



July 14<sup>th</sup>, 2021

**BSE Limited**  
25<sup>th</sup> Floor, Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumabi - 400 001

**Ref: Source Natural Foods & Herbal Supplements Limited (531398)**

**Sub: Regulation 34(1) Annual Report**

Dear Sir/ Madam,

Pursuant to Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith a copy of the Company's Annual Report for the financial year 2020-2021, which contains, inter-alia, the Notice convening the 26<sup>th</sup> Annual General Meeting (AGM).

Further, pursuant to Regulation 42 of Listing Regulations, Register of Members and Share Transfer Books will remain closed from **Thursday 29<sup>th</sup> July, 2021 to Thursday 05<sup>th</sup> August, 2021** (both days inclusive) for the purpose of 26<sup>th</sup> Annual General Meeting and the Cut-off date will be **28<sup>th</sup> July, 2021** for determining the list of shareholders eligible for e-voting for the Annual General Meeting.

Kindly take the above on record.

Thanking You,  
Yours Truly,  
For **Source Natural Foods and Herbal Supplements Limited**

*Sweta Gaur*  
**Sweta Gaur**  
**Company Secretary & Compliance Officer**  
Encl: as above



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Thanking You,

Yours Truly,

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Sweta Gaur



# 26th ANNUAL REPORT | 2020-21



## SOURCE NATURAL FOODS & HERBAL SUPPLEMENTS LIMITED

## BOARD OF DIRECTORS

|                           |                                   |
|---------------------------|-----------------------------------|
| MR. ARVIND VARCHASWI      | MANAGING DIRECTOR                 |
| MR. NARAYANAN NARASIMHAN  | NON-EXECUTIVE DIRECTOR & CHAIRMAN |
| MR. TEJAGNA KATPITIA      | EXECUTIVE DIRECTOR                |
| MR. SRINIVAS GOWRA        | INDEPENDENT DIRECTOR              |
| MR. SRIRAM CHANDRASEKARAN | INDEPENDENT DIRECTOR              |
| MR. CHANDRAKUMAR L. RATHI | INDEPENDENT DIRECTOR              |
| MRS. BHARATHY             | INDEPENDENT DIRECTOR              |

## KEY MANAGERIAL PERSONNEL

|                        |   |
|------------------------|---|
| MR. SESHADRI RAMASWAMY | CHIEF FINANCIAL OFFICER                     |
| MRS. SWETA GAUR        | COMPLIANCE OFFICER AND<br>COMPANY SECRETARY |

## REGISTERED OFFICE

201, II Floor, Sumeru Towers, #54/46, 39th A Cross, 11th Main Road,  
Jayanagar 4th T Block, Bangalore-560 041, Karnataka, India  
CIN: L24231KA1995PLC101742, Phone: 080 26087733, Fax: 080 22449505  
Web: [www.source-natural.com](http://www.source-natural.com) E-Mail: [info@source-natural.com](mailto:info@source-natural.com)

## INVESTORS CONTACT E-MAIL ID

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

## AUDITORS

Srinaga & Giridharan Chartered Accountants  
136/1, I Floor, 5th Main, Chamarajpet Bangalore -560018

## SHARE TRANSFER AGENTS

Venture Capital & Corporate Investments Private Limited,  
12-10-167, Bharatnagar, Hyderabad – 500 018.

# In this Report

## **Corporate Overview**


- Mission & Vision
- Our 360° Approach
- Our Certifications
- Our Offerings
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- What Makes Us Different

## **Notice & Statutory Reports**

- Notice AGM 2021
- Director Report 2021
- Annexures

## **Financial Statements**

- Independent Audit Report
- Balance Sheet





# MISSION & VISION



## MISSION

Kindle health & happiness in individuals through the holistic science of life, Ayurveda.

## VISION

Enabling a holistic approach towards health and well being by restoring values of Ayurveda in modern lifestyles. Providing authentic and effective products of the highest quality standards.

## OUR 360° APPROACH



A team of experienced Ayurveda doctors.



In-house R&D experts and facility to ensure innovation & quality in our products.



Committed to maintain hygiene & safety standards in manufacturing our products. Driven by technology and stringent control systems.



A strong supply chain system already present catering to a wide network of retail and modern trade outlets ensures timely delivery and quality service across length & breadth of the country.

High quality, responsible products for wholesome and healthy living





# SCIENCE PURITY LOVE



**5000+ Years**  
Ancient Science  
of Ayurveda



**Decades**  
of Mastering  
Modern Science



Prefected natural  
plant-based formulas.



**Herbs**  
Wildcrafted  
and organic



**Stringent Quality  
Process**  
State-of-the-art  
manufacturing  
facilities  
(GMP, HCCP,  
ISO 22000)



**Well being**  
Team meditates daily



**Sharing**  
Ayurveda  
Globally



**Contribution**  
of profits &  
resources



**Social  
Projects**



Premium quality products  
made affordable for  
daily use.

# OUR CERTIFICATIONS

A Commitment to the Highest Quality



AYUSH GMP



AYUSH Premium Mark



ISO 2200:2008



VEGAN



Certificate of Registration: Oman



Halal Certificate



USDA Organic



Site License Canada



HACCP



US FDA Food Facility Registration



Manufacturing Site Registration: UAE



ANMAT Argentina



# OUR OFFERINGS



RANGE OF  
HERBAL HEALTH DRINKS



# OUR OFFERINGS



## HEALTH CARE RANGE



# OUR OFFERINGS



## HAIR CARE RANGE

# OUR FRONT RUNNERS

## Shakti Drops

- Daily all round protection
- Herbal Immunity Builder
- Builds strength & stamina
- Safe for all Age groups
- 8 Certified Organic Herbs



*Shakti Drops*

## Amruth

- Boosts immunity
- Effective rejuvenating agent
- Eliminates toxins, destroys pathogens and combats various infections



*Amruth*

## Tulasi Arka

- Boosts immunity
- Fights against various infections
- Prevents and treats respiratory illness



*Tulasi Arka*

## Ojasvita

- Natural Source of Essential Nutrients
- Gives Overall Nourishment
- Promotes Fit Body
- Promotes Sharp Mind



*Ojasvita*

# WHAT MAKES US DIFFERENT





*Dear Member,*

You are cordially invited to attend the 26th Annual General Meeting of the members of **Source Natural Foods and Herbal Supplements Limited** ("the Company") to be held on Thursday, August 5th, 2021 at 12:00 p.m. through video conference and other audio-visual means ("VC").

*The Notice of the meeting, containing the business to be transacted, is enclosed herewith. As per Section 108 of the Companies Act, 2013 ("the Act"), read with the related rules and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the LODR Regulations"), the Company is pleased to provide its members the facility to cast their vote by electronic means on all resolutions set forth in the Notice.*

Sd/-

**Narayanan Narasimhan**

Chairman

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**Enclosures:**

1. Notice of the 26th Annual General Meeting.
  2. Instructions for participation through VC
  3. Instructions for e-voting
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**Source Natural Foods and Herbal Supplements Limited.**

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*Registered Office Address:*

No. 201, Sumeru Towers, #54/46, Second Floor, 11th Main Road,  
39th A Cross, Jayanagar 4th T Block, Bangalore - 560041.

# Notice

Notice is hereby given that the Twenty Sixth Annual General Meeting of **SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED** will be held on Thursday , 5th August, 2021 at 12:00 P.M. through video conferencing ("VC")/other audio visual means ("OAVM") to transact the following business:

## Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements for the financial year ended on 31st March, 2021 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. **Re-appointment of Statutory Auditors of the Company**  
RESOLVED THAT pursuant to the provisions of Section 139 ,140 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, M/s Srinaga & Giridharan Chartered Accountants, 136/1, I Floor, 5th Main, Chamarajpet, Bangalore- 560 018, Firm Registration No. 004013S be and are hereby re-appointed as the Statutory Auditors of the Company to hold office for their second term of 5 (Five) years from the conclusion this Annual General Meeting till the conclusion of 31st Annual General Meeting on such remuneration and terms and conditions as set out in the explanatory statement to this Notice."

### SPECIAL BUSINESS:

#### 4. **APPROVAL FOR RELATED PARTY TRANSACTIONS WITH SRIVEDA SATTVA PRIVATE LIMITED.**

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 188 and all other applicable provisions of the Companies Act, 2013 and Companies (Meetings of Board and its powers) Rules 2014 (including any statutory modifications(s) or re-enactment thereof, for the time being in force) the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter called ' the Board' which term shall be deemed to include any committee which the Board may constitute for this purpose) for execution of contracts with the related parties as set out below and in which Chairman of the Company is interested, for the purpose of purchase or sale of any goods or materials or for the purpose of receiving services, as the Board in its discretion deem proper, as per the terms and conditions:

| Sl. No. | Name of Contracting Entity     | Period of Contract       | Value of Contract (Rs.) |
|---------|--------------------------------|--------------------------|-------------------------|
| 1       | Sriveda Sattva Private Limited | 06/08/2021 to 05/08/2024 | 50 Crores per annum     |

“RESOLVED FURTHER THAT the Audit committee and the Board of Directors of the Company be and is hereby authorized to determine the actual sums to be involved in the transaction, and to finalize the terms and conditions including the period of transactions and all other matters arising out of or incidental to the proposed transactions and generally to do all acts, deeds and things that may be necessary, proper, desirable or expedient and to execute all documents, agreements and writings as may be necessary, proper, desirable or expedient to give effect to this resolution”.

**Date: 28.06.2021**

**Regd. Office:**

201, II Floor, Sumeru Towers, #54/46, 39th A Cross,  
11th Main Road, Jayanagar, 4th T Block,  
Bangalore - 560041.

By Order of the Board  
**(Arvind Varchaswi N.)**  
**Managing Director**  
**DIN: 00143713**

# Notice

1. Pursuant to the General Circular numbers 14/2020 dated April 08, 2020, 17/2020 dated April 13, 2020, 20/2020 dated May 05, 2020, 22/2020 dated June 15, 2020, 33/2020 dated September 28, 2020, 39/2020 dated December 31, 2020 and 02/2021 dated January 13, 2021, issued by the Ministry of Corporate Affairs (MCA) and Circular numbers SEBI/HO/CFD/CIR/P/2020/79 dated May 12, 2020 SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 issued by the Securities and Exchange Board of India (SEBI) (hereinafter collectively referred to as “the Circulars”), companies are allowed to hold Annual General Meeting (AGM) through VC/OAVM, without the physical presence of Shareholders (or “Members”) at a common venue. In compliance with the Circulars, this AGM is being held through VC / OAVM and the Notice and the Annual Report 2020-2021 are being sent only by electronic mode to those Members whose Email addresses are registered with the Company / Depository Participant(s). Members may also note that the Notice and the Annual Report 2020-2021 are also available on the Company’s website, [www.source-natural.com](http://www.source-natural.com). and website of the Central Depository Services (India) Limited (CDSL) viz., <https://www.evotingindia.com> and the websites of the Stock Exchanges i.e. BSE Limited respectively.
2. Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (“the Act”) relating to special business to be transacted at the AGM is annexed.
3. As per the Act, a Member is entitled to attend and vote at the AGM or is entitled to appoint a proxy to attend and vote instead of himself / herself and such proxy need not be a Member of the Company. However, as this AGM is being conducted through VC / OAVM, the facility for appointment of Proxy by the Members is not available for this AGM and hence the Proxy Form, Attendance Slip and Route Map are not annexed to this Notice.
4. Participation of Members through VC / OAVM will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Act.
5. 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 9th July, 2021.
6. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, 29th July, 2021 to Thursday 05th August, 2021 (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 favor of the resolutions.



8. The requirement to ratify the appointment of Auditors by the Members at every Annual General Meeting is done away with vide notification dated May 07, 2018 issued by the corporate affairs, New Delhi. Accordingly, no resolution is proposed for the ratification of appointment of auditors, who were appointed in the Annual General Meeting, held on 26th September, 2016 for the period of 5 years. The Auditors will be reappointment for further term of 5 years after the approval of member in the Annual General meeting 2021.
9. Shareholders holding shares in identical order of names in more than one folio are requested to write to the Company, enclosing their share certificates to enable the Company to consolidate their holdings in one folio to facilitate better service.
10. Ministry of Corporate Affairs has undertaken a "Green Initiative in Corporate Governance" and allowed companies to send documents such as Notice of the Annual General Meeting, Audited Financial Statements, Directors' Report, Auditors' Report, etc., to the shareholders in electronic form instead of the paper form. Members are requested to send/ update their email address with their Depository or Registrar and Transfer Agents of the Company.
11. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or arrangements in which the directors are interested under Section 189 of the Companies Act, 2013, can be given as per email request.
12. **a)** Members who hold shares in physical form can nominate a person in respect of all the shares held by them singly or jointly. Members who hold shares in single name are advised, in their own interest to avail the nomination facility. Members holding shares in dematerialized form may contact their respective depository participant(s) for recording of their shares.  
**b)** Members holding shares in physical mode are required to submit their permanent Account Number (PAN) and Bank account details submit (cancelled cheque of your bank account) to the Company/RTA viz. M/s. Venture Capital & Corporate Investments Private Limited, if not registered with the Company as mandated by SEBI.  
**c)** Members holding physical shares are requested to register/ update their e-mail address/ Telephone No. with the Company/ Venture Capital & Corporate Investments Pvt. Ltd for receiving all communications from the Company electronically and to immediately notify any change in their address to the Registered Office of the Company / RTA.  
**d)** SEBI has amended relevant provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 to disallow listed Companies from accepting request for transfer of securities which are held in physical form, with effect from 1st April 2019. The shareholders who continue to hold shares in physical form even after this date, will not be able to lodge the shares with Company/its RTA for further transfer. They will need to convert them to demat form compulsorily if they wish to effect any transfer. Only the requests for transmission and transposition of securities in physical form, will be accepted by the RTA

# Instructions - Voting through Electronic Means

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM/EGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM/EGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015 (as amended), and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM/EGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the EGM/AGM will be provided by CDSL.
3. The Members can join the EGM/AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the EGM/AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the EGM/AGM without restriction on account of first come first served basis.
4. The attendance of the Members attending the AGM/EGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM/EGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM/EGM through VC/OAVM and cast their votes through e-voting.

6. In line with the Ministry of Corporate Affairs (MCA) Circular No. 17/2020 dated April 13, 2020, the Notice calling the AGM/EGM has been uploaded on the website of the Company at <http://www.source-natural.com/investor-annual-report.php>. The Notice can also be accessed from the websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com). The AGM/EGM Notice is also disseminated on the website of CDSL (agency for providing the Remote e-Voting facility and e-voting system during the AGM/EGM) i.e. [www.evotingindia.com](http://www.evotingindia.com).
7. The AGM/EGM has been convened through VC/OAVM in compliance with applicable provisions of the Companies Act, 2013 read with MCA Circular No. 14/2020 dated April 8, 2020 and MCA Circular No. 17/2020 dated April 13, 2020 and MCA Circular No. 20/2020 dated May 05, 2020.
8. In continuation of this Ministry's General Circular No. 20/2020, dated 05th May, 2020 and after due examination, it has been decided to allow companies whose AGMs were due to be held in the year 2020, or become due in the year 2021, to conduct their AGMs on or before 31.12.2021, in accordance with the requirements provided in paragraphs 3 and 4 of the General Circular No. 20/2020 as per MCA circular no. 02/2021 dated January, 13, 2021.

**THE INTRUCTIONS OF SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM/EGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:**

- I. The voting period begins Monday 02.08.2021 at 09.00 A.M and ends on Wednesday 04.08.2021 at 5:00PM During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date Wednesday, 28-07-2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- II. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- III. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level. Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

IV. In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode is given below:

| Type of shareholders   | Login Method   |
|--|--|
| Individual Shareholders holding securities in Demat mode with CDSL | <ol style="list-style-type: none"> <li>1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or visit <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi.</li> <li>2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> </ol> |



4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on [www.cdslindia.com](http://www.cdslindia.com) home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

Individual Shareholders holding securities in demat mode with NSDL

- 1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <https://eservices.nsd.com> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
- 2) If the user is not registered for IDeAS e-Services, option to register is available at <https://eservices.nsd.com>. Select “Register Online for IDeAS “Portal or click at <https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp>
- 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsd.com/> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting

Individual Shareholders (holding securities in demat mode) login through their Depository Participants

service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

## Important note:

Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL.

| Login type   | Helpdesk details   |
|--|--|
| Individual Shareholders holding securities in Demat mode with CDSL | Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 and 22-23058542-43. |
| Individual Shareholders holding securities in Demat mode with NSDL | Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30               |

**V.** Login method for e-Voting and joining virtual meeting for shareholders other than individual shareholders holding in Demat form & physical shareholders.

1. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
2. Click on “Shareholders” module.
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. Shareholders 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** and voted on an earlier e-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 Shareholders holding shares in Demat Form other than individual 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>• Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li></ul> |
| Dividend Bank Details OR Date of Birth (DOB)   | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"><li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).</li></ul>                      |

**VI.** After entering these details appropriately, click on “SUBMIT” tab.

**VII.** Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.

- VIII.** For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- IX.** Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- X.** 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.
- XI.** Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- XII.** 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.
- XIII.** Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- XIV.** You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- XV.** 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.
- XVI.** Facility for Non – Individual Shareholders and Custodians –Remote Voting
  - ▶ Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves in the “Corporates” module.
  - ▶ 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.



## Item No. 4

The Members are informed that the Company has been carrying on transactions with the following Related parties and it is proposed that the same shall continue after the expiration of the present approval from Members in July, 2021.

### **The proposed transactions limits as mentioned below are proposed for approval:**

1. Sriveda Sattva Private Limited is engaged in the trading of Ayurvedic and Food Supplements in India. It is private limited company, promoter and holding company of Source Natural in which Mr. Arvind Varchaswi N, Managing Director and Mr. Narayanan Narasimhan, Chairman/Director respectively of the Company are Directors.

Source Natural has a wide network of distributors and retailers and further sells the products of Sriveda Sattva Private Limited through its network

The Particulars of the transactions pursuant to Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014 are as under:

| Name of the Party              | Name of the Director Interested  | Nature of Relationship       | Particulars of Contract or arrangement | Material or Monetary Value of Contract | Duration of Contract     |
|--------------------------------|--|------------------------------|--|--|--------------------------|
| Sriveda Sattva Private Limited | Mr. Narayanan Narasimhan (00143620) – Chairman<br>Mr. Arvind Varchaswi N (00143713) - Director | Promoter and Holding Company | Purchase of goods and services         | Rs. 50 Crores Per annum                | 06/08/2021 to 05/08/2024 |

- ▶ Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; cs@source-natural.com (designated email address by company) , if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

## Instructions for shareholders attending the AGM/EGM through VC/OAVM & E-VOTING during meeting are as under:

1. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for Remote e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM/EGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast 7 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 3 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at (company email id). These queries will be replied to by the company suitably by email.

8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM/EGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the EGM/AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the EGM/AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

## Process for those shareholders whose email / mobile no. are not registered with the company / depositories.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders -, Please update your email id & mobile no. with your respective Depository Participant (DP)
3. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact at 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL, ) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or call on 022-23058542/43.

# Explanatory Statement

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

## Item No. 3

### Re-appointment of statutory auditors of the company

M/s Srinaga & Giridharan., Chartered Accountants were appointed as the Statutory Auditors in the financial year 2015-16 i.e. In accordance with the provisions of Section 139(1) of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 ('the Act'), M/s. Srinaga & Giridharan. were appointed as the Statutory Auditors of the Company at the 21st Annual General Meeting ('AGM') held on 26th September, 2016 for a term of 5 years i.e. to hold office upto the 26 th AGM. M/s Srinaga & Giridharan. would be completing 5 years as the Statutory Auditors of the Company at this AGM. In accordance with Section 139(2) of the Act and the transitional provisions provided under Rule 6 of the Companies (Audit and Auditors) Rules, 2014, M/s. Srinaga & Giridharan. are eligible for re-appointment for a second term of 5 years. Terms and Conditions of Re-appointment are as under:

Term of Appointment: 5 year from the conclusion of 26th AGM till the conclusion of 31st AGM.

The Company has received a Special Notice under Section 140(4) of the Companies Act, 2013, from eligible member(s) for appointing M/s Srinaga & Giridharan, Chartered Accountants, 136/1, I Floor, 5th Main, Chamarajpet, Bangalore- 560 018, Chartered Accountants, as the Statutory Auditors of the Company, at the 21st Annual General Meeting of the Company for a period of 5 years.

M/s Srinaga & Giridharan, Chartered Accountants have given written consent for their appointment and also certificate that the appointment, if made, shall be in accordance with the conditions prescribed under the Companies Act, 2013 and the Rules made thereunder and that it satisfies the criteria provided under Section 141 of the Companies Act, 2013

None of the Directors, Key Managerial Personnel of Company and their relatives are concerned or interested in the said resolution

The Directors recommend the aforesaid resolution for the approval by the members as a Special Resolution.





Terms of Contract or Arrangement:

### **SRIVEDA SATTVA PRIVATE LIMITED**

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It buy products from Source Natural under the brand name or trademark as may be decided by both the parties from time to time. Sriveda further sells these products to the Customers using its existing distribution network throughout the India.

Source Natural sells the products to Sriveda Sattva Private Limited at market rate/arms length price in ordinary course of business.

Your Board of Directors request the members to approve the transactions by passing it as a Special resolution.

None of the Directors, Key Managerial Personnel of Company and their relatives other than Mr. Narayanan Narasimhan and Mr. Arvind Varchaswi are concerned or interested in the said resolution.

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#### **BRIEF PROFILE OF THE DIRECTOR: Shri Narayanan Narasimhan:**

Mr. Narayanan Narasimhan, a 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.

# DIRECTORS' REPORT

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

Your Directors take pleasure in presenting this 26th Annual Report on the business and operations of your Company along with the Audited Financial Statements and Auditors Report for the Financial year ended 31st March 2021. The Financial Highlights for the year under review are given below:

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## 1. Financial results

| Particulars   | (Rs. in Lakhs) |            |
|---|----------------|------------|
|   | 31.03.2021     | 31.03.2020 |
| Total revenue   | 2521.98        | 1361.54    |
| Profit/ (Loss) before exceptional and extraordinary items and tax | 404.63         | 184.74     |
| Exceptional Items   | 1.47           | -          |
| Profit before extraordinary items and tax                         | 403.15         | 184.74     |
| Extraordinary Items   | -              | -          |
| Tax expenses  | 65.75          | 20.77      |
| Net Profit/(Loss) carried to Balance Sheet                        | 337.40         | 163.98     |
| Earnings Per Share (Basic/ Diluted)                               | 5.24           | 2.55       |

## 2. Operations:

The company adopted well planned systems to carry out its operations in an optimised and safe manner to continue catering to consumers without interruption. Being a specialised facility for health care products, all systems were adhered to strictly and extra special care was taken to ensure a safe environment for the workforce. Our focus was on our people's health & safety, ensuring uninterrupted supplies of the Covid-19 relevant portfolio, meeting the demand of consumers arising out of changed lifestyles and needs during the pandemic, caring for the communities in which we operate, preserving cash and optimising our business model. The year 2020 saw Ayurveda being adopted by new consumers as an effective way to prevent and protect oneself from the adverse effects of a restricted lifestyle and also ailments and viruses. Immunity building herbal products were at the forefront to help people stay healthy and protected.

The Total revenue of the Company for the year ended 31<sup>st</sup> March, 2021 was Rs. 2521.98 Lakhs, which has increased by 85.22 % as compared to the total revenue in previous year of Rs 1361.54 Lakhs.

The total expenses for the year ended 31st March, 2021 has increased to Rs.2117.35 lakhs compared to Rs. 1176.81 lakhs of the previous year ended 31st March 2020,

## 3. Future prospects & outlook:

This unprecedented pandemic has encouraged people and organizations to become more conscious of their choices and move towards better lifestyle choices. Ayurveda is an immortal time tested repository of the healthcare system in the world and through the pandemic saw more people relying on its remedies than before.

Indian Ayurvedic products market exhibited strong growth during 2015-2020 and is expanding at a CAGR of around 15% during 2021-2026. A key factor driving the Indian Ayurvedic products market is increasing popularity of effective and pure formulations which consumers can trust. Moreover, catalysed by economic growth and rising incomes, per capita expenditures on healthcare products have increased significantly over the past few years, creating a positive impact on the Ayurvedic products and food supplements market. The distribution network of herbal products have improved significantly, increasing the accessibility of these products across both urban and rural regions. The government of India is also promoting the usage of Ayurvedic products through awareness programmes and campaigns.

With the continuing situation of Covid-19, the demand for specialised and natural Immunity booster products has grown and for that your Company will focus on building widespread awareness for its products both through the offline as well as the online space, simultaneously expand distribution channels and consistently increase its customer base.

In this continue situation of the COVID, the demand for specialised and natural Immunity booster products have grown exponentially and for that your Company will continue to contribute its might to the growth of Ayurveda and Herbal Supplements and at the same time enhance shareholder's wealth by accelerated performance.

## 4. Research and development:

Ayurveda, the traditional Indian medicinal system remains the most ancient yet living traditions with sound philosophical and experimental basis. It is a science of life with a holistic approach to health and personalized medicine. It is known to be a complete medical system that comprised physical, psychological, philosophical, ethical, and spiritual health.

In Ayurveda, each cell is considered to be inherently an essential expression of pure intelligence hence called self-healing science. In addition, to the self-healing concept, the use of herbal treatment is equally important in this Indian traditional system of medicine.

The COVID-19 pandemic has seen unprecedented demand for COVID-19 around the world, it is the time to define Ayurveda itself that whether the use of herbs is Ayurveda or the use of herbs and other treatment modalities as per Ayurvedic principles is Ayurveda. The research methodology should be planned and adopted accordingly.

## 5. Dividend:

In order to reserve the available resources for future growth, your Directors do not recommend any dividend for the financial year ended 31-03-2021.

## 6. Amount transferred to reserves:

The amount to be carried to Reserves is Rs. 337.39 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.

The profiles of Directors retiring by rotation is given elsewhere in the Annual Report.

## 11. Number of meetings of the board and their attendance during the financial year 2020-21

|                           | 26-06-2020 | 31-08-2020 | 12-11-2020 | 13-02-2021 |
|---------------------------|------------|------------|------------|------------|
| Mr. N. Narasimhan         | P          | P          | P          | P          |
| Mr. Arvind Varchaswi      | P          | P          | P          | P          |
| Mr. Tejagna Katpitia      | P          | P          | P          | P          |
| Mr. Srinivas Gowra        | P          | P          | P          | P          |
| Mr. Sriram Chandrasekaran | P          | P          | P          | P          |
| Mr. CL Rathi              | A          | P          | P          | P          |
| Mrs. Bharathy             | P          | P          | P          | P          |

## 12. Number of meetings of the audit committee

During the year 2020-21, the Committee met 4 (Four) times on the following dates, viz, June 26th, 2020, August 31st, 2020, November 12th 2020 and February 13th, 2021.

The following are the details of the Directors, their attendance at the Audit Committee Meeting held during the year 2020-21.

| Name                      | Designation in committee | Attendance |
|---------------------------|--------------------------|------------|
| Mr. Srinivas Gowra        | Chairman                 | 4          |
| Mr.Sriram Chandrasekaran  | Member                   | 4          |
| Mr. Chandrakumar L. Rathi | Member                   | 3          |

## 13. Number of meetings of the stakeholders relationship committee

The Stakeholders Relationship Committee is constituted pursuant to the provisions of the Companies Act, 2013.

During the year one meeting of the Committee was held on 12th November 2020.

The following are the details of the Directors, their attendance at the Stakeholders Relationship Committee Meeting held during the year 2020-21.

| Name                    | Designation | Attendance |
|-------------------------|-------------|------------|
| Mr.SriramChandrasekaran | Chairman    | 1          |
| Mr. Srinivas Gowra      | Member      | 1          |
| Mr. Arvind Varchaswi N. | Member      | 1          |

## 14. Number of meetings of the nomination and remuneration committee

The Nomination and Remuneration Committee is constituted pursuant to the provisions of the Companies Act, 2013.

During the year Two meeting of the Committee was held on 26th June 2020 and 31st August 2020.

The following are the details of the Directors, their attendance at the Nomination and Remuneration Committee Meeting held during the year 2020-21.

| Name                      | Designation | Attendance |
|---------------------------|-------------|------------|
| Mrs. Bharthy              | Chairman    | 2          |
| Mr. Srinivas Gowra        | Member      | 2          |
| Mr. Sriram Chandrasekaran | Member      | 2          |

## 15. Details of shareholders meetings held and attendance for the financial year 2019-20

| Details of General Meeting | Date of Meeting | Number of Shareholders |          |      |
|----------------------------|-----------------|------------------------|----------|------|
|                            |                 | Entitled               | Attended | %    |
| Annual General Meeting     | 29-09-2020      | 3060                   | 30       | 0.98 |

## 16. A) Distribution of shareholding as at 31st march, 2021

| Category / No of Shares | Number of Shareholders | % of Total Shareholders | Amount in Rs.   | % of Holdings to Total shareholding |
|-------------------------|------------------------|-------------------------|-----------------|-------------------------------------|
| Upto-500                | 2749                   | 93.19                   | 1963260         | 3.05                                |
| 501-1000                | 88                     | 2.98                    | 669360          | 1.04                                |
| 1001-2000               | 36                     | 1.22                    | 522850          | 0.81                                |
| 2001-3000               | 14                     | 0.47                    | 344900          | 0.54                                |
| 3001-4000               | 9                      | 0.31                    | 304170          | 0.47                                |
| 4001-5000               | 7                      | 0.24                    | 318000          | 0.49                                |
| 5001-10000              | 15                     | 0.51                    | 1082640         | 1.68                                |
| 10001 and above         | 32                     | 1.08                    | 59164130        | 91.56                               |
| <b>Total</b>            | <b>2950</b>            | <b>100</b>              | <b>64369310</b> | <b>100</b>                          |

## 17. B) Market price data and performance comparison:

1) The market price data High, Low and Close during each month from 1st April, 2020 to 31st March, 2021 are mentioned below:

| Monthly Market price details from 01.04.2020 to 31.03.2021 |       |       |       |       |
|--|-------|-------|-------|-------|
| Trade date/Month   | Open  | High  | Low   | Close |
| April, 2020  | 72.30 | 87.00 | 70.30 | 70.30 |



Monthly Market price details from 01.04.2020 to 31.03.2021

| Trade date/Month | Open   | High   | Low    | Close  |
|------------------|--------|--------|--------|--------|
| May, 2020        | 70.30  | 70.50  | 46.05  | 48.00  |
| June, 2020       | 46.00  | 68.25  | 46.00  | 68.25  |
| July, 2020       | 71.65  | 74.90  | 60.15  | 67.10  |
| August, 2020     | 67.10  | 176    | 64.25  | 171.30 |
| September, 2020  | 171    | 178.50 | 123.05 | 123.05 |
| October, 2020    | 120.60 | 128.35 | 112.45 | 125.50 |
| November, 2020   | 128    | 176.35 | 125.50 | 168.15 |
| December, 2020   | 171.50 | 189    | 159.75 | 169.95 |
| January, 2021    | 174    | 174    | 126.10 | 141.25 |
| February, 2021   | 134.20 | 188    | 134.10 | 149.90 |
| March, 2021      | 164.75 | 164.75 | 130    | 148    |

## 17. 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. Seshadri Ramaswamy**

Chief Financial Officer

**Mrs. Sweta Gaur**

Company Secretary

## 18. 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>.

## 19. 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>.

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 were discussed.

## 20. Particulars of remuneration to directors/kmp/employees:

There were no employees during the year 2020-21 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 which is posted on website of the company <http://www.source-natural.com/announcements-other.php>

## 21. 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 on 31st March, 2021 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.

## 22. Auditors:

In accordance with Section 139(9), 140(4), 141, 142 and other applicable provisions if any of the Companies Act, 2013 The Statutory Auditors M/s. Srinaga&Giridharan, Chartered Accountants, Bangalore, having Firm Registration No 004013S, holds office until the conclusion of the ensuing Annual General Meeting and is eligible for reappointment.

Your Company has received confirmation from the Auditors to the effect that their appointment, if made, will be in accordance with the limits specified under the Companies Act, 2013

Your Board is of the opinion that continuation M/s. Srinaga&Giridharan, as Statutory Auditors during FY 2020- 21 will be in the best interests of the Company and therefore, Members are requested to consider their re-appointment as Statutory Auditors of the Company from the conclusion of 26th Annual General Meeting till 31st next Annual General Meeting at remuneration be decided by the Board.

The Audit Report for the financial year 2020-21 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.

## 23. **S**ecretarial audit report:

The Board appointed Mr. Ajay Suman Shrivastava, Practicing Company Secretary, to carry out Secretarial Audit for the financial year 2020-21, under the provisions of Section 204 of the Companies Act, 2013. The Secretarial Audit Report is annexed to this report as Annexure-1. There are no qualifications made by the Auditor in the report. Annexure 2 is annexed as certificate of Non Dis-Qualification of Directors.

## 24. **M**anagement discussion and analysis:

The Management Discussion and Analysis Report, prepared in accordance with Schedule V of the SEBI Listing Regulations, are annexed to this report as Annexure-3.

## 25. **D**etails of significant & material orders passed by the regulators or courts or tribunal:

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

## 26. Risk management:

The Company has a comprehensive risk assessment and minimization procedure, which are reviewed by the Board and the Audit Committee of the Company. Preparation of Risk Management Plan, reviewing and monitoring the same on regular basis.

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

## 27. Adequacy of internal financial controls with reference to financial statements:

The Act re-emphasizes the need for an effective Internal Financial Control system in the Company which should be adequate and shall operate effectively. Rule 8(5)(viii) of Companies (Accounts) Rules, 2014 requires the information regarding adequacy of Internal Financial Controls with reference to the financial statements to be disclosed in the Board`s Report.

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. The reports on Internal Audit given by M/s Krishna & Suresh, Chartered Accounts, the Internal Auditors, are placed before the Audit Committee and the Board periodically, for review.

## 28. Establishment of vigil mechanism:

In pursuant to the provisions of section 177(9) & (10) of the Companies Act, 2013, The Company has established a vigil mechanism through which directors, employees and business associates may report unethical behavior, malpractices, wrongful conduct, fraud, violation of Company's code of conduct, leak or suspected leak of unpublished price sensitive information without fear of reprisal. The Vigil Mechanism Policy has been uploaded on the website of the Company- [www.source-natural.com](http://www.source-natural.com).



## 29. **T**he sexual harassment of woman at workplace (prevention, prohibition and redressal) act, 2013:

The Company has formulated an Anti-Sexual Harassment policy in line with the requirement of the Sexual harassment of Woman at Workplace (Prevention, prohibition and redressal) Act, 2013. There have been NIL complaints of such nature during the period under review.

## 30. **C**orporate 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 there under, are not applicable. Hence, the compliance to the initiative of Corporate Social Responsibility is not required.

## 31. **P**revention of insider trading:

The Board of Directors have adopted the Insider Trading Policy in accordance with the requirement of the SEBI (Prohibition of Insider Trading) Regulation, 2015 as amended from time to time. The Insider Policy of the Company lays down guidelines and procedures to be followed, and disclosures to be made while dealing with shares of the Company, as well as the consequences of violation. The policy has been formulated to regulate, monitor and ensure reporting of deals by employees and to maintain the highest ethical standards of dealing in Company securities.

The Code requires pre-clearance for dealing in the Company's shares and prohibits the purchase or sale of Company shares by the Directors and the designated employees while in possession of unpublished price sensitive information in relation to the Company and during the period when the Trading Window is closed. The Board is responsible for implementation of the Code. All Directors and the designated employees have confirmed compliance with the Code. The same has been displayed at the company's website at [www.sourcenatural.com](http://www.sourcenatural.com)

## 32. 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 during the year under review.

## 33. General Shareholder Information

**1) 26th Annual General Meeting Date and Time :** 5th August, 2021, 12:00PM

**2) Financial Calendar (2021-22) (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, 2022 quarterly Un-audited / Annual Audited results shall be announced as follows:

| Financial reporting for  | Proposed Date                    |
|--|----------------------------------|
| Unaudited Results for the Quarter ending: 30th June, 2021      | On or before 14th August, 2021   |
| Unaudited Results for the Quarter ending: 30th September, 2021 | On or before 14th November, 2021 |
| Unaudited Results for the Quarter ending: 31st December, 2021  | On or before 14th February, 2022 |
| Audited Results for the year ended 31st March, 2022            | On or before 30th May, 2022      |

- 3) Book Closure Date:** Thursday, 29th July, 2021 to Thursday 05th August, 2021  
(Both days inclusive)
- 4) Registered Office No:** 201, Sumeru Towers, 2nd Floor, #54/46, 39th A Cross, 11th Main Road, Jayanagar 4th 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 2021-22
- 7) Stock Code:** 531398
- 8) ISIN No.:** INE679C01027

**9) CIN Number:**

L24231KA1995PLC101742

**10) Plant Location:**

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

## 34. Disclosures:

**A:** 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-4.

**B:** 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.

**C:** 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.

**D:** 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.

**E:** 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. The details for the same are filed with the concerned authorities

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**Place:** Bangalore

For and On Behalf of the Board

**Date:** 28-06-2021

**(Arvind Varchaswi N.)**

Managing Director

**DIN:** 00143713

**(Tejagna K Katpitia)**

Executive Director

**DIN:** 00445283

# Form No. MR-3

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2021

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

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To,  
**The Members,**

**Source Natural Foods and Herbal Supplements Limited.**

201, II Floor, Sumeru Towers, #54/46, 39thA Cross,  
11th Main Road, Jayanagar, 4thT 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. This Report is to be read with the letter of even date which is annexed to this as 'Annexure- 1' and forms an integral part of this report.

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 and considering the relaxations granted by Ministry of Corporate Affairs and Securities and Exchange Board of India warranted due to spread of Covid-19 pandemic and compilation provided, I hereby report that in my opinion, the Company, during the audit period covering the financial year ended on 31st March, 2021, 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 31st March, 2021 according to the provisions of:

- i.** The Companies Act, 2013 (the Act) and the rules made there under
- ii.** The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- iii.** The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv.** Foreign Exchange Management Act, 1999 (FEMA) and the rules and regulations made there under 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 as amended.
- vi.** Other laws that are Company specific 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, Petroleum Act, 1934, Insecticide Act, 1968, Poisons Act, 1919, Food Safety And Standards Act, 2006, Biological Diversity Act, 2002, Indian Boilers Act, 1923 and applicable labour laws;



- vii. Hazardous Wastes (Management, Handling and Trans boundary 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 as amended.

During the Audit period under review for the Financial Year ended 31st March, 2021 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.

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**Place:** Hyderabad

**Date:** 28-06-2021

Name of Company Secretary in practice:

**AJAY SUMAN SHRIVASTAVA**

**Signature:**

**FCS No.:** 3489 | **C.P. No.:** 3479 | **UDIN:** F003489C000525384

# ANNEXURE - 1

To,

**The Members,**

**Source Natural Foods and Herbal Supplements Limited.**

201, II Floor, Sumeru Towers, #54/46, 39thA Cross,  
11th Main Road, Jayanagar, 4thT Block, Bangalore- 560041.

This letter is to be read with the report even date and forms an integral part of this report.

1. Maintenance of secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my remote audit as possible in times of pandemic.
2. I have followed the basic 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. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I 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. My examination was limited to the verification of procedures and transparency, 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.

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**Place:** Hyderabad

**Date:** 28-06-2021

Name of Company Secretary in practice:

**AJAY SUMAN SHRIVASTAVA**

**FCS No.:** 3489 | **C.P. No.:** 3479 | **UDIN:** F003489C000525384

**Signature:**

# ANNEXURE - 2

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para Clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
**The Members,**

**Source Natural Foods and Herbal Supplements Limited.**

201, II Floor, Sumeru Towers, #54/46, 39thA Cross, 11th Main Road,  
Jayanagar, 4thT Block, Bangalore- 560041.

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of Source Natural Foods and Herbal Supplements Limited. (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in) as considered necessary and explanations furnished to me by the Company and its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending

on 31st March, 2021, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

| S. No. | Name of Director                    | Designation          | DIN      | Date of Appointment |
|--------|-------------------------------------|----------------------|----------|---------------------|
| 1.     | Mr. Narayanan Narasimhan            | Director             | 00143620 | 30/06/2008          |
| 2.     | Mr. Arvind Varchaswi Narasimhan     | Managing Director    | 00143713 | 26/06/2020          |
| 3.     | Mr. Srinivas Gowra                  | Independent Director | 00286986 | 21/09/2019          |
| 4.     | Mr. Chandrakumar Laxminarayan Rathi | Independent Director | 00365691 | 29/09/2020          |

|    |                                  |                      |          |            |
|----|----------------------------------|----------------------|----------|------------|
| 5. | Ms. Tejagna<br>Kashmira Katpitia | Executive Director   | 00445283 | 14/06/2017 |
| 6. | Mr. Sriram<br>Chandrasekaran     | Independent Director | 02213018 | 21/09/2021 |
| 7. | Ms. Bharathy                     | Independent Director | 06942354 | 26/09/2018 |

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these based on my verification of records available. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company nor it in any way certifies the ethical conduct of the said Directors for effective compliance of laws in India.

**Place:** Hyderabad

**Date:** 02-07-2021

Practicing Company Secretary

**AJAY SUMAN SHRIVASTAVA**

**FCS No.:** 3489 | **C.P. No.:** 3479 | **UDIN:** F003489C000569901

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# ANNEXURE - 3

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### Industry Structure and Development- Indian Economy

The unprecedented onset of Covid-19 pandemic has heavily impacted the global economy. The pandemic is raging high across the world with rising human casualties. Protecting lives and allowing health care systems to cope have required isolation, lockdowns, and widespread closures to slow the spread of the virus. The health crisis is therefore having a severe impact on economic activity

- The Economic Survey 2020-21 was tabled in the Parliament on January 29<sup>th</sup> 2021, by the Government of India.
- Indian Economy contracted by 7.7% (negative growth) in FY 2020-21 due to covid
- India's real GDP to record a 11.0% growth in FY 2021-22 and nominal GDP to grow by 15.4%. If one considers the contraction of 2020-21, the GDP growth will be 2.5% in FY 2021-22 when compared to GDP of FY 2019-20.
- India expected to have a Current Account Surplus of 2% of GDP in FY21, a historic high after 17 years.
- India remained a preferred investment destination in FY 2020-21 with FDI pouring in amidst global asset shifts towards equities and prospects of quicker recovery in emerging economies:

COVID-19 pandemic emphasized the importance of healthcare sector and its inter-linkages with other sectors - showcased how a health crisis transformed into an economic and social crisis.

Compared with the global economies, the Indian economy has responded very well and made a strong rebound from one of the steepest falls witnessed in its GDP during the second quarter of the financial year 2020-21. According to latest IMF report India Economy is expected to grow by 12.5 percent in the financial year 2021-22 and then moderate to 6.5 percent by the financial year 2022-23

## Ayurveda and herbal supplements sector

The Ayurveda market in India is segmented on the basis of Ayurveda products and Ayurveda services. Personal care products, food and beverages, household products and healthcare products fall under the Ayurveda products category. The Ayurveda services segment comprises healthcare services, and spa and rejuvenation services, it is expected to reach INR 710.87 billion by 2024



In recent years, as a holistic healing system, Ayurveda has witnessed evolution in the form of Ayurvedic products and services. Rising awareness about the importance of a healthy lifestyle, increasing preference in favour of chemical-free natural products, as well as favourable government initiatives have led to the expansion of the Ayurveda market in India. Your Company operates in the Ayurveda and herbal sphere which has been identified as one of the key sectors of growth in the pandemic time

## OUTLOOK

The continue COVID-19 pandemic is likely to have a major negative impact across the world. It has led to quarantines, regional lockdowns and social distancing—which are essential to contain the virus —with particularly acute effects on sectors that rely on social interactions such as travel, hospitality, entertainment, and tourism.

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 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.

## Risks and opportunities

We recognise that ensuring the stability of our financial base is key to realising our growth ambitions and creating value for all our stakeholders. To this end, we have always remained disciplined in cost management and driven efficiencies at all levels. We ensure that we have the appropriate level of capital and liquidity to support and protect our operations while continuing to invest in our business to harness the emerging opportunities

Risk management is integral to your Company's strategy and to the achievement of its long-term goals. Our success as an organisation depends on our ability to identify and exploit the opportunities generated by our business and the markets we operate in. In doing this we take an embedded approach to risk management which puts risk and opportunity assessment at the core of the Board's agenda, which is where we believe it should be. Your company appetite for risk is driven by the following:

- Our growth should be consistent, competitive, profitable, and responsible.
- Our behaviors must be in line with our Code of Business Principles and Code Policies.

- Our ambition to continuously improve our operational efficiency and effectiveness.
- Our approach to risk management is designed to provide reasonable, but not absolute, assurance that our assets are safeguarded.

Your company is able to critically identify and assess strategic opportunities and threats and develop effective strategies in the context of long term objectives and the organizations' relevant policies and priorities.

## Internal control system and its adequacy

The Company has robust systems for Internal Audit and Corporate Risk assessment and mitigation. The Company has an independent Internal Audit Department primarily assisted by outsourced audit teams. The Internal Audit plan is approved by Audit Committee at the beginning of every year. The conduct of Internal Audit is oriented towards the review of internal controls and risks in the Company's operations and covers factories, sales. Audit Committee is presented with a summary of significant audit observation and follow-up actions thereon.

The auditors evaluate the effectiveness of the internal control structure of a business organization and determine whether the business policies and activities are followed properly. The communication network helps an effective internal control structure in execution. And all officers and employees are part of this communication network.

The internal control structure of a company consists of the policies and procedures established to provide reasonable assurance that specific entity objectives will be achieved. The Company is carrying out internal audits at regular intervals so as to ensure that irregularities and operational inefficiencies are identified and addressed.

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 financial 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 31.03.2021.

# Secured loans

Secured loans of the Company as on 31.03.2020 were Rs. 1,01,87,628 /-and as on 31.03.2021, they are Rs.90,71,335/-

# Fixed assets

New assets worth Rs. 94,73,234/- have been acquired during the Year and added to the block of assets. As a result, the net block of fixed assets stands at Rs. 3,87,62,947 for the year ended 31.03.2021, after providing an accumulated depreciation of Rs.4,47,80,323/-

# Human resources and industrial relations

Human resources management and industrial relations often represent adversarial positions in a union workplace. HR is the employer's advocate. Industrial relations a term synonymous with labour relations refers to matters that affect union employees. However, HR management and industrial relations must coexist within the workplace. Cooperative coexistence can ensure that your organization doesn't have to deal with strikes or becoming embroiled in lengthy arbitration over collective bargaining impasses or unresolved grievances.

Your 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.

The number of permanent employees of the Company as on 31stMarch, 2021 were 57.

# Cautionary statement

Statements in this Integrated Annual Report, particularly those that relate to the Management Discussion and Analysis, describing the Company's objectives, projections, estimates and expectations, may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Although the expectations are based on reasonable assumptions, the actual results might differ.

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**Place:** Bangalore

**Date:** 28-06-2021

For and On Behalf of the Board

**(Arvind Varchaswi N.)**

Managing Director

**DIN:** 00143713

**(Tejagna K Katpitia)**

Executive Director

**DIN:** 00445283

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# ANNEXURE - 4

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

### A. Conservation of Energy.

Growing cost of energy and its linkage with climate change impact is a major business concern. To tackle this issue, Your company has decided to focus on improving process energy efficiency, find alternate sources.

To conserve and optimise the use of energy, the Company is planning to install energy efficient blowers, and other equipment in all its plants. Strict controls are exercised in operation of the plants for optimum usage of Power and Fuel.

The Company during the year continued the following energy conservation measures both at the manufacturing unit and at the offices of the Company. Use of natural lighting whenever possible.

- i. 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.
- ii. Switching off main machines and lights during lunch breaks.
- iii. Reduction of water consumption through re-uses.
- iv. Creating awareness among employees about the necessity of energy conservation by celebrating energy conservation week.
- v. The information pertaining to conservation of energy is as follows:

|   |   |
|---|---|
| The steps taken or impact on Conservation of energy | Total power units consumed during the financial year 2020-21: 2,74,690 KWH<br>Electricity expenses: Rs. 28,57,719/- DG Set: Rs7,34,400/-<br>Total quantity (in litres) of Diesel consumed during the financial year 2020-21: 2,990.5 Litres.<br>Fuel Expenses :Rs. 2,37,720/-<br>Total Kilograms of briquettes for the Boilers consumed during the financial year 2020-21: 89,740 Kgs.<br>Briquettes Expenses: Rs. 5,66,236/- |
|---|---|

|  |  |                     |
|--|--|---------------------|
|  | The steps taken by the company for utilizing alternate sources of energy | At planning levels. |
|  | The capital investment on energy conservation equipment's                | Nil                 |

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 equipment's.

## B. Technology absorption.

The efforts made towards technology absorption and benefits derived like product improvement, cost reduction, product development, import substitution.

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 : Nil

**Place:** Bangalore

For and On Behalf of the Board

**Date:** 28-06-2021

**(Arvind Varchaswi N.)**

Managing Director

**DIN:** 00143713

**(Tejagna K Katpitia)**

Executive Director

**DIN:** 00445283

# ANNEXURE - 5

## 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 arm's length transaction under third proviso thereto.

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

| SL. No | Particulars   | Details |
|--------|---|---------|
|        | 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.

| SL. No | Particulars  | Details   |
|--------|--|---|
|        | Name (s) of the related party & nature of relationship   | Sumeru Travel Solutions LLP (STSLLP)  |
|        | Nature of contracts/arrangements/transaction   | Sale and purchase of goods and availing of travelling Services 1 year   |
|        | Duration of the contracts/arrangements/transaction   | 1 year  |
|        | Salient terms of the contracts or arrangements or transaction including the value, if any in Rs. | STSLLP –<br>Rs 14505.00<br>SSPL- Sale of Goods-<br>Rs 26,40,01,099.51<br>Purchase of goods<br>Rs 85,57,456.00 |
|        | Date of approval by the Board  | STSLLP –<br>21.09.2019;<br>SSPL-21.09.2019  |
|        | Amount paid as advances, if any  | NIL   |

**Place:** Bangalore

For and On Behalf of the Board

**Date:** 28-06-2021

**(Arvind Varchaswi N.)**

Managing Director

**DIN:** 00143713

**(Tejagna K Katpitia)**

Executive Director

**DIN:** 00445283

# INDEPENDENT AUDIT REPORT

To,

**The Members,**

**Source Natural Foods and Herbal Supplements Limited.**

We have audited the accompanying financial statements of **SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED** (“the Company”), which comprise the Balance Sheet as at 31st March, 2021 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.

## Other Matters

### a) Predecessor auditor to audit transition adjustments

The comparative financial information of the company for the transition date opening balance sheet as at 1st April 2015 prepared in accordance with Ind AS included in these standalone Ind AS financial statements have been audited by the predecessor auditor who had audited the financial statements for the relevant period. The report of the predecessor auditor on the opening balance sheet dated 27th May 2015 expressed an unmodified opinion.

## 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 31st March, 2021; 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 31st March, 2021, and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 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.

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**Place:** Bangalore

**Date:** 28-06-2021

**For Srinaga & Giridharan**

Chartered Accountants

**Firm No.004013S | UDIN: 21024011 AAAAFJ6510**

\_\_\_Sd/-\_\_\_

**S.Giridharan**

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

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# 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 2021, 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 2021 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, there are no dues of income tax, sales tax, duty of excise, and value added tax have not been deposited by the company on account of disputes.
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 and 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 them, 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.

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**Place:** Bangalore

**Date:** 28-06-2021

**For Srinaga & Giridharan**

Chartered Accountants

**Firm No.004013S | UDIN: 21024011 AAAAFJ6510**

\_\_\_\_Sd/-\_\_\_\_

**S.Giridharan**

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

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# SOURCE NATURAL FOODS & HERBAL SUPPLEMENTS LIMITED

## **ANNEXURE B** - TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS

**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 Source Natural Foods And Herbal Supplements Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## **M**anagement'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, 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, 2021, 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.

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**Place:** Bangalore

**Date:** 28-06-2021

**For Srinaga & Giridharan**

Chartered Accountants

**Firm No.004013S | UDIN: 21024011 AAAAFJ6510**

\_\_\_\_Sd/-\_\_\_\_

**S.Giridharan**

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

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**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 - 560 041

**Balance Sheet as at 31 March, 2021**

| Particulars |   | Note No. | As at 31 March, 2021 | As at 31 March, 2020 | As at 1st April, 2018 |
|-------------|---|----------|----------------------|----------------------|-----------------------|
| <b>A</b>    | <b>ASSETS</b>                           |          |                      |                      |                       |
|             | <b>Non-Current Assets</b>               |          |                      |                      |                       |
|             | (a) Property, Plant and Equipment       | 9A       | 38,762,947           | 33,134,596           | 35,691,126            |
|             | (b) Capital Work-in-Progress            |          | 3,358,108            | -                    | -                     |
|             | (c) Intangible Assets                   | 9B       | -                    | -                    | 90,605                |
|             | (d) Intangible Assets under Development |          | -                    | -                    | -                     |
|             | (e) Financial Assets                    |          | -                    | -                    | -                     |
|             | (i) Investments                         |          | -                    | -                    | -                     |
|             | (ii) Loans/Deposits                     | 10       | 4,272,665            | 2,517,060            | 934,167               |
|             | (iii) Other Financial Assets            |          | -                    | -                    | -                     |
|             | (f) Deferred Tax Assets (net)           | 11       | 15,137,030           | 8,528,202            | 4,206,418             |
|             | <b>Total Non - Current Assets</b>       |          | <b>61,530,750</b>    | <b>44,179,858</b>    | <b>40,922,316</b>     |
|             | <b>Current assets</b>                   |          |                      |                      |                       |
|             | (a) Inventories                         | 12       | 17,366,388           | 12,285,554           | 21,883,341            |
|             | (b) Financial Assets                    |          |                      |                      |                       |
|             | (i) Investments                         |          | -                    | -                    | -                     |
|             | (ii) Trade Receivables                  | 13       | 59,851,914           | 67,920,034           | 41,282,194            |
|             | (iii) Cash and Cash Equivalents         | 14       | 27,060,421           | 132,686              | 223,312               |
|             | (iv) Loans                              | 15       | 6,422,637            | 6,851,730            | 6,713,948             |
|             | (c) Other Current Assets                |          | -                    | -                    | -                     |
|             | <b>Total Current Assets</b>             |          | <b>110,701,360</b>   | <b>87,190,004</b>    | <b>70,102,795</b>     |
|             | <b>TOTAL Assets</b>                     |          | <b>172,232,110</b>   | <b>131,369,862</b>   | <b>111,025,111</b>    |
| <b>B</b>    | <b>EQUITY AND LIABILITIES</b>           |          |                      |                      |                       |
|             | <b>Equity</b>                           |          |                      |                      |                       |
|             | (a) Equity Share capital                | 2        | 64,369,310           | 64,369,310           | 64,369,310            |
|             | (b) Other Equity                        | 3        | 67,262,561           | 33,522,812           | 13,298,394            |
|             | <b>Total Equity</b>                     |          | <b>131,631,871</b>   | <b>97,892,122</b>    | <b>77,667,704</b>     |
|             | <b>LIABILITIES</b>                      |          |                      |                      |                       |
|             | <b>Non-current liabilities</b>          |          |                      |                      |                       |
|             | (a) Financial Liabilities               |          |                      |                      |                       |
|             | (i) Long-term borrowings                | 4        | 261,614              | 989,788              | 1,752,760             |
|             | (b) Provisions                          | 5        | 3,503,906            | 3,417,416            | 1,395,740             |
|             | <b>Total Non - Current Liabilities</b>  |          | <b>3,765,520</b>     | <b>4,407,204</b>     | <b>3,148,500</b>      |
|             | <b>Current Liabilities</b>              |          |                      |                      |                       |
|             | (a) Financial Liabilities               |          |                      |                      |                       |
|             | (i) Short-Term Borrowings               | 6        | 9,071,335            | 10,187,628           | 15,975,720            |
|             | (ii) Trade Payables                     | 6A       | 6,046,683            | 7,806,537            | 3,934,599             |
|             | (b) Other Current Liabilities           | 7        | 12,520,741           | 7,872,414            | 8,600,588             |
|             | (d) Provisions                          | 8        | 9,195,960            | 3,203,957            | 1,698,000             |
|             | <b>Total Current Liabilities</b>        |          | <b>36,834,718</b>    | <b>29,070,536</b>    | <b>30,208,907</b>     |
|             | <b>TOTAL Equity and Liabilities</b>     |          | <b>172,232,110</b>   | <b>131,369,862</b>   | <b>111,025,111</b>    |

The accompanying notes form an integral part of the standalone interim financial statements

As per our report of even date attached

**For M/S Srinaga & Giridharan**  
Chartered Accountants

**S.Giridharan**  
Partner

Membership No. 024011  
Firm Registration No.004013S

Place : Bangalore  
Date : 28.06.2021

For and on behalf of the Board of Directors

**Arvind Varchaswi N**  
Managing Director  
DIN 00143713

**Seshadri Ramaswamy**  
Chief Financial Officer

**Tejagna Katpitia**  
Director  
DIN 00445283

**Sweta Gaur**  
Company Secretary

**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

**Statement of Profit and Loss for the Year Ended 31 March, 2021**

| Particulars   |   | Note No. | For the Year Ended<br>31 March, 2021 | For the Year<br>Ended<br>31 March, 2020 |
|---------------|---|----------|--------------------------------------|---|
| <b>1</b>      | Revenue from Operations (net)   | 16       | 248,796,875                          | 135,905,347                             |
| <b>2</b>      | Other Income  | 17       | 3,401,376                            | 249,121                                 |
| <b>3</b>      | <b>Total Revenue (1+2)</b>  |          | <b>252,198,251</b>                   | <b>136,154,468</b>                      |
| <b>4</b>      | <b>Expenses</b>   |          |                                      |   |
|               | (a) Cost of Materials Consumed  | 18       | 65,408,045                           | 33,746,758                              |
|               | (b) Purchases of Stock-in-Trade   | 19       | 32,978,590                           | 11,509,301                              |
|               | (c) Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 20       | 743,593                              | 3,291,712                               |
|               | (d) Employee Benefits Expense   | 21       | 25,398,310                           | 24,116,126                              |
|               | (e) Finance Costs   | 22       | 1,037,447                            | 1,638,374                               |
|               | (f) Depreciation and Amortisation Expense   | 9AB      | 3,682,107                            | 3,372,045                               |
|               | (g) Other Expenses  | 23       | 82,487,543                           | 40,006,602                              |
|               | <b>Total Expenses</b>   |          | <b>211,735,634</b>                   | <b>117,680,918</b>                      |
| <b>5</b>      | <b>Profit / (Loss) before Exceptional and Extraordinary</b>                       |          | 40,462,618                           | 18,473,550                              |
| <b>6</b>      | a) Exceptional Items  |          | 147,859                              | -                                       |
|               | b) Extraordinary Items  |          | -                                    | -                                       |
| <b>7</b>      | <b>Profit / (Loss) before Tax (5 ± 6)</b>   |          | 40,314,758                           | 18,473,550                              |
| <b>8</b>      | <b>Tax Expense:</b>   |          |                                      |   |
|               | (a) Current Tax   |          | 13,183,837                           | 3,207,604                               |
|               | (b) Deferred Tax  |          | (6,608,828)                          | (2,245,473)                             |
|               | (c) Dividend Distribution Tax   |          | -                                    | 1,113,847                               |
|               |   |          | <b>6,575,009</b>                     | <b>2,075,978</b>                        |
| <b>9</b>      | <b>Profit / (Loss) from continuing operations (7 + 8)</b>                         |          | 33,739,749                           | 16,397,572                              |
| <b>10. i</b>  | Profit / (Loss) from discontinuing operations (before tax)                        |          | -                                    | -                                       |
| <b>10. ii</b> | Add / (Less): Tax expense of discontinuing operations                             |          | -                                    | -                                       |
| <b>11</b>     | <b>Profit / (Loss) from discontinuing operations (10.i ± 10.ii )</b>              |          | -                                    | -                                       |
| <b>12</b>     | <b>Profit / (Loss) for the year (9 ± 11)</b>                                      |          | <b>33,739,749</b>                    | <b>16,397,572</b>                       |
| <b>15.i</b>   | <b>Earnings per share (of ₹ 10/- each):</b>                                       |          |                                      |   |
|               | (a) Basic   |          | 5.24                                 | 2.55                                    |
|               | (b) Diluted   |          | 5.24                                 | 2.55                                    |
| <b>15.ii</b>  | <b>Earnings per share (excluding extraordinary items) (of ₹</b>                   |          |                                      |   |
|               | (a) Basic   |          | 5.24                                 | 2.55                                    |
|               | (b) Diluted   |          | 5.24                                 | 2.55                                    |

The accompanying notes form an integral part of the standalone interim financial statements

As per our report of even date attached

**For M/S Srinaga & Giridharan**  
Chartered Accountants

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

Place : Bangalore  
Date : 28.06.2021

**For and on behalf of the Board of Directors**

**Arvind Varchaswi N**

**Tejagna Katpitia**

**Managing Director**  
DIN 00143713

**Director**  
DIN 00445283

**Seshadri Ramaswamy**  
Chief Financial Officer

**Sweta Gaur**  
Company Secretary



**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 - 560 041

**The Standalone Statement of Assets and Liabilities (Rs. In Lakhs)**

| S. No.   | Particulars                             | As at 31 March, 2021 | As at 31 March, 2020 |
|----------|---|----------------------|----------------------|
|          |   | Audited              | Audited              |
| <b>A</b> | <b>ASSETS</b>                           |                      |                      |
|          | <b>Non-Current Assets</b>               |                      |                      |
|          | (a) Property, Plant and Equipment       | 387.63               | 331.35               |
|          | (b) Capital Work-in-Progress            | 33.58                | -                    |
|          | (c) Intangible Assets                   | -                    | -                    |
|          | (d) Intangible Assets under Development | -                    | -                    |
|          | (e) Financial Assets                    | -                    | -                    |
|          | (i) Investments                         | -                    | -                    |
|          | (ii) Loans                              | 42.73                | 25.17                |
|          | (iii) Other Financial Assets            | -                    | -                    |
|          | (f) Deferred Tax Assets (net)           | 151.37               | 85.28                |
|          | (f) Income Tax Assets (net)             | -                    | -                    |
|          | (f) Other Current Assets                | -                    | -                    |
|          | <b>Total Non - Current Assets</b>       | <b>615.31</b>        | <b>441.80</b>        |
|          | <b>Current assets</b>                   |                      |                      |
|          | (a) Inventories                         | 173.66               | 122.86               |
|          | (b) Financial Assets                    |                      |                      |
|          | (i) Investments                         | -                    | -                    |
|          | (ii) Trade Receivables                  | 598.52               | 679.20               |
|          | (iii) Cash and Cash Equivalentents      | 270.60               | 1.33                 |
|          | (iv) Loans                              | 64.23                | 68.52                |
|          | (c) Other Current Assets                | -                    | -                    |
|          | <b>Total Current Assets</b>             | <b>1,107.01</b>      | <b>871.90</b>        |
|          | <b>TOTAL Assets</b>                     | <b>1,722.32</b>      | <b>1,313.70</b>      |
| <b>B</b> | <b>EQUITY AND LIABILITIES</b>           |                      |                      |
|          | <b>Equity</b>                           |                      |                      |
|          | (a) Equity Share capital                | 643.69               | 643.69               |
|          | (b) Other Equity                        | 672.63               | 335.23               |
|          | <b>Total Equity</b>                     | <b>1,316.32</b>      | <b>978.92</b>        |
|          | <b>LIABILITIES</b>                      |                      |                      |
|          | <b>Non-current liabilities</b>          |                      |                      |
|          | (a) Financial Liabilities               |                      |                      |
|          | (i) Long-term borrowings                | 2.62                 | 9.90                 |
|          | (ii) Other Financial Liabilities        | -                    | -                    |
|          | (b) Provisions                          | 35.04                | 34.17                |
|          | (c) Other Long-Term Liabilities         | -                    | -                    |
|          | (d) Deferred Tax Liabilities (net)      | -                    | -                    |
|          | <b>Total Non - Current Liabilities</b>  | <b>37.66</b>         | <b>44.07</b>         |
|          | <b>Current Liabilities</b>              |                      |                      |
|          | (a) Financial Liabilities               |                      |                      |
|          | (i) Short-Term Borrowings               | 90.71                | 101.88               |
|          | (ii) Trade Payables                     | 60.47                | 78.07                |
|          | (b) Other Current Liabilities           | 125.21               | 78.72                |
|          | (d) Provisions                          | 91.96                | 32.04                |
|          | (e) Current Tax Liabilities             | -                    | -                    |
|          | <b>Total Current Liabilities</b>        | <b>368.35</b>        | <b>290.71</b>        |
|          | <b>TOTAL Equity and Liabilities</b>     | <b>1,722.32</b>      | <b>1,313.70</b>      |

By Order of the Board

DIN 00143713  
Arvind Varchaswi N  
MANAGING DIRECTOR

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021**

| Particulars   | 31.03.2021      | 31.03.2020     |
|---|-----------------|----------------|
| <b>Cash Flow from Operating Activities</b>  |                 |                |
| <b>Net Profit/ (Loss) before Tax and Extra-ordinary Items</b>   | <b>404.63</b>   | <b>184.74</b>  |
| Adjustment for:   |                 |                |
| Depreciation and Amortisation Expenses  | 36.82           | 33.72          |
| Income Tax Expenses   | 65.75           | 20.76          |
| Amortisation of Intangible Expenses   | 0.00            | 0.00           |
| Interest  | 10.37           | 16.38          |
| Loss / (Profit) on Deletions of Fixed Assets  | 1.48            | 0.00           |
| <b>Operating Profit/ (Loss) Before Working capital Changes</b>  | <b>387.55</b>   | <b>214.08</b>  |
| Inventories   | (50.81)         | 74.63          |
| Trade Receivables   | 80.68           | (345.94)       |
| Other Current Assets  | 0.00            | 0.00           |
| Current Liabilities   | 28.88           | 20.88          |
| <b>Cash from Operations</b>   | <b>446.31</b>   | <b>(36.35)</b> |
| Deffered Revenue Expenses Incurred  | 0.00            | 0.00           |
| <b>Net Cash Flow From Operations</b>  | <b>446.31</b>   | <b>(36.35)</b> |
| Cash flow from Investing Activities   |                 |                |
| Purchase of Fixed Assets  | (91.88)         | (7.65)         |
| Capital Work - in - Process   | (33.58)         | 0.00           |
| (Increase)/Decrease in Loans & Advances   | (13.27)         | (40.51)        |
| Differed Tax Assets (Net)   | (66.09)         | (22.45)        |
| Investment in Fixed Deposits  | 0.00            | 0.00           |
| <b>Net Cash used for Investing activities</b>   | <b>(204.82)</b> | <b>(70.62)</b> |
| Cash Flow from Financing Activities   |                 |                |
| Share Aplication Money  | 0.00            | 0.00           |
| Loss on Capital Reduction   | 0.00            | 0.00           |
| Share Premium   | 0.00            | 0.00           |
| Divident Alloted  | 0.00            | (64.37)        |
| Long Term Provisions  | 60.78           | 17.95          |
| Secured Loans   | (18.44)         | 95.29          |
| Interest  | (10.37)         | (16.38)        |
| Unsecured Loans   | 0.00            | 0.00           |
| <b>Net Cash from Financing Activites</b>  | <b>31.97</b>    | <b>32.49</b>   |
| Net Increase in cash and Cash Equivalues  | 269.28          | (74.48)        |
| Cash and Cash Equivalentents, beginning of the year   | <b>1.33</b>     | <b>75.81</b>   |
| Cash and Cash Equivalentents, end of the year   | 270.60          | 1.33           |
| 1. Cash & Cash Equivalentents   |                 |                |
| Cash on hand  | 0.90            | 0.06           |
| Balances with Schedule Banks in Current Account   | 269.71          | 1.27           |
| Total   | <b>270.60</b>   | <b>1.33</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 Institure of Chartered Accountants of India. |                 |                |

**The accompanying notes form an integral part of the standalone interim financial statements**

For and on behalf of the Board of Directors

**DATE-28-06-2021**

ARVIND VARCHASWI N  
**MANAGING DIRECTOR**  
DIN:00143713  
Place : Bangalore  
Date : 28.06.2021

## 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.64,36,063/- has been provided by the company for prior period as shown below for non-collection of F-forms & other write off expenses pertaining to those years.

|    |   |                   |
|----|---|-------------------|
| 1  | <b>CST Assessment Tax on Job Work Receipts -2012-13</b> | <b>508308.00</b>  |
| 2  | <b>CST Assessment Tax on Job Work Receipts -2013-14</b> | <b>821058.00</b>  |
| 3  | <b>CST Assessment Tax on Job Work Receipts -2014-15</b> | <b>894803.00</b>  |
| 4  | <b>CST Assessment Tax on Job Work Receipts -2015-16</b> | <b>988199.00</b>  |
| 5  | <b>CST Assessment Tax on Job Work Receipts -2016-17</b> | <b>1234040.00</b> |
| 6  | <b>CST Assessment Tax on Job Work Receipts -2017-18</b> | <b>252322.00</b>  |
| 7  | <b>Deposit- BSNL</b>                                    | <b>10000.00</b>   |
| 8  | <b>Deposit - CDSC</b>                                   | <b>886.10</b>     |
| 9  | <b>Deposits - Others</b>                                | <b>18800.00</b>   |
| 10 | <b>Deposit- Sales Tax-APGST (1999-2000)</b>             | <b>340833.00</b>  |
| 11 | <b>Sales Tax Deposit</b>                                | <b>81719.00</b>   |
| 12 | <b>Sales Tax Deposit (1996-97)</b>                      | <b>115297.00</b>  |
| 13 | <b>Sales Tax Deposit (1997-98)</b>                      | <b>248755.00</b>  |
| 14 | <b>Sales Tax Deposit (1998-99)</b>                      | <b>120587.00</b>  |
| 15 | <b>Sales Tax- Deposit (Karnataka)</b>                   | <b>15000.00</b>   |
| 16 | <b>Deposit - ESIC amount write off</b>                  | <b>211830.00</b>  |
| 17 | <b>Deposit- Excise Duty (Pochtraju Case)</b>            | <b>511830.00</b>  |
| 18 | <b>Trade License Renewal</b>                            | <b>80105.00</b>   |

**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. NIL (Foreign Exchange outgo)

Income in foreign currency NIL during the year.

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

| <b>Particulars</b> | <b>Opening Stock</b> | <b>Purchase</b> | <b>Consumed/Sale</b> | <b>Closing Stock</b> |
|--------------------|----------------------|-----------------|----------------------|----------------------|
| RM                 | 45,70,215            | 3,82,49,427     | 3,64,42,818          | 63,76,824            |
| PM                 | 34,43,422            | 3,31,08,222     | 2,89,65,226          | 75,86,418            |
| FG                 | 15,02,754            | -               | 2,19,663             | 12,83,091            |
| TRADED GOODS       | 4,03,188             | 3,28,53,412     | 3,29,78,590          | 2,78,010             |
| WIP                | 23,65,975            | -               | 5,23,930             | 18,42,045            |

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 2 Share Capital**

| Particulars  | As at 31 March, 2021 |                   | As at 31 March, 2020 |                   |
|--|----------------------|-------------------|----------------------|-------------------|
|  | Number of shares     | Rs.               | Number of shares     | Rs.               |
| (a) Authorised<br>90,00,000 Equity Shares of Rs. 10/- each         | 9,000,000            | 90,000,000        | 9,000,000            | 90,000,000        |
| (b) Issued<br>64,36,931 Equity Shares of Rs. 10/- each             | 6,436,931            | 64,369,310        | 6,436,931            | 64,369,310        |
| (c) Subscribed and fully paid up<br>Equity Shares of Rs. 10/- each | 6,436,931            | 64,369,310        | 6,436,931            | 64,369,310        |
| (d) Subscribed but not fully paid up<br>Nil                        | -                    | -                 | -                    | -                 |
| <b>Total</b>   | <b>6,436,931</b>     | <b>64,369,310</b> | <b>6,436,931</b>     | <b>64,369,310</b> |

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 3 Other Equity**

| Particulars   | As at 31 March, 2021 | As at 31 March, 2020 |
|---|----------------------|----------------------|
|   | ₹                    | ₹                    |
| (a) Securities premium account  |                      |                      |
| Opening balance   | 11,409,241           | 11,409,241           |
| Add : Premium on shares issued during the year  | -                    | -                    |
| Less : Utilised during the year for:  | -                    | -                    |
| Closing balance   | 11,409,241           | 11,409,241           |
| (b) Surplus / (Deficit) in Statement of Profit and Loss   |                      |                      |
| Opening balance   | 22,113,571           | 12,152,930           |
| Add: Profit / (Loss) for the year   | 33,739,749           | 16,397,572           |
| Less: Interim dividend  | -                    | 6,436,931.00         |
| Dividends proposed to be distributed to equity shareholders (64,36,931@1/- per share)               |                      |                      |
| Dividends proposed to be distributed to preference shareholders (₹___ per share)                    |                      |                      |
| Closing balance   | 55,853,320           | 22,113,571           |
| © Revaluation Reserve<br>(on account of Valuation of Property , Plant & Equipment during the year ) | -                    | -                    |
| <b>Total</b>  | <b>67,262,561</b>    | <b>33,522,812</b>    |

Note (c): Revaluation reserve represents the fixed assets revaluations done during the financial year

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 4 Long-Term Borrowings**

| Particulars                                   | As at 31 March, 2021 | As at 31 March, 2020 |
|---|----------------------|----------------------|
|   | ₹                    | ₹                    |
| (a) Term loans                                |                      |                      |
| From banks                                    |                      |                      |
| Secured                                       | 261,614              | 989,788              |
| Unsecured                                     | -                    | -                    |
|   | 261,614              | 989,788              |
| (b) Other loans and advances (specify nature) |                      |                      |
| Secured                                       | -                    | -                    |
| Unsecured                                     | -                    | -                    |
|   | -                    | -                    |
| <b>Total</b>                                  | <b>261,614</b>       | <b>989,788</b>       |

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 5 Provisions**

| Particulars                      | As at 31 March, 2021 | As at 31 March, 2020 |
|----------------------------------|----------------------|----------------------|
|                                  | ₹                    | ₹                    |
| Provision for employee benefits: |                      |                      |
| Gratuity                         | 3,268,151            | 2,965,019            |
| Leave Encashment                 | 235,755              | 452,397              |
| <b>Total</b>                     | <b>3,503,906</b>     | <b>3,417,416</b>     |



**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 6 Short-Term Borrowings**

| Particulars                                   | As at 31 March, 2021 | As at 31 March, 2020 |
|---|----------------------|----------------------|
| (a) Loans repayable on demand                 |                      |                      |
| From banks                                    |                      |                      |
| Secured                                       | 9,071,335            | 10,187,628           |
| Unsecured                                     | -                    | -                    |
|   | 9,071,335            | 10,187,628           |
| (b) Other loans and advances (specify nature) |                      |                      |
| Secured                                       | -                    | -                    |
| Unsecured                                     | -                    | -                    |
|   | -                    | -                    |
| <b>Total</b>                                  | <b>9,071,335</b>     | <b>10,187,628</b>    |

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 6(a) Trade Payables**

| Particulars            | As at 31 March, 2021 | As at 31 March, 2020 |
|------------------------|----------------------|----------------------|
| Trade payables:        |                      |                      |
| Acceptances            | -                    | -                    |
| Other than Acceptances | 6,046,683            | 7,806,537            |
| <b>Total</b>           | <b>6,046,683</b>     | <b>7,806,537</b>     |

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 7 Other Current Liabilities**

| Particulars   | As at 31 March, 2021 | As at 31 March, 2020 |
|---|----------------------|----------------------|
|   | Rs.                  | Rs.                  |
| Other Payables  |                      |                      |
| (i) Statutory remittances (Contributions to PF and ESIC, Withholding Taxes ( TDS), GST, etc.) | 5,457,868            | 1,352,564            |
| (ii) Payables on Purchase of Fixed Assets   | 1,195,154            | 276,498              |
| (iii) Advances from Customers   | 164,417              | 574,765              |
| (iv) Others   | 5,703,301            | 5,668,587            |
| <b>Total</b>  | <b>12,520,741</b>    | <b>7,872,414</b>     |

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 8 Provisions**

| Particulars   | As at 31 March, 2021 | As at 31 March, 2020 |
|---|----------------------|----------------------|
|   | Rs.                  | Rs.                  |
| (a) Provision for employee benefits: @  |                      |                      |
| (i) Provision for bonus   | -                    | -                    |
| (ii) Provision for compensated absences   | -                    | -                    |
| (iii) Provision for gratuity (net) (Refer Note 30.4.b)  | -                    | -                    |
| (iv) Provision for post-employment medical benefits (Refer Note 30.4.b)                       | -                    | -                    |
| (v) Provision for other defined benefit plans (net) (give details) (Refer Note 30.4.b)        | -                    | -                    |
| (vi) Provision for other employee benefits (give details)                                     | -                    | -                    |
| (b) Provision - Others:   |                      |                      |
| Income Tax  | 9,080,901            | 3,106,244            |
| (ii) Provision for premium payable on redemption of bonds (Refer Note 5 Long-term borrowings) | -                    | -                    |
| (iii) Provision for estimated loss on derivatives   | -                    | -                    |
| (iv) Provision for warranty (Refer Note 30.14)  | -                    | -                    |
| (v) Provision for estimated losses on onerous contracts (Refer Note 30.14)                    | -                    | -                    |
| (vi) Provision for other contingencies (Refer Note 30.14)                                     | -                    | -                    |
| (vii) Provision for proposed equity dividend  | 115,059              | 97,713               |
| (viii) Provision for proposed preference dividend   | -                    | -                    |
| (ix) Provision for tax on proposed dividends  | -                    | -                    |
| (x) Provision - others (give details)   | -                    | -                    |
| <b>Total</b>  | <b>9,195,960</b>     | <b>3,203,957</b>     |

SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED

**Note 9A. Property Plant & Equipment**

| A. | Tangible assets            | Gross block                 |                  |                |  |                               |                      |   |                            |                   | Balance as at 31 March, 2021 |
|----|----------------------------|-----------------------------|------------------|----------------|--|-------------------------------|----------------------|---|----------------------------|-------------------|------------------------------|
|    |                            | Balance as at 1 April, 2020 | Additions        | Disposals      | Acquisitions through business combinations | Reclassified as held for sale | Revaluation increase | Effect of foreign currency exchange differences | Borrowing cost capitalised | Other adjustments |                              |
|    |                            | ₹                           | ₹                | ₹              | ₹  | ₹                             | ₹                    | ₹   | ₹                          | ₹                 |                              |
|    | (a) Land                   | 504,810                     | -                | -              | -  | -                             | -                    | -   | -                          | -                 | 504,810                      |
|    | (b) Buildings              | 27,188,771                  | 1,881,742        | -              | -  | -                             | -                    | -   | -                          | -                 | 29,070,514                   |
|    | (c) Plant and Equipment    | 34,108,954                  | 5,935,051        | 285,000        | -  | -                             | -                    | -   | -                          | -                 | 39,759,005                   |
|    | (d) Furniture and Fixtures | 3,165,939                   | 445,000          | -              | -  | -                             | -                    | -   | -                          | -                 | 3,610,939                    |
|    | (e) Vehicles               | 6,382,129                   | -                | -              | -  | -                             | -                    | -   | -                          | -                 | 6,382,129                    |
|    | (f) Office equipment       | 1,539,110                   | -                | -              | -  | -                             | -                    | -   | -                          | -                 | 1,539,110                    |
|    | (g) Computers              | 1,465,323                   | 1,211,440        | -              | -  | -                             | -                    | -   | -                          | -                 | 2,676,763                    |
|    | <b>Total</b>               | <b>74,355,037</b>           | <b>9,473,234</b> | <b>285,000</b> | <b>-</b>                                   | <b>-</b>                      | <b>-</b>             | <b>-</b>  | <b>-</b>                   | <b>-</b>          | <b>83,543,271</b>            |
|    | <b>Previous year</b>       | <b>73,589,804</b>           | <b>1,260,551</b> | <b>495,318</b> | <b>-</b>                                   | <b>-</b>                      | <b>-</b>             | <b>-</b>  | <b>-</b>                   | <b>-</b>          | <b>74,355,037</b>            |

**Note 12 Fixed assets (contd.)**

| A. | Tangible assets            | Accumulated depreciation and impairment |  |                                  |   |  |   | Net block         |                              |                              |                              |
|----|----------------------------|---|--|----------------------------------|---|--|---|-------------------|------------------------------|------------------------------|------------------------------|
|    |                            | Balance as at 1 April, 2020             | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Eliminated on reclassification as held for sale | Impairment losses recognised in statement of profit and loss | Reversal of impairment losses recognised in Statement of Profit and | Other adjustments | Balance as at 31 March, 2021 | Balance as at 31 March, 2021 | Balance as at 31 March, 2020 |
|    |                            | ₹                                       | ₹  | ₹                                | ₹   | ₹  | ₹   | ₹                 | ₹                            | ₹                            | ₹                            |
|    | (a) Land                   | -                                       | -  | -                                | -   | -  | -   | -                 | 504,810                      | 504,810                      |                              |
|    | (b) Buildings              | 11,252,885                              | 1,019,150  | -                                | -   | -  | -   | 12,272,035        | 16,798,478                   | 15,935,886                   |                              |
|    | (c) Plant and Equipment    | 21,676,390                              | 1,514,294  | 122,225                          | -   | -  | -   | 23,068,459        | 16,690,546                   | 12,432,564                   |                              |
|    | (d) Furniture and Fixtures | 2,539,510                               | 169,715  | -                                | -   | -  | -   | 2,709,225         | 901,714                      | 626,429                      |                              |
|    | (e) Vehicles               | 2,985,025                               | 680,976  | -                                | -   | -  | -   | 3,666,001         | 2,716,128                    | 3,397,104                    |                              |
|    | (f) Office equipment       | 1,378,588                               | 55,210   | -                                | -   | -  | -   | 1,433,798         | 105,312                      | 160,522                      |                              |
|    | (g) Computers              | 1,388,043                               | 242,762  | -                                | -   | -  | -   | 1,630,805         | 1,045,958                    | 77,280                       |                              |
|    | <b>Total</b>               | <b>41,220,441</b>                       | <b>3,682,107</b>                                 | <b>122,225</b>                   | <b>-</b>  | <b>-</b>   | <b>-</b>  | <b>44,780,323</b> | <b>38,762,947</b>            | <b>33,134,596</b>            |                              |
|    | <b>Previous year</b>       | <b>37,848,396</b>                       | <b>3,372,045</b>                                 | <b>-</b>                         | <b>-</b>  | <b>-</b>   | <b>-</b>  | <b>41,220,441</b> | <b>33,134,596</b>            | <b>35,741,407</b>            |                              |

SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED

Notes forming part of the financial statements

**Note 9B. Fixed assets (contd.)**

| B | Intangible assets  | Gross block                 |           |           |  |                               |   |                            |                   |                              |
|---|--|-----------------------------|-----------|-----------|--|-------------------------------|---|----------------------------|-------------------|------------------------------|
|   |  | Balance as at 1 April, 2020 | Additions | Disposals | Acquisitions through business combinations | Reclassified as held for sale | Effect of foreign currency exchange differences | Borrowing cost capitalised | Other adjustments | Balance as at 31 March, 2021 |
|   |  | ₹                           | ₹         | ₹         | ₹  | ₹                             | ₹   | ₹                          | ₹                 | ₹                            |
|   | (a) Goodwill<br>(b) Brands / trademarks<br><br>(c) Computer software<br>(d) Mastheads and<br>(e) Mining rights<br>Intangible Assets<br>(g) Recipes, formulae, models, designs and<br>(h) Licenses and franchise<br>(i) Others (specify nature) | 906,077                     | -         | -         | -  | -                             | -   | -                          | -                 | 906,077                      |
|   | <b>Total</b>   | <b>906,077</b>              | <b>-</b>  | <b>-</b>  | <b>-</b>                                   | <b>-</b>                      | <b>-</b>  | <b>-</b>                   | <b>-</b>          | <b>906,077</b>               |
|   | <b>Previous year</b>   | <b>906,077</b>              | <b>-</b>  | <b>-</b>  | <b>-</b>                                   | <b>-</b>                      | <b>-</b>  | <b>-</b>                   | <b>-</b>          | <b>906,077</b>               |

| B | Intangible assets  | Accumulated depreciation and impairment |  |                                  |   |   | Net block         |                              |                              |                              |
|---|--|---|--|----------------------------------|---|---|-------------------|------------------------------|------------------------------|------------------------------|
|   |  | Balance as at 1 April, 2020             | Depreciation / amortisation expense for the year | Eliminated on disposal of assets | Eliminated on reclassification as held for sale | Impairment losses recognised / (reversed) in Statement of Profit and Loss | Other adjustments | Balance as at 31 March, 2021 | Balance as at 31 March, 2021 | Balance as at 31 March, 2020 |
|   |  | ₹                                       | ₹  | ₹                                | ₹   | ₹   | ₹                 | ₹                            | ₹                            |                              |
|   | (a) Goodwill<br>(b) Brands / trademarks<br><br>(c) Computer software<br>(d) Mastheads and<br>(e) Mining rights<br>Intangible Assets<br>(g) Recipes, formulae, models, designs and<br>(h) Licenses and franchise<br>(i) Others (specify nature) | 906,077                                 | -  | -                                | -   | -   | -                 | 906,077                      | -                            | -                            |
|   | <b>Total</b>   | <b>906,077</b>                          | <b>-</b>   | <b>-</b>                         | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>906,077</b>               | <b>-</b>                     | <b>-</b>                     |
|   | <b>Previous year</b>   | <b>906,077</b>                          | <b>-</b>   | <b>-</b>                         | <b>-</b>  | <b>-</b>  | <b>-</b>          | <b>906,077</b>               | <b>-</b>                     | <b>-</b>                     |

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 10 Loans/ Deposits**

| Particulars   | As at 31 March, 2021 | As at 31 March, 2020 |
|---|----------------------|----------------------|
|   | ₹                    | ₹                    |
| (a) Capital Advances *                                |                      |                      |
| Secured, considered good                              | -                    | -                    |
| Unsecured, considered good                            | 3,154,332            | 129,399              |
| Doubtful  | -                    | -                    |
|   | 3,154,332            | 129,399              |
| Less: Provision for doubtful advances                 | -                    | -                    |
|   | <b>3,154,332</b>     | <b>129,399</b>       |
| (b) Security Deposits                                 |                      |                      |
| Secured, considered good                              | 694,694              | 1,964,022            |
| Unsecured, considered good                            | 423,639              | 423,639              |
| Doubtful  | -                    | -                    |
|   | 1,118,333            | 2,387,661            |
| Less: Provision for doubtful deposits                 | -                    | -                    |
|   | <b>1,118,333</b>     | <b>2,387,661</b>     |
| (c) Other loans and advances (specify nature)         |                      |                      |
| Secured, considered good                              | -                    | -                    |
| Unsecured, considered good                            | -                    | -                    |
| Doubtful  | -                    | -                    |
|   | -                    | -                    |
| Less: Provision for other doubtful loans and advances | -                    | -                    |
|   | -                    | -                    |
| <b>Total</b>  | <b>4,272,665</b>     | <b>2,517,060</b>     |

| Particulars  | As at 31 March, 2021 | As at 31 March, 2020 |
|--|----------------------|----------------------|
|  | ₹                    | ₹                    |
| Directors *  |                      |                      |
| Other officers of the Company *  |                      |                      |
| Firms in which any director is a partner (give details per firm)                           |                      |                      |
| Private companies in which any director is a director or member (give details per company) |                      |                      |
| <b>Total</b>   | -                    | -                    |

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 11 Deferred Tax Assets**

| Particulars                            | As at 31 March, 2021 | As at 31 March, 2020 |
|--|----------------------|----------------------|
|  | ₹                    | ₹                    |
| Deferred tax liability on Depreciation | (449,607)            | (449,607)            |
| Deferred tax Asset on MAT Tax paid     | 15,586,637           | 8,977,809            |
| <b>Total</b>                           | <b>15,137,030</b>    | <b>8,528,202</b>     |

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 12 Inventories**

(At lower of cost and net realisable value)

| Particulars  | As at 31 March, 2021 | As at 31 March, 2020 |
|--|----------------------|----------------------|
|  | ₹                    | ₹                    |
| (a) Raw materials  | 13,963,242           | 8,013,637            |
| (b) Work-in-progress @ (Refer Note below)                  | 1,842,045            | 2,365,975            |
| (c) Finished goods (other than those acquired for trading) | 1,283,091            | 1,502,754            |
| (d) Stock-in-trade (acquired for trading)                  | 278,010              | 403,188              |
| (e) Stores and spares                                      | -                    | -                    |
| <b>Total</b>   | <b>17,366,388</b>    | <b>12,285,554</b>    |

Note: Details of inventory of work-in-progress

| Particulars         | As at 31 March, 2021 | As at 31 March, 2020 |
|---------------------|----------------------|----------------------|
|                     | ₹                    | ₹                    |
| Ojasvita            | 210,849              | 386,029              |
| Ayurvedic Medicines | 1,631,196            | 1,979,946            |
|                     | <b>1,842,045</b>     | <b>2,365,975</b>     |



**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 13 Trade Receivables**

| Particulars   | As at 31 March, 2021 | As at 31 March, 2020 |
|---|----------------------|----------------------|
|   | ₹                    | ₹                    |
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment # |                      |                      |
| Secured, considered good  | -                    | -                    |
| Unsecured, considered good  | -                    | -                    |
| Doubtful  | -                    | -                    |
| Trade Receivable include being receivable from companies where the Directors are interested)              |                      |                      |
|   | -                    | -                    |
| Less: Provision for doubtful trade receivables  | -                    | -                    |
| Other Trade receivables   |                      |                      |
| Secured, considered good  | -                    | -                    |
| Unsecured, considered good  | 59,851,914           | 67,920,034           |
| Doubtful  | -                    | -                    |
|   | 59,851,914           | 67,920,034           |
| Less: Provision for doubtful trade receivables  | -                    | -                    |
|   | <b>59,851,914</b>    | <b>67,920,034</b>    |
| <b>Total</b>  | <b>59,851,914</b>    | <b>67,920,034</b>    |

Note: Trade receivables include debts due from:

| Particulars  | As at 31 March, 2021 | As at 31 March, 2020 |
|--|----------------------|----------------------|
|  | ₹                    | ₹                    |
| Directors *  |                      |                      |
| Other officers of the Company *  |                      |                      |
| Firms in which any director is a partner (give details per firm)                           |                      |                      |
| Private companies in which any director is a director or member (give details per company) | 59,851,914           | 67,920,034           |
|  | <b>59,851,914</b>    | <b>67,920,034</b>    |

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 14 Cash and Cash Equivalents**

| Particulars   | As at 31 March, 2021 | As at 31 March, 2020 |
|---|----------------------|----------------------|
|   | ₹                    | ₹                    |
| (a) Cash on hand  | 89,644               | 6,034                |
| (b) Balances with banks   |                      |                      |
| (i) In current accounts   | 12,200,777           | 126,652              |
| (ii) In deposit accounts (Refer Note (i) below)   | 14,770,000           | -                    |
| <b>Total</b>  | <b>27,060,421</b>    | <b>132,686</b>       |
| Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 <i>Cash Flow Statements</i> is |                      |                      |

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 15 Loans and Advances**

| Particulars  | As at 31 March, 2021 | As at 31 March, 2020 |
|--|----------------------|----------------------|
|  | ₹                    | ₹                    |
| (a) Security deposits  |                      |                      |
| Secured, considered good   | -                    | -                    |
| Unsecured, considered good   | -                    | -                    |
| Doubtful   | -                    | -                    |
| Less: Provision for doubtful deposits  | -                    | -                    |
| (b) Loans and advances to employees  |                      |                      |
| Secured, considered good   | -                    | -                    |
| Unsecured, considered good   | 466,421              | 941,035              |
| Doubtful   | -                    | -                    |
| Less: Provision for doubtful loans and advances  | 466,421              | 941,035              |
| (c) Prepaid expenses - Unsecured, considered good (For e.g. Insurance premium, Annual maintenance contracts, etc.) | 819,275              | 852,339              |
| (d) Balances with government authorities   |                      |                      |
| Unsecured, considered good   |                      |                      |
| (i) CENVAT credit receivable   | 4,607,483            | 1,736,259            |
| (e) Others (specify nature)  |                      |                      |
| Secured, considered good   | -                    | -                    |
| Unsecured, considered good   | 529,458              | 3,322,097            |
| Doubtful   | -                    | -                    |
| Less: Provision for other doubtful loans and advances  | 529,458              | 3,322,097            |
| <b>Total</b>   | <b>6,422,637</b>     | <b>6,851,730</b>     |

**Note 15 Loans (contd.)**

**Particulars**

Note: Short-term loans and advances include amounts due from:

| Particulars  | As at 31 March, 2021 | As at 31 March, 2020 |
|--|----------------------|----------------------|
|  | ₹                    | ₹                    |
| Directors *  | -                    | -                    |
| Other officers of the Company *  | 466,421              | 941,035              |
| Firms in which any director is a partner (give details per firm)                           | -                    | -                    |
| Private companies in which any director is a director or member (give details per company) | -                    | -                    |
|  | <b>466,421</b>       | <b>941,035</b>       |

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 16 Revenue from Operations**

|     | Particulars   | For the Year Ended | For the Year Ended |
|-----|---|--------------------|--------------------|
|     |   | 31 March, 2021     | 31 March, 2020     |
|     |   | ₹                  | ₹                  |
| (a) | Sale of products @ (Refer Note (i) below)           | 271,825,241        | 151,056,530        |
| (b) | Other operating revenues # (Refer Note (iii) below) | 54,001             | 7,772              |
|     |   | 271,879,242        | 151,064,302        |
| (c) | <u>Less:</u><br>GST                                 | 23,082,367         | 15,158,955         |
|     | <b>Total</b>  | <b>248,796,875</b> | <b>135,905,347</b> |

| Note  | Particulars                               | For the Year Ended | For the Year Ended |
|-------|---|--------------------|--------------------|
|       |   | 31 March, 2021     | 31 March, 2020     |
|       |   | ₹                  | ₹                  |
| (i)   | Sale of products comprises @:             |                    |                    |
|       | <u>Manufactured goods</u>                 |                    |                    |
|       | Ojasvita                                  | 39,513,751         | 35,954,634         |
|       | Ayurvedic Medicines                       | 147,773,387        | 84,325,428         |
|       | <b>Total - Sale of manufactured goods</b> | <b>187,287,138</b> | <b>120,280,062</b> |
|       | <u>Traded goods</u>                       |                    |                    |
|       | Veg Capsules & Cookies                    | 61,199,670         | 15,234,736         |
|       | Others                                    | 264,250            | -                  |
|       | <b>Total - Sale of traded goods</b>       | <b>61,463,920</b>  | <b>15,234,736</b>  |
|       | <b>Total - Sale of products</b>           | <b>248,751,057</b> | <b>135,514,798</b> |
| (ii)  | Sale of services comprises @:             |                    |                    |
|       | Conversion Charges                        | -                  | 383,610            |
|       | Others                                    | -                  | -                  |
|       | <b>Total - Sale of services</b>           | <b>-</b>           | <b>383,610</b>     |
| (iii) | Other operating revenues # comprise:      |                    |                    |
|       | Sale of scrap                             | 45,818             | 6,939              |
|       | Duty drawback and other export incentives | -                  | -                  |
|       | Others (specify nature)                   | -                  | -                  |
|       | <b>Total - Other operating revenues</b>   | <b>45,818</b>      | <b>6,939</b>       |

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 17 Other Income**

|     | Particulars                | For the Year Ended<br>31 March, 2021 | For the Year Ended<br>31 March, 2020 |
|-----|----------------------------|--------------------------------------|--------------------------------------|
|     |                            | ₹                                    | ₹                                    |
| (a) | Interest Income            | 790,602                              | 24,484                               |
| (b) | Other Non-Operating Income | 2,610,774                            | 224,638                              |
|     | <b>Total</b>               | <b>3,401,376</b>                     | <b>249,121</b>                       |

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 18 Cost of Materials Consumed**

| Particulars                      | For the Year Ended<br>31 March, 2021 | For the Year Ended<br>31 March, 2020 |
|----------------------------------|--------------------------------------|--------------------------------------|
|                                  | ₹                                    | ₹                                    |
| Opening stock                    | 8,013,637                            | 11,459,124                           |
| Add: Purchases                   | 71,357,650                           | 30,301,271                           |
|                                  | 79,371,287                           | 41,760,395                           |
| Less: Closing stock              | 13,963,242                           | 8,013,637                            |
| <b>Cost of material consumed</b> | <b>65,408,045</b>                    | <b>33,746,758</b>                    |
| Material consumed comprises:     |                                      |                                      |
| Sugar                            | 1,090,670                            | 5,564,879                            |
| Others                           | 64,317,375                           | 28,181,879                           |
| <b>Total</b>                     | <b>65,408,045</b>                    | <b>33,746,758</b>                    |

**Note 19. Purchase of Traded Goods**

| Particulars  | For the Year Ended<br>31 March, 2021 | For the Year Ended<br>31 March, 2020 |
|--------------|--------------------------------------|--------------------------------------|
|              | ₹                                    | ₹                                    |
| Traded goods | 32,978,590                           | 11,509,301                           |
| <b>Total</b> | <b>32,978,590</b>                    | <b>11,509,301</b>                    |

**Note 20 Changes in Inventories of Finished Goods, Work-In-Progress and Stock-In-Trade**

| Particulars                                      | For the Year Ended<br>31 March, 2021 | For the Year Ended<br>31 March, 2020 |
|--|--------------------------------------|--------------------------------------|
|  | ₹                                    | ₹                                    |
| <u>Inventories at the end of the year:</u>       |                                      |                                      |
| Finished goods                                   | 1,283,091                            | 1,502,754                            |
| Work-in-progress                                 | 1,842,045                            | 2,365,975                            |
|  | 3,125,136                            | 3,868,729                            |
| <u>Inventories at the beginning of the year:</u> |                                      |                                      |
| Finished goods                                   | 1,502,754                            | 1,608,064                            |
| Work-in-progress                                 | 2,365,975                            | 5,552,377                            |
|  | 3,868,729                            | 7,160,441                            |
| <b>Net (increase) / decrease</b>                 | <b>743,593</b>                       | <b>3,291,712</b>                     |

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 21 Employee Benefits Expense**

| Particulars                             | For the Year Ended<br>31 March, 2021 | For the Year Ended<br>31 March, 2020 |
|---|--------------------------------------|--------------------------------------|
|   | ₹                                    | ₹                                    |
| Salaries and Wages                      | 22,724,699                           | 20,947,831                           |
| Directors Remuneration                  | 1,200,000                            | 1,200,000                            |
| Contributions to Provident Fund and ESI | 918,230                              | 909,741                              |
| Gratuity                                | 596,346                              | 860,417                              |
| Leave Encashment                        | (216,642)                            | 42,400                               |
| Staff welfare expenses                  | 175,677                              | 155,737                              |
| <b>Total</b>                            | <b>25,398,310</b>                    | <b>24,116,126</b>                    |

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 22 Finance Costs**

| Particulars      | For the Year Ended<br>31 March, 2021 | For the Year Ended<br>31 March, 2020 |
|------------------|--------------------------------------|--------------------------------------|
|                  | ₹                                    | ₹                                    |
| Interest Expense | 1,037,447                            | 1,638,374                            |
| <b>Total</b>     | <b>1,037,447</b>                     | <b>1,638,374</b>                     |

**SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED**

**Note 23 Other Expenses**

| Particulars                                 | For the Year Ended | For the Year Ended |
|---|--------------------|--------------------|
|   | 31 March, 2021     | 31 March, 2020     |
|   | ₹                  | ₹                  |
| Labour Charges                              | 15,295,739         | 9,804,351          |
| Power and fuel                              | 3,311,733          | 2,343,986          |
| Rent  | 1,542,632          | 1,470,445          |
| Repairs and maintenance - Buildings         | 692,443            | 372,246            |
| Repairs and maintenance - Machinery         | 158,770            | 174,555            |
| Repairs and maintenance - Others            | 1,539,569          | 2,373,781          |
| Insurance                                   | 497,188            | 606,433            |
| Rates and taxes                             | 989,065            | 953,439            |
| Postage & Telephone                         | 396,424            | 440,309            |
| Travelling and conveyance                   | 746,429            | 412,919            |
| Printing and stationery                     | 257,074            | 207,589            |
| Freight and forwarding                      | 2,796,271          | 1,839,854          |
| Selling Distribution Expenses               | 40,119,041         | 12,047,332         |
| Legal and Professional Charges              | 1,124,817          | 851,449            |
| Payments to Auditors (Refer Note (i) below) | 265,000            | 260,000            |
| Factory Maintainance                        | 1,161,037          | 946,028            |
| Analytical Testing Charges                  | 661,318            | 1,542,440          |
| Vehicle Repairs & Maintainance              | 777,160            | 636,240            |
| Electricity Charges                         | 17,006             | 8,810              |
| Security Service Charges                    | 620,162            | 578,748            |
| Subscriptions & Periodicals                 | 740                | 1,650              |
| AGM & EGM Expenses                          | -                  | 29,525             |
| Pooja Expenses                              | 5,079              | 8,157              |
| Office Maintainance                         | 133,184            | 119,705            |
| Round Off                                   | 34                 | 2                  |
| Bad Debts Written Off                       | 80,105             | -                  |
| Expired and Damage Goods                    | -                  | -                  |
| Interest & Penalty                          | 2,613              | 64,071             |
| Bank Charges                                | 592,124            | 573,189            |
| Job work                                    | 2,268,722          |                    |
| Donations                                   | -                  | -                  |
| Prior Period Expenses                       | 6,436,063          | 1,339,350          |
| <b>Total</b>                                | <b>82,487,543</b>  | <b>40,006,602</b>  |

**Note 23 Other Expenses (contd.)**

| Particulars   |                    |                    |
|---|--------------------|--------------------|
| Particulars   | For the Year Ended | For the Year Ended |
|   | 31 March, 2021     | 31 March, 2020     |
|   | ₹                  | ₹                  |
| (i) Payments to the auditors comprises (net of service tax input credit, where applicable): |                    |                    |
| As Auditors - Statutory Audit   | 125,000            | 125,000            |
| For Taxation Matters  | 125,000            | 125,000            |
| For Other Certification Charges   | 15,000             | 10,000             |
| <b>Total</b>  | <b>265,000</b>     | <b>260,000</b>     |





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Source Natural Foods and Herbal Supplements Limited.  
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