies Act, 2013.

### **e.Inventories:**

a.Raw Material, Packing Material, Stores and Spare Parts are valued at cost by following FIFO method.

b.Work in Process is valued at cost.

c.Finished Goods are valued at lower of cost or net realisable value.

### **f.Retirement Benefits:**

Employees Provident Fund is administered by Regional Provident Fund Commissioner to whom remittances are made. Employer's Contribution is charged to revenue.

Gratuity amount payable to employees is provided based on actuarial Valuation during the Year.

### **g.Prior period items etc:**

A sum of Rs.1255913/- has been provided by the company for prior period as shown below for non collection of C-forms pertaining to those years.

Sales Tax Assessment 11-12 payable	221576.00
Sales Tax Assessment 12-13 payable	575466.00
Sales Tax Assessment 2013-14 payable	120371.00
Sales Tax Assessment 2014-15 payable	338500.00

### **h.Taxes on Income:**

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax annually, based on the liability computed, after considering tax



allowances and exemptions. Minimum Alternate taxes are paid in accordance with the tax laws, which gives rise to future economic benefits in the form of tax credits

**i.Foreign Currency Transactions:**

To account for transactions in foreign currency at the exchange rate prevailing on the date of transaction. Gains/losses arising out of fluctuations in the exchange rates are recognised in Profit and Loss Account in the period in which they arise except in respect of fixed assets where exchange variance is adjusted in carrying amount of the respective fixed assets.

Expenditure incurred in foreign currency Rs.15.80 lakh (Foreign Exchange outgo) Income in foreign currency NIL during the year.

**j.Stock inflow and out flow as below**

Particulars	Opening Stock	Purchase	Consumed/Sale	Closing Stock
RM	4822183	30987622	29743149	6066656
PM	2334991	14020751	12463384	3892358
FG	3441337		828448	2612889
TRADED GOODS	987355	8671300	7831581	1827074
WIP	1946988		-427238	2374226

Notes on Financial Statements for the Quarter Ended 31st March, 2017

Note 2 Share Capital

a) Share Capital

Particulars	As At 31st March 2017		As At 31st March 2016	
		Rs.		Rs.
Authorised 90,00,000 Equity Shares of Rs. 10/- each		900,00,000		900,00,000
Issued 64,36,931 Equity Shares of Rs. 10/- each		643,69,310		643,69,310
Subscribed & Paid Up Equity Shares of Rs. 10/- each		643,69,310		643,69,310
Subscribed but not fully Paid up Nil		-		-
Total	-	643,69,310	-	643,69,310

b) The Reconciliation of the number of shares outstanding is set out below

Particulars	Equity Shares	
	Number	Amount
Shares outstanding at the beginning of the year	64,36,931	643,69,310
Shares Issued during the year	-	-
Shares bought back during the year	-	-
Shares outstanding at the end of the year	64,36,931	643,69,310

c) 47,86,891 Equity Shares are held by Sumeru Ayurveda Private Limited, the holding company as on 31st March, 2017  
(Previous Year 47,86,891 Equity Shares)

d) The Details of Shareholders holding more than 5% Shares

Name of Shareholder	As At 31st March 2017		As At 31st March 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sumeru Ayurveda Pvt Ltd	4786891	74.37	4786891	74.37

Note 3 Reserves and Surplus

Particulars	As At 31st March 2017	As At 31st March 2016
	Rs.	Rs.
a. Securities Premium Account		
Opening Balance	114,09,241	104,86,160
Add : Securities premium credited on Share issue	-	9,23,081
Less : Premium Utilised	-	-
Closing Balance	114,09,241	114,09,241
b. Surplus/(Deficit) in Statement of Profit and Loss		
Opening balance	(201,63,362)	(244,30,387)
(+) Fixed Assets Written Off Previous Year	-	-
(+) Net Profit/(Net Loss) For the current year	140,43,759	42,67,024
Closing Balance	(61,19,603)	(201,63,362)
Total	52,89,638	(87,54,121)

Note 4 Long Term Borrowings

Particulars	As At 31st March 2017	As At 31st March 2016
	Rs.	Rs.
Secured (Loan taken from Bank against Vehicle Hypothication)	29,89,610	5,57,356
Total	29,89,610	5,57,356

Note 5 Long Term Provisions

Particulars	As At 31st March 2017	As At 31st March 2016
	Rs.	Rs.
(a) Provision for employee benefits Gratuity (unfunded)	9,65,697	9,87,064
Total	9,65,697	9,87,064

Note 6 Current Laibilities

Particulars	As At 31st March 2017	As At 31st March 2016
	Rs.	Rs.
Current Portion of Secured Loans (Stock & Debtors of the company)	160,96,643	1,98,296.00
Total	160,96,643	1,98,296

Note 7 Trade Payables

Particulars	As At 31st March 2017	As At 31st March 2016
	Rs.	Rs.
Acceptances	-	-
Other Than Acceptances	122,34,622	76,96,534
Total	122,34,622	76,96,534

Note 8 Other Current Liabilities

Particulars	As At 31st March 2017	As At 31st March 2016
	Rs.	Rs.
Other payables		
- Statutory Remittances	20,18,140	7,88,780
Esi Payable	34,153	
Pf Payable	1,34,658	
Professional tax payable	7,450	
Tds payable	3,20,274	
Vat Payable	2,60,399	
Sales tax assessments 2011-12, 2012-13, 2013-14 & 2014-15	12,61,206	
- Payables on Purchase of Fixed Assets	4,91,688	16,931
- Advance from Customers	3,84,500	3,43,203
- Current liabilities others	74,84,592	
Total	103,78,920	11,48,914

Note 8a Short-Term Provisions

Particulars	0	0
	Rs.	Rs.
Income tax	28,79,967	-
Total	28,79,967	-

Note 9 Fixed Assets

S. No.	Particulars	Gross Block				Accumulated Depreciation					Net Block	
		Balance as at 1 April 2016	Additions	Disposals	Balance as at 31/03/2017	Balance as at 1 April 2016	Depreciation charge for the year	Adjustment Against Opening Reserve	On disposals	Balance as at 31/03/2017	Balance as at 31/03/2017	Balance as at 31st March, 2016
		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
a	<b>Tangible Assets</b>											
	Land	5,04,810	-	-	5,04,810	-	-	-	-	-	5,04,810	5,04,810
	Buildings	249,52,910	9,45,320	-	258,98,230	72,95,061	9,45,941	-	-	82,41,002	176,57,228	176,57,849
	Plant and Equipment	278,59,890	7,44,750	-	286,04,640	163,55,547	14,94,635	-	-	178,50,182	107,54,458	115,04,343
	Furniture and Fixtures	28,87,748	1,01,551	-	29,89,299	17,37,232	2,31,063	-	-	19,68,295	10,21,004	11,50,516
	Vehicles	19,06,067	36,20,997	-	55,27,064	8,58,008	2,96,069	-	-	11,54,077	43,72,987	10,48,059
	Office equipment	13,49,367	66,574	-	14,15,941	9,61,368	1,71,256	-	-	11,32,624	2,83,317	3,87,999
	Others - Computers	11,43,819	2,09,887	-	13,53,706	7,09,305	2,21,536	-	-	9,30,841	4,22,865	4,34,514
	<b>Total</b>	<b>606,04,610</b>	<b>56,89,079</b>	<b>-</b>	<b>662,93,689</b>	<b>279,16,520</b>	<b>33,60,500</b>	<b>-</b>	<b>-</b>	<b>312,77,020</b>	<b>350,16,669</b>	<b>326,88,090</b>
b	<b>Intangible Assets</b>	906077	-	-	9,06,077	453040	181216	0	0	634256	271821	453037
	<b>Total</b>	<b>9,06,077</b>	<b>-</b>	<b>-</b>	<b>9,06,077</b>	<b>4,53,040</b>	<b>1,81,216</b>	<b>-</b>	<b>-</b>	<b>6,34,256</b>	<b>2,71,821</b>	<b>4,53,037</b>
c	<b>Capital Work In Progress</b>	0	0	0	0	0	0	0	0	0	0	0
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
d	<b>Intangible assets under Development</b>	0	0	0	0	0	0	0	0	0	0	0
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Grand Total</b>	<b>615,10,687</b>	<b>56,89,079</b>	<b>-</b>	<b>671,99,766</b>	<b>283,69,560</b>	<b>35,41,716</b>	<b>-</b>	<b>-</b>	<b>319,11,276</b>	<b>352,88,490</b>	<b>331,41,127</b>
	<b>Previous Year</b>	<b>600,95,686</b>	<b>14,15,002</b>	<b>-</b>	<b>615,10,687</b>	<b>235,15,302</b>	<b>48,54,258</b>	<b>-</b>	<b>-</b>	<b>283,69,560</b>	<b>331,41,127</b>	<b>365,80,383</b>

**Note 10 Long Term Loans & Advances**

Particulars	As At 31st March 2017	As At 31st March 2016
	Rs.	Rs.
a. Capital Advances		
Secured, considered good	0	0
Unsecured, considered good	4,16,604	94,032
Doubtful	0	0
Less: Provision for doubtful advances	0	0
	<b>4,16,604</b>	<b>94,032</b>
b. Security Deposits		
Secured, considered good	0	0
Unsecured, considered good	3,43,089	2,47,281
Doubtful	0	0
Less: Provision for doubtful deposits	0	0
	<b>3,43,089</b>	<b>2,47,281</b>
Total	<b>7,59,693</b>	<b>3,41,313</b>

**Disclosure pursuant to Note no. L (iv) of Part I of Schedule III to the Companies Act, 2013**

Particulars	As At 31st March 2017	As At 31st March 2016
	Rs.	Rs.
Directors *	0	0
Other officers of the Company *	0	0
Firm in which director is a partner *	0	0
Private Company in which director is a member	0	0
	-	-

\*Either severally or jointly

**Note 11 Other Non Current Assets**

Particulars	As At 31st March 2017	As At 31st March 2016
	Rs.	Rs.
Unamortised Expenses		
Miscellaneous expenditure	-	-
Total	-	-

**Disclosure pursuant to Note no. M (iii) (c) of Part I of Schedule III to the Companies Act, 2013**

Particulars	As At 31st March 2017	As At 31st March 2016
	Rs.	Rs.
Directors *	0	0
Other officers of the Company *	0	0
Firm in which director is a partner *	0	0
Private Company in which director is a member	0	0
	-	-

**Note 12 Inventories****(At lower of Cost or Net Realisable Value)**

Particulars	As At 31st March 2017	As At 31st March 2016
	Rs.	Rs.
a. Raw Materials and Components	99,59,014	71,57,174
b. Work-In-Progress	23,74,226	19,46,988
c. Finished Goods	26,12,889	34,41,337
d. Stores and Spares	12,866	14,275
e. Material Traded Items	18,27,074	9,87,355
<b>Total</b>	<b>167,86,069</b>	<b>135,47,129</b>

**Note 13 Trade Receivables**

Particulars	As At 31st March 2017	As At 31st March 2016
	Rs.	Rs.
Trade receivables outstanding for a period less than six months from the date they are due for payment		
Secured, considered good	-	-
Unsecured, considered good	439,24,015	83,44,089
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
	<b>439,24,015</b>	<b>83,44,089</b>
Trade receivables outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	288	-
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
Less: Provision for doubtful debts	-	-
	<b>288</b>	<b>-</b>
<b>Total</b>	<b>439,24,303</b>	<b>83,44,089</b>

Trade Receivable stated above include debts due by:

Particulars	As At 31st March 2017	As At 31st March 2016
	Rs.	Rs.
Directors *	-	-
Other officers of the Company *	-	-
Firm in which director is a partner *	-	-
Private Company in which director is a member	-	-
	<b>-</b>	<b>-</b>

\*Either severally or jointly

**Note 14 Cash and Cash Equivalents**

Particulars	As At 31st March 2017	As At 31st March 2016
	Rs.	Rs.
a. Balances with banks		
i) In Current Accounts	18,42,330	77,54,165
ii) In Deposits Accounts	1,12,059	-
b. Cash on hand	19,932	14,356
<b>Total</b>	<b>19,74,322</b>	<b>77,68,521</b>

**Note 15 Short Term Loans and Advances**

Particulars	As At 31st March 2017	As At 31st March 2016
	Rs.	Rs.
a. Security Deposits		
Secured, considered good	0	0
Unsecured, considered good	18,78,022	18,74,022
Doubtful	0	0
Less:Provision for doubtful loans and advances	0	0
	<b>18,78,022</b>	<b>18,74,022</b>
b. Loans and Advances to Employees		
Secured, considered good	0	0
Unsecured, considered good	6,65,853	5,64,820
Doubtful	0	0
Less:Provision for doubtful loans and advances	0	0
	<b>6,65,853</b>	<b>5,64,820</b>
c. Prepaid Expenses - Unsecured, Considered good	83,91,717	1,54,515
d. Balances with government authorities- Unsecured		
(i) Cenvat Credit Receivable		
Considered Good	34,959	56,702
Doubtful	0	0
Less:Provision for doubtful balances	0	0
	<b>34,959</b>	<b>56,702</b>
e. Other Loans and Advance		
Secured, considered good	0	0
Unsecured, considered good	26,74,869	4,11,113
Doubtful	0	0
Less:Provision for Doubtful loans and advances	0	0
	<b>26,74,869</b>	<b>4,11,113</b>
f. Interest Acrued on FDR's	0	0
<b>Total</b>	<b>136,45,420</b>	<b>30,61,173</b>

**Disclosure pursuant to Note No.R (iv) of Part I of Schedule III to the Companies Act, 2013**

	As At 31st March 2017	As At 31st March 2016
	Rs.	Rs.
Directors *	0	0
Other officers of the Company *	6,65,853	5,64,820
Firm in which director is a partner *	0	0
Private Company in which director is a member	0	0
<b>Total</b>	<b>6,65,853</b>	<b>5,64,820</b>

\*Either severally or jointly

**Note 16 Other Current Assets**

Particulars	As At 31st March 2017	As At 31st March 2016
	Rs.	Rs.
Unamortised Expenses		
Miscellaneous expenditure	0	0
<b>Total</b>	<b>-</b>	<b>-</b>

Note 17 Revenue from Operation

Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	Rs.	Rs.
Sale of Products	1484,38,248	939,78,711
Sale of Services	96,46,486	77,09,680
Sale of Trading Goods	161,02,182	168,67,819
Other Operating Revenues	50,953	20,054
	1742,37,869	1185,76,263
Less:		
Excise duty	148,37,278	93,17,323
<b>Total</b>	<b>1594,00,591</b>	<b>1092,58,940</b>

Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	Rs.	Rs.
Sale of Product Comprises of manufactured goods		
a) Ojasvita Powder(exclusive of taxes)	778,85,618	430,81,039
b) Ayurvedic Medicines(exclusive of taxes)	520,98,257	424,75,037
<b>Total</b>	<b>1299,83,875</b>	<b>855,56,076</b>

Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	Rs.	Rs.
Sale of Services Comprises		
a) Conversion Charges(exclusive of taxes)	85,10,614	68,15,012
<b>Total</b>	<b>85,10,614</b>	<b>68,15,012</b>

Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	Rs.	Rs.
Other Operating Revenue		
a) Profit on Sale of Plant & Machinery	-	-
b) Sale of Trading Goods	161,02,182	168,67,799
c) Other Indirect Income Written back	-	8,550
d) Others	50,953	11,504
<b>Total</b>	<b>161,53,136</b>	<b>168,87,853</b>

Note 18 Other Income

Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	Rs.	Rs.
Interest Income	65,755	55,997
Other Non Operating Income	-	-
<b>Total</b>	<b>65,755</b>	<b>55,997</b>



Note 19 a. Cost of Raw Materials (Including Packing Material) Consumed - Indigenous

Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	Rs.	Rs.
Opening Stock (Includes Traded )	81,44,529	70,68,006
Add : Purchased RM & PM, Consumbles	470,17,338	249,88,947
Add : Purchased Traded*	91,60,870	103,65,661
	643,22,737	424,22,614
Less: Closing Stock - RM & PM	99,59,014	71,57,174
Less: Closing Stock- Traded	18,27,074	9,87,355
<b>Total</b>	<b>525,36,649</b>	<b>342,78,085</b>

\* Traded Items are Veg Capsules

b. Particulars of Raw Material (Including Packing Material) Consumed

Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	Rs.	Rs.
Sugar	55,64,879	30,46,809
Others	469,71,770	312,31,276
<b>Total</b>	<b>525,36,649</b>	<b>342,78,085</b>

Note 20 Changes in Inventories of Finished Goods, Stock in Process and Stock in Trade

Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	Rs.	Rs.
Inventories at the end of the Year		
Finished Goods	26,12,889	34,41,337
Work in Process	23,74,226	19,46,988
	49,87,115	53,88,325
Inventories at the beginning of the Year		
Finished Goods	34,41,337	27,95,164
Work in Process	19,46,988	26,47,405
	53,88,325	54,42,569
<b>Net (Increase) / Decrease</b>	<b>4,01,210</b>	<b>54,244</b>

Note 21 Employee Benefits Expenses

Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	Rs.	Rs.
(a) Salaries and Incentives	172,38,672	131,02,127
(b) Contributions to -Provident Fund	8,07,954	6,68,166
(c) Gratuity	-	3,32,616
(d) Staff Welfare Expenses	3,55,214	3,39,339
(e) Directors Remunerations	12,00,000	11,29,167
<b>Total</b>	<b>196,01,840</b>	<b>155,71,415</b>

Note 22 Other Expenses

Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	Rs.	Rs.
Power and Fuel	28,79,967	20,53,361
Rent	12,11,974	10,16,182
Repairs and Maintenance - Machinery	1,28,463	2,58,258
Repairs and maintenance - Buildings	2,33,355	6,406
Repairs and Maintenance - Others	2,83,350	4,12,129
Vehicle Rep Vehicle Repairs & Maintainance	3,04,999	
Factory Maintainance	7,08,196	3,96,406
Analytical Testing Charges	13,55,998	23,21,860
Labour Charges	111,93,451	79,83,779
Insurance	2,96,287	1,00,028
Rates and Taxes	42,02,698	24,03,567
Payments to Auditors (Refer Note (i) below)	2,94,890	4,20,959
Travelling and Conveyance	11,57,011	11,57,085
Postage & Telephone	8,34,992	5,68,248
Printing and Stationery	3,56,169	2,73,609
Freight and Forwarding	35,27,540	20,97,324
Expired and Damage Goods	20,88,942	-
Security Service Charges	4,89,270	4,79,737
Selling Distribution Expenses	326,50,565	244,91,657
Legal and Professional Charges	29,04,876	25,65,709
Prior period Prior period expenses	12,55,913	
Other exp	-	5,14,673
Electricity Charges	9,630	
Subscriptions & Periodicals	3,610	
AGM & EGM Expenses	18,246	
Pooja Expenses	8,982	
Office Maintainance	1,68,694	
Round Off	36	
Bad Debts Written Off	471	
Interest & Penalty	54,885	
Bank Charges	61,795	
Foreign Exchange Gain & Loss	13,634	
<b>Total</b>	<b>686,98,889</b>	<b>495,20,976</b>

**Notes**

i. Payments Auditors

Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	Rs.	Rs.
a. Statutory Audit	1,43,750	1,43,125
b. For Taxation Matters	74,750	1,65,788
c. Other Certification Fees	76,390	1,12,046
<b>Total</b>	<b>2,94,890</b>	<b>4,20,959</b>

ii. Expenditure in Foreign Currency

Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	Rs.	Rs.
Registration & Renewals	15,80,871	1,59,619
<b>Total</b>	<b>15,80,871</b>	<b>1,59,619</b>

Note 23 Finance Cost

Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	Rs.	Rs.
Interest on Long Term borrowings bank	5,88,425	82,581
<b>Total</b>	<b>5,88,425</b>	<b>82,581</b>

Note 24 Amortisation Expenses

Particulars	For the Year Ended 31st March, 2017	For the Year Ended 31st March, 2016
	Rs.	Rs.
Amortisation of Intangible Assets	1,81,216	1,81,216
<b>Total</b>	<b>1,81,216</b>	<b>1,81,216</b>

**Note 25 Deferred Tax Assets (Net)**

Particulars	31-03-2017	31-03-2016
	Rs.	Rs.
Deferred tax liability on depreciation	(53,857.00)	
Deferred tax Asset on MAT Tax paid	28,74,342	-
	-	-
<b>Total</b>	<b>28,20,485</b>	<b>-</b>

## 25.1 Contingent Liabilities

	As on 31.03.2017	As on 31.03.2016
a. Bank guarantee against where counter Guarantee have been given	Nil	Nil
b. Claims against the Company not acknowledged as debt	Nil	Nil

25.2 The Deputy Commissioner (C.T.) had vide his Assessment order No. 2467/199-2000 has confirmed the action of C.T.O. Gowliguda and had issued a revised order to collect additional sales tax of Rs. 6,81,265 for the year 1999-2000. The company has effected payment of Rs. 3,40,633 towards 50% payment in respect of disputed sales tax liability for the Assessment year 1999-2000 pursuant to the order from Additional Commissioner. The Company received an order dated November 07, 2013 from the Deputy Commissioner that Rs. 343,633/- needs to be paid by the Company towards the sales tax collected during the period 1999-2000. The Company is yet to receive sales tax recovery order from the department for the same.

25.3 ESI Department has issued a show cause notice for Rs, 5,51,907 on adhoc basis vide their letter No. AP/Ins. I/52-5639-34/359 dated 26.11.2007 towards omission of contribution on different heads for the period 1999-2000 to 2001-2002. In contest to the Show Cause Notice, company has filed petition for stay vide No.436/09 in Employees Insurance Court, Andhra Pradesh, Hyderabad on 12.03.2009 and obtained stay order. Company has filed a petition challenging the order passed under section 45-A of the ESI Act and the subsequent recovery order issued by the department. The matter is before the ESI court at Hyderabad and the company is attending to the hearings and contesting that the said amount is not payable by company.

25.4 Commissioner of Central Excise, Hyderabad – IV has appealed to CESTAT against Order No. 7/2006 dated 31.10.2006 of Commissioner (Appeals-II). The Appellate tribunal dismissed the case in favour of the Company vide order passed on 21/11/2013 against which the department has went for an appeal in the tribunal. The Company had filed memorandum of objections against the appeal made by the department. Amount involved in the case is Rs. 13,42,727/-

This matter has been transferred to Hyderabad Office of the Central Excise Department and from now onwards the proceedings will be continued at Hyderabad Office of the Department.

25.5 The ongoing revenue/civil matter with PIL (Pochiraju Industries Limited) has not progressed for redressal of resolution . Hence the financial implications of the same are not ascertainable.

25.6 The Company had received order from Additional Commissioner of excise department for having availed CENVAT credit without having any supporting documents during the month of October 2007 for an amount of Rs. 5,11,930/- even though the Company later submitted photocopies of all the invoices. The Company had filed a petition before Commissioner (Appeals) against the order of Additional Commissioner on April 30, 2013. The Commissioner (Appeals) passed an order in favour of the Company on September 20, 2013. The department later has appealed to the Central Excise Tribunal against the order passed by the Commissioner (Appeals). The Company has filed the memorandum of objections against the appeal with the tribunal.

The tribunal has rejected the appeal filed by the Department as the amount involved in this case is less than Rupees 10 lacs. Further communication from the Department is awaited.

25.7 The Company has received notice from Income Tax Department vide letter no.AAAC14536Q/1-101/07-08 proposing to disallow the deduction of work in progress for an amount of Rs. 30,62,512. The Company had filed appeal before the Commissioner of Income Tax Appeals-2 which was dismissed vide order dated April 13, 2015

Against the order of commissioner of Income Tax Appeals the company was in appeal before Income Tax Appellate Tribunal and Income Tax Appellate Tribunal has set aside the order of commissioner of Income Tax Appeal and sent the matter back to Commissioner of Income Tax Appeal for re-adjudicating the appeal.

## 26. Segment Reporting as per Accounting Standard – 17

Business Segment: The company is operating in a single segment ie. Ayurvedic Medicines and Health Supplements.

Geographical Segment: The company presently caters the needs of Indian public and the company is not operating in different economic environments and hence no information is provided under this standard.

27. Earning Per Share	As on 31.03.2017 (in Rs.)	As on 31.03.2016 (in Rs.)
Earnings		
Net Profit for the year	1,40,43,759	42,90,196
No. of Equity Shares (Rs. 10 each)	64,36,931	64,36,931
Basic (Rs.)	2.18	0.67
Diluted (Rs.)	2.18	0.67

## 28. Related Party Disclosure

Disclosure as required by the Accounting Standard 18 of the Institute of Chartered Accountants of India are given below:

Sumeru Ayurveda Private Limited	Holding Company
Mr. Arvind Varchaswi N.	Key Managerial Personnel
Mr. Narayanan Narasimhan	Director
Sumeru Travel Solutions LLP	Limited Liability Partnership
Divine Services	Partnership Firm
Madhurya	Partnership Firm
Arvind Exports	Partnership Firm

**Transaction with Related Parties****Amount in Rs. Rupees in Lakhs**

<b>Nature of Transaction</b>	<b>During the Current Year</b>	<b>During the Previous Year</b>	<b>Receivable (Payable) as on 31.03.2017</b>	<b>Receivable (Payable) as on 31.03.2016</b>
Sale to Arvind Exports	70,12,589	51,99,017	Nil	9,109
Services from Sumeru Travel Solutions LLP	5,20,177	5,28,526	Nil	Nil
Sale to Divine Services	13,25,104	31,27,428	Nil	Nil
Purchase to Madhurya	5,728	7,863	Nil	1,764

29. Figures for the previous year have been re-grouped, re-classified and rearranged wherever necessary.

30. Since the Company is not aware of the SSI Status of its creditors, the amounts due to them have not been identified.

31. Paise have been rounded off to the nearest rupee.

As Per our Report of Even Date  
**For M/S Srinaga & Giridharan**  
**Chartered Accountants**

**S.Giridharan**  
**Partner**  
**Membership No. 024011**  
**Firm Registration No.004013S**

**For and on behalf of The Board**

**Arvind Varchaswi N.**  
**Managing Director**

**Sweta Joshi**  
**Company**  
**Secretary**

**Nikhil Sen**  
**Director**

**Ravi Shankar GV**  
**CFO**

**Place : Bangalore**

**Date : 26.05.2017**

## POSTAL BALLOT NOTICE

Notice is hereby given pursuant to Section 110 of the Companies Act, 2013 ('the Act') read with Rule 22 of Companies (Management and Administration) Rules, 2014 (including any statutory enactments thereof for the time being in force), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws and regulations as amended from time to time, to transact the Special Businesses as set out in this Notice, through Postal Ballot by the Members of **Source Natural Foods and herbal Supplements Limited.**

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### **SPECIAL BUSINESS:**

#### 1. Approval for Borrowing powers and Creation of Security in respect of borrowings

To consider and if thought fit, to pass the following resolution as **Special Resolution:**

“**RESOLVED THAT** pursuant to the provisions of Section 180(1)(a) and Section 180(1)(c), and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modification(s) or re-enactment thereof) for the time being in force, the Memorandum and Articles of Association of the Company and subject to such other approvals and permissions as may be required, the approval of the members be and is hereby accorded to sell, mortgage and/ or create charge, in addition to the mortgages/ charges created/to be created/ by the Company in such form and manner and with such ranking and at such time and on such terms and conditions as may be determined, on all or any of the movable and /or immovable properties of the Company and /or the interest held by the Company in all or any of the movable and /or immovable properties, both present and future and /or the whole or any part of the undertakings(s) of the Company, in favor of lender(s), agents(s) and trustee(s) for securing the borrowings of the Company availed/ to be availed by way of loan(s) and securities (comprising non-convertible debentures, bonds or other debt instrument(s), issued/ to be issued by the Company from time to time together with interest at the respective agreed rates and all other costs, charges and expenses and all other monies payable by the Company in terms of the loan agreements(s), debenture trust deed(s) or any agreement/document entered into/to be entered into by between the Company and the lender(s)/investor(s)/agent(s) in respect of the said loan, borrowing/ debenture and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Company and the lender(s), agent(s) and/ or trustee(s), up to an amount not exceeding Rs. 200 Crores (Rupees Two hundred Crores Only).”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and are hereby authorized to finalize and execute such debenture trust deeds or mortgage, charge, hypothecation, lien, promissory notes as they may deem fit, file requisite e-forms with the

Registrar of Companies in this regard and do all such acts, deeds and things and give such directions as may be deemed necessary and expedient to give effect to this resolution.”

## 2. Approval for the limits of Loans/Investments/ Guarantees

To consider and if thought fit, to pass the following resolution as **Special Resolution**:

“**RESOLVED THAT** pursuant to the provisions of Section 186 of the Companies Act, 2013 and such other provisions as may be applicable, if any, and the Rules made there under, including any statutory modifications or re-enactments thereof, the approval of the members of the Company be and is hereby accorded to acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, to give loan(s) and/or give any guarantee(s)/ provide any security(ies) as may be required from time to time, exceeding 60% of the Paid-up Share Capital and Free Reserves and Securities Premium of the Company [or] 100% of Free Reserves and Securities Premium of the Company whichever is more, in one or more tranches, not exceeding Rs. 200 Crores (Rupees Two Hundred Crores only).”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to execute all such documents, instruments and writings as may be required, file requisite e-forms with the Registrar of Companies and do all such acts, deeds and things required to give effect to this resolution.”

**Date: 12.08.2017**

**Regd. Office:** 201, II Floor, Sumeru Towers,  
#54/46, 39<sup>th</sup> A Cross, 11<sup>th</sup> Main Road,  
Jayanagar, 4<sup>th</sup> T Block, Bangalore - 560041

**By the Order of the Board**  
**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**(Arvind Varchaswi N.)**  
**Managing Director**  
**DIN: 00143713**

NOTES:

- i. Pursuant to provisions of Section 102 read with Section 110 of the Companies Act, 2013, explanatory statement is annexed herewith.
- ii. Please read carefully and follow the instructions on postal ballot and e-voting elucidated in this Notice and on the Postal Ballot Form for respective mode of voting.
- iii. The Notice is being sent to all the Members, whose name appear in the Register of Members as on Cut-off Date 14<sup>th</sup> August, 2017.



- iv. The Notice of the Meeting is also posted on the website of the Company, which can be accessed with the web link <http://www.source-natural.com/announcements-other.php>
- v. Members are requested to notify change in address and email id if any, in case of shares held in Electronic form to the concerned Depository Participant quoting their ID No and in case of physical shares to the Registrar and Transfer Agent of the Company
- vi. The Postal Ballot form and the self-addressed business reply envelope are enclosed.
- vii. In compliance with the provisions of Section 108 and 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has also extended e-voting facility enabling the members to cast their votes electronically instead of dispatching Postal Ballot Forms.
- viii. The voting period commences **on 17<sup>th</sup> August, 2017 and ends on 16<sup>th</sup> September, 2017** (inclusive of both days) during this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the **Cut-off date i.e. 11<sup>th</sup> August, 2017**, may cast their vote electronically. The e-voting module for voting shall be disabled by CDSL thereafter.
- ix. The Board of Directors of the Company has appointed Shri. Ajay Suman Shrivastava (CP No. 3479), Practicing Company Secretary, Hyderabad as the Scrutinizer for conducting the Postal ballot and e-voting process in fair and transparent manner and to receive and scrutinize the completed ballot papers from the members. After completion of scrutiny, he will submit his report to the Company by 17<sup>th</sup> September, 2017.
- x. The results of the Postal ballot and e-voting will be declared on Monday, the 18<sup>th</sup> day of September, 2017 at 10.00 A.M. at the 22<sup>nd</sup> Annual General Meeting of the Company to be held at at Hotel Pai Viceroy, 1504, 16th Cross, 9th Main, 3rd Block, near Ramakrishna Super Speciality Hospital, Jayanagar, Bengaluru, Karnataka 560011 and if the result of the Postal ballot indicates that the requisite majority of the shareholders had assented to the Resolutions then the resolutions shall be treated as if it is passed at the general meeting of the Company on such date of announcement of the results.
- xi. After such declaration of results, the same will be posted on the Company's website and will be intimated to BSE Limited.
- xii. Kindly note that the members can opt only one mode for voting i.e. either in physical mode or e-voting. If you are opting for e-voting, then you are not entitled to vote in physical mode and vice-versa. However, in case member(s) cast their vote both via physical ballot and e-voting, then voting done in physical mode shall prevail and voting done by e-voting will be ignored.

### **INSTRUCTIONS- VOTING THROUGH ELECTRONIC MEANS**

1. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).

2. Click on “Shareholders”.
3. Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
4. Next enter the Image Verification as displayed and Click on Login.
5. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
6. If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN Field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>

7. After entering these details appropriately, click on “**SUBMIT**” tab.
8. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform.

***“It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.”***

9. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
10. Click on the EVSN for “**Source Natural Foods and Herbal Supplements Limited**”.
11. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you Assent to the Resolution and option NO implies that you dissent to the Resolution.
12. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
13. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
14. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
15. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
16. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
17. Shareholders can also cast their vote using CDSL’s mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.

#### **Note for Non – Individual Shareholders and Custodians**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

**Note:** *In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).*

## **EXPLANATORY STATEMENT**

(Pursuant to the provisions of Section 102 (1) and Section 110 of the Companies Act, 2013)

### **Resolution No. 1:**

The members are informed that with a view to augment and diversify the business activities of the Company, the Board proposes to avail assistance from banks and financial institutions. The Board on discussions, has estimated that about Rs. 200 Crores will be required for the said purposes over a period of time. As a result, the Assets and properties of the Company shall be mortgaged/hypothecated with the Bank/ Financial Institutions as security. Further, the proposed amount exceeds the aggregate of paid-up capital and free reserves of the Company.

Under the provisions of Section 180(1) (a) and Section 180(1) (c) of the Companies Act, 2013, it is necessary to obtain approval of the shareholders by means of Special Resolution to enable the Board of Directors of the Company to make borrowings, exceeding the aggregate of the paid-up capital and free reserves of the Company.

Therefore, the Board seeks the approval of the members by a Special Resolution, to make borrowings not exceeding Rs. 200 Crores (Rupees Two Hundred Crores Only).

The Board recommends the members for the approval of the said resolution.

None of the Directors/ Key Managerial Personnel are in anyway interested or concerned in the above resolution.

### **Resolution No. 2:**

The members are hereby informed that in order to support its business activities, the Company proposes to make investments in other body corporates, give loans or provide Guarantees in excess of limits prescribed under the Companies Act, 2013.

Under the provisions of Section 186 of the Companies Act, 2013, the power to make loans, give guarantees and make investments in shares, debentures and/or any other securities of

other body corporates, in excess of the limits prescribed, can be exercised by the Board only with the consent of the shareholders by means of a Special Resolution.

In view of this, the Board seeks the approval of the members by means of a special resolution for making investments upto maximum limit of Rs. 200 Crores (Rupees Two Hundred Crores only).

The Board recommends the members for passing the said resolution.

None of the Directors/ Key Managerial Personnel are in anyway interested or concerned in the above resolution.

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Registered Office:** 201, II Floor, Sumeru Towers, #54/46, 39<sup>th</sup> A Cross, 11<sup>th</sup> Main Road, Jayanagar, 4<sup>th</sup> T Block, Bangalore - 560041

**CIN:** L24231KA1995PLC101742; **Website:** [www.source-natural.com](http://www.source-natural.com)

**POSTAL BALLOT FORM**

1.	Name and Registered Address of the member	
2.	Name(s) of the Joint Holder(s), if any	
3.	Registered Folio No./ DP ID & Client ID No.	
4.	No. of Shares held	

I/ We hereby exercise my/ our vote in respect of the following special resolutions to be passed through Postal Ballot for the businesses stated in the Notice of Postal Ballot of the Company dated 12<sup>th</sup> August, 2017, by sending my/ our assent or dissent to the said special resolution by placing a tick ( ✓ ) mark at the appropriate box below:

S. No.	Resolution	I/We assent to the Resolution [FOR]	I/ We dissent to the Resolution [AGAINST]
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1.	Approval for borrowing limits and Creation of Security in respect of borrowings		
2.	Increase the limits of Loans/Investments/ Gaurantees		

Place:

Date:

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Signature of the Member

### **Instructions for Voting by Physical Postal Ballot Form**

1. A Shareholder desirous of exercising vote by physical Postal Ballot should complete the Postal Ballot Form in all respects and send it after signature to the Scrutinizer in the attached self-addressed postage pre-paid envelope which shall be properly sealed with adhesive or adhesive tape. However, envelopes containing Postal Ballot Form, if sent by courier at the expense of the Member but using the postage pre-paid envelope will also be accepted. Members are requested to convey their assent or dissent in this postal ballot form only. The assent or dissent received in any other form or manner shall be considered as invalid.
2. The self-addressed envelope bears the name and address of the Scrutinizer appointed by the Board of Directors of the Company.
3. The Postal Ballot Form should be signed by the Shareholder as per specimen signature registered with the Registrar/Depository. In case, shares are jointly held, this Form should be completed and signed (as per specimen signature registered/recorded with the Registrar/Depository) by the first named member and in his/her absence, by the next named member. Holders of Power of Attorney (POA) on behalf of member may vote on the Postal Ballot mentioning the registration No. of the POA or enclosing an attested copy of POA. Unsigned Postal Ballot Form will be rejected.
4. Duly completed Postal Ballot Form should reach the Scrutinizer not later than Saturday, 16<sup>th</sup> September, 2017 at 5.00 p.m. Postal Ballot Forms received after the aforesaid date and time will be strictly treated as if reply from such member has not been received. The Members are requested to send the duly completed Postal Ballot Forms well before the last date, providing sufficient time for postal transit.
5. In case of shares held by companies, trusts, societies, etc., the duly completed Postal Ballot Form should be accompanied by a certified copy of the Board Resolution/ Authority and with attested specimen signature(s) of the duly authorized signatories giving requisite authority to the person voting on the Postal Ballot Form. Where the form has been signed by a representative of the President of India or of the Governor of a state, a certified copy of the nomination should accompany the Postal Ballot Form.
6. The number of shares in respect of which votes are cast should be mentioned in the column, in the absence of which, all the votes shall be deemed to have been cast as per the tick mark placed by the shareholder in the respective column.
7. Shareholders are requested not to send any paper (other than the resolution/authority as mentioned under instruction no. V above) along with the Postal Ballot Form in the enclosed self-addressed postage pre-paid envelope as all such envelopes will be sent to the Scrutinizer and if any

extraneous paper is found in such envelope the same would not be considered and would be destroyed by the Scrutinizer.

8. There will be only one Postal Ballot Form for every folio / client ID irrespective of the number of Joint Member(s).
9. A member may request for a duplicate Postal Ballot Form, if so required and the same duly completed should reach the scrutinizer not later than the last date for voting.
10. Postal Ballot Forms with following deficiencies will be rejected.
  - i. A form other than one issued by the company has been used
  - ii. It has not been signed by or on behalf of the Member
  - iii. Signature on the postal ballot form doesn't match the specimen signatures with the Company
  - iv. It is not possible to determine without any doubt the assent or dissent of the Member
  - v. Neither assent nor dissent is mentioned
  - vi. Any competent authority has given directions in writing to the company to freeze the Voting Rights of the Member
  - vii. The envelope containing the postal ballot form is received after the last date prescribed
  - viii. The postal ballot form, signed in a representative capacity, is not accompanied by a certified copy of the relevant specific authority
  - ix. It is defaced or mutilated in such a way that its identity as a genuine form cannot be Established
  - x. Member has made any amendment to the Resolution or imposed any condition while exercising his vote.
  - xi. Postal Ballot Form is received after the aforesaid stipulated period shall not be counted for the purposes of passing of the resolution.

# SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED

CIN: L24231KA1995PLC101742

**Registered Office:** 201, Jayanagar 4th T Block, Sumeru Towers, II Floor, #54/46, 11th Main Road, 39th A Cross, Bengaluru - 560041 (Karnataka)

Website www.source-natural.com • Tel: (080) 26087727 / 26 • Fax: (080) 22449505

**22<sup>ND</sup> Annual General Meeting on Monday, the 18<sup>th</sup> of September, 2017 at 10:00 A.M.**

## MGT-11 - PROXY FORM

*[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014*

<b>CIN</b>	L24231KA1995PLC101742
<b>Name of the Company</b>	<b>SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED</b>
<b>Registered Office</b>	201, Jayanagar 4th T Block, Sumeru Towers, II Floor, #54/46, 11th Main Road, 39th A Cross, Bengaluru - 560041 (Karnataka)
<b>Name of Member(s)</b>	
<b>Registered Address</b>	
<b>Email ID</b>	
<b>Folio No./ DP ID – Client ID</b>	

I/We, being the Member(s) of and hold/holds \_\_\_\_\_ shares of above named Company, hereby appoint:

(1) Name.....Address: .....

Email ID: ..... Signature: .....Or failing him/her;

(2) Name..... Address: .....

Email ID: ..... Signature: ..... Or failing him/her;

(3) Name..... Address: .....

Email ID: ..... Signature: .....

As my/our proxy to attend and vote (on a poll) for me/us and On my/our behalf at the 22<sup>nd</sup> Annual General Meeting of the Company to be held on Monday, the 18<sup>th</sup> September, 2017 at 10.00 A.M. at Hotel Pai Viceroy, 1504, 16th Cross, 9th Main, 3rd Block, near Ramakrishna Super Speciality Hospital, Jayanagar, Bengaluru, Karnataka 560011 and at any adjournment thereof in respect of such resolution:

Item No.	Resolution	For	Against
<b>ORDINARY BUSINESS</b>			
Item No. 1	Approval of Audited Financial Statements for the year ended on 31 <sup>st</sup> March, 2017.		
Item No. 2	Re-appointment of Retiring Director, Shri Narayanan Narsimhan.		
Item No. 3	Ratification of appointment of M/s. Srinaga & Giridharan, Chartered Accountant, as the Statutory Auditors of the Company.		
<b>SPECIAL BUSINESS</b>			
Item No. 4	Appointment of Mr. Tejagna Kashmira Katpitia as Director of the Company		
Item No. 5	Appointment of Mr. Tejagna Kashmira Katpitia as Whole-time Director of the Company		



Signed this .....day of ..... 2017

Signature of Member(s): .....

Signature of Proxy holder(s): .....

Affix Revenue Stamp of Re. 1/-
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**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Statement setting out material facts thereon and notes, please refer to the Notice of the Annual General Meeting.
3. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Members.

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

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**22<sup>ND</sup> Annual General Meeting on Monday, the 18<sup>th</sup> of September, 2017 at 10:00 A.M.**

**ATTENDANCE SLIP**

[PLEASE COMPLETE THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE  
OF THE AUDITORIUM]

Name and address of the registered member	
Folio No./DP ID No./ Client ID No.	
No. of Shares	

I hereby record my presence at the 22<sup>nd</sup> Annual General Meeting of the Company to be held at Hotel Pai Viceroy, 1504, 16th Cross, 9th Main, 3rd Block, near Ramakrishna Super Speciality Hospital, Jayanagar, Bengaluru, Karnataka 560011 on Monday, the 18<sup>th</sup> day of September, 2017 at 10:00 A.M

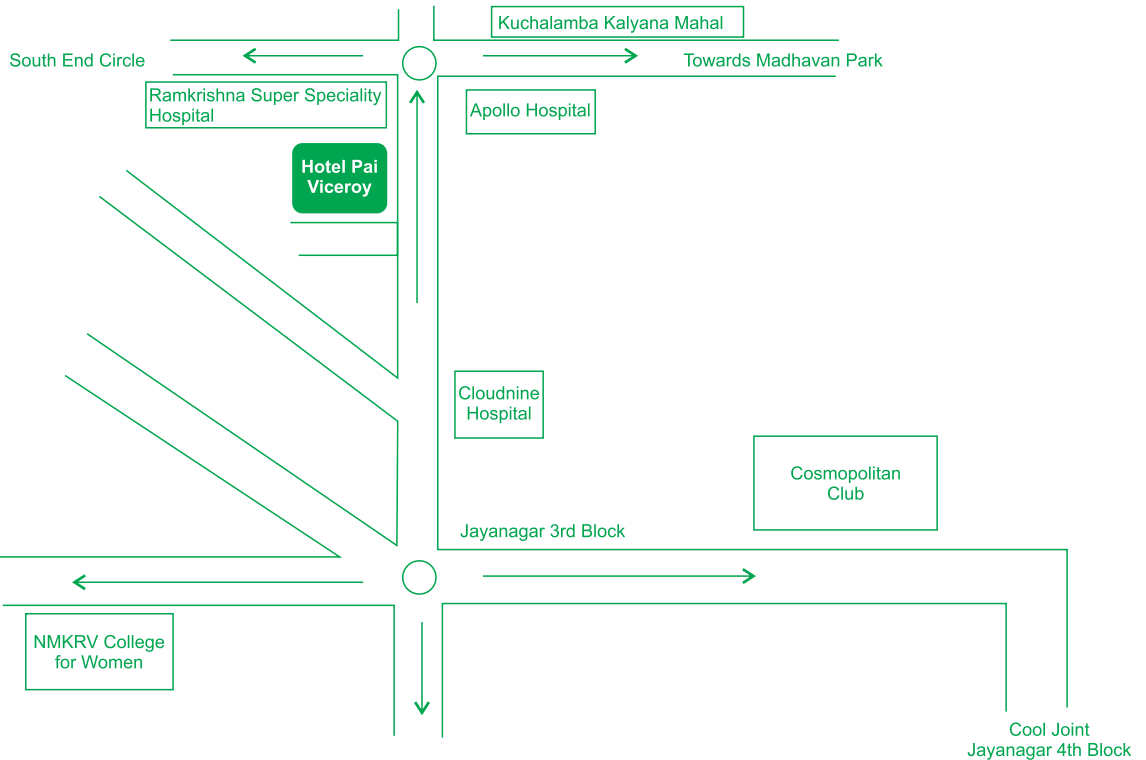
\_\_\_\_\_  
Signature of the Member/Joint Member/Proxy attending the Meeting

<b>Electronic Voting Event Number (EVSN)</b>	<b>User ID</b>	<b>Password</b>

**Note:**

*Person attending the Meeting is requested to bring this Attendance Slip and Annual Report with him/her. Duplicate Attendance and Annual Report will not be issued at the Annual General Meeting.*

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Route Map for the venue of 22st Annual General Meeting of Source Natural Foods and Herbal Supplements Limited to be held on 18th September, 2017 at 10:00 AM

## PRINTED MATTER

If Undelivered please return to :

Source Natural Foods and Herbal Supplements Limited  
201, II Floor, Sumeru Towers  
#54/46, 39th 'A' Cross, 11th Main Road,  
Jayanagar 4th 'T' Block, Bangalore - 560 041.