



SOURCE NATURAL

FOODS AND HERBAL SUPPLEMENTS LIMITED

BOARD OF DIRECTORS:

MR. ARVIND VARCHASWI N.	MANAGING DIRECTOR
MR. NARAYANAN NARASIMHAN	NON-EXECUTIVE CHAIRMAN & DIRECTOR
MR. SRINIVAS GOWRA	INDEPENDENT DIRECTOR
MR. NIKHIL SEN	INDEPENDENT DIRECTOR
MR. SRIRAM CHANDRASEKARAN	INDEPENDENT DIRECTOR
MR. DIGVIJAY CHOUDARI	INDEPENDENT, DIRECTOR
MR. CHANDRAKANT L. RATHI	INDEPENDENT, DIRECTOR
REGISTERED OFFICE	PLOT NO. 22 & 23, SVCIE, BACHUPALLY, QUTHBULLAPUR MANDAL, HYDERABAD – 500 090
INVESTORS CONTACT EMAIL ID	investor_relations@source-natural.com
AUDITORS	VIJAY NARAYAN AND CO., CHARTERED ACCOUNTANTS, 5-4-776, 1 ST FLOOR, LANE OPP. G. PULLAREDDY SWEETS, STREET NO. 4, ABIDS, HYDERABAD – 500 001.
SHARE TRANSFER AGENTS	VENTURE CAPITAL & CORPORATION INVESTMENTS PRIVATE LIMITED, 12-10-167, BHARATNAGAR, HYDERABAD – 500 018.

NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of Members of **SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED** will be held on Saturday the 28th Day of September, 2013 at 11.30 AM at Hotel Jaya Excellency, Begumpet, Near Airport, Hyderabad – 500 016 to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Audited Balance sheet as at 31st March, 2013 and the Profit and Loss Account for the year ended 31st March, 2013 together with reports of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Narayanan Narasimhan who retires by rotation and being eligible offers himself for reappointment.
3. To appoint a Director in place of Mr. Srinivas Gowra, who retires by rotation and being eligible offers himself for reappointment.
4. To appoint the Auditors and fix their Remuneration and for this purpose pass the following resolution as Ordinary resolution:-

"RESOLVED THAT M/s. VIJAY NARAYAN & CO., Chartered Accountants, Hyderabad, retiring auditors of the Company be and are hereby re- appointed as Auditors of the Company pursuant to the provisions of Section 224 of the Companies Act, 1956 to hold office from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors of the company be and are hereby authorized to fix their remuneration including for other services and out of pocket expenses"

Place: Bangalore

Date: August 23, 2013

For Source Natural Foods And Herbal Supplements Limited
By Order of the Board

Sd/-

Arvind Varchaswi N.
Managing Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and such proxy need not be a member of the Company.
2. Proxy Form duly executed should be deposited at the Registered Office of the Company at least FORTY EIGHT hours before the commencement of the meeting.
3. The Register of Members and Share Transfer Books shall remain closed from September 20, 2013 to September 28, 2013 (both days inclusive) for the purpose of Annual General Meeting.
4. Members are requested to notify their change of address, if any.
5. Members, who are holding shares in identical order of names in more than one folio, are requested to write to the Company to enable the Company to consolidate their holdings in one folio.
6. Members are requested to write to the Company for any queries, regarding Accounts, so as to reach the Company at least ten days before the meeting, to enable the management to keep the information ready at the Meeting.
7. Since there are only ordinary business to be transacted, there is no need for providing the explanatory statement pursuant to section 173(2) of the Companies Act, 1956.

BRIEF PROFILES OF DIRECTORS SEEKING RE- APPOINTMENT:**Mr. Narayanan Narasimhan**

N. Narasimhan is Chairman and Director of Source Natural Foods and Herbal Supplements Limited. As a Chairman of the Company, he has guided the Company and its Board in evolving the Company as best manufacturing unit of Herbal and Ayurvedic Company.

He is graduated as an architect from the School of architecture, Madras University, India in the year 1969. He also has a Diploma in housing planning and Building, from Bouwcentrum Centre, Rotterdam, Holland.

He is a member of the Council of Architects and an associate member of the Indian Institute of Architects, New Delhi, India.

Mr. Srinivas Gowra

He is a post graduate in Science having rich business experience of over 40 years in varied fields ranging from Finance, Petrochemicals, Real Estate and bio-organics.

He has successfully floated many ventures in all the above fields of business. He also has a distinction of promoting many a young entrepreneurs in many fields and turned them into successful professionals.

He brings to the company this widely rich experience to plays vital role in financial and strategic planning and guiding the business for potential growth in future.

DIRECTORS' REPORT

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

Your Directors are pleased to present 18th Annual Report of the Company together with Audited Balance Sheet and Profit and Loss Account for the year ended 31st March 2013.

1. FINANCIAL RESULTS:

Particulars	(Rs. Lakhs)	
	31.03.2013	31.03.2012
Total revenue	376.17	155.13
Profit/ (Loss) before exceptional and extraordinary items and tax	36.11	(48.34)
Exceptional Items	0.64	16.78
Profit before extraordinary items and tax	35.47	(65.13)
Extraordinary Items	-	-
Tax expenses	-	-
Net Profit/Loss) carried to Balance Sheet	35.47	(65.13)
Earnings Per Share (Basic/ Diluted)	0.79	(1.45)

2. OPERATIONS:

The Total revenue of the Company for the year ended 31st March, 2013 was Rs. 3,76,17,324 which has increased approximately by 143% from the total revenue of the previous year which was Rs. 155,13,167/-. The increase in revenue is due to the expansion in the sales market of the Company. With the efforts of the management, the Company has evolved as a profit making unit in the current year. The Company has made an additional investment of Rs. 31,22,000 in the plant & machinery during the current year under review as the Company intends to improvise and standardise the production process.

3. FUTURE OUTLOOK:

Company's vision is to make the Ayurveda reach the masses across the globe. Your Company focuses on such products which will bring Ayurveda in to individual's daily diet. We provide various Ayurvedic products in form of medicines and herbal supplements.

The Company intends to focus on the standardisation of production and related processes. It also intends to invest in the Research and Development to achieve wider product portfolio.

The Company intends to create mass awareness of the products through various advertisements and promotional media to further boost the sales of the product. In the next two years the company intends to create a strong marketing team to support the promotional activity and to establish a strong distributor network throughout the country.

4. DIVIDEND:

Since the Company has just started making profits and it needs more funds for future operations, your Directors do not recommend any Dividend for the Financial year ended 31.03.2013.

5. DIRECTORS:

Pursuant to the provisions of Section 256 of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Narayanan Narasimhan and Mr. Srinivas Gowra retire by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for re-appointment.

Mr. Ramesh Chandra Agarwal resigned from the Directorship of the Company due to his personal reasons which was accepted by the Board on November 05, 2012 and the Board appreciates the contribution made by him towards the Company.

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

6. AUDITORS:

M/s. Vijay Narayan & Co., Chartered Accountants retire as the Statutory Auditors of the Company at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment for holding office until the conclusion of next Annual General Meeting, pursuant to the provisions of Section 224(ID) of the Companies Act, 1956. Their remuneration shall be fixed by the Board of Directors as per the terms of agreed upon.

7. FIXED DEPOSITS:

Your Company has not accepted any Fixed Deposits from the Public or its shareholders within the meaning of the section 58A of the Companies Act, 1956, during the year under review.

8. COMPLIANCE CERTIFICATE UNDER SECTION 383A OF THE COMPANIES ACT, 1956:

Pursuant to Section 383A of the Companies Act, 1956, the company is required to obtain compliance certificate from a Practicing Company Secretary certifying that the company has duly complied with all applicable statutory regulations and requirements and file the same with the Registrar of Companies, Andhra Pradesh. In this connection, a Compliance Certificate issued by a Practicing Company Secretary has been obtained and is attached hereto.

9. DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with the provisions of Section 217(2AA) of the Companies Act, 1956, in respect of the financial statements as at 31st March, 2013, Your Directors state:

- (i) That in the preparation of the Annual accounts, the applicable accounting standards have been followed.
- (ii) That your Directors have selected appropriate accounting policies and applied them consistently and diligently so as to depict a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss account for that period.
- (iii) That your Directors have taken proper and sufficient care with respect to the maintenance of required and mandated records under the provisions of the Companies Act, 1956 for safeguarding the assets of your Company and preventing any frauds and irregularities.
- (iv) That your Directors have prepared the Annual Accounts for the Financial Year ended 31.03.2013 as per the going concern concept.

10. PARTICULARS OF EMPLOYEES:

During the year under review, all the employees have drawn their salaries within the limits specified under Section 217(2A) read with the Companies (Particulars of Employees) Rules, 1975 as amended from time to time.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

Pursuant to the provisions of Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the report of Board of Directors) Rules, 1988, the particulars of conservation of energy and technology absorption are provided hereunder:-

Power and Fuel Consumption

		Current Year
Electricity		
a) Purchased	Units (Kwh)	1,10,424.00
	Total Amount (Rs.)	10,11,969.00
	Rate/Unit (Rs.)	9.16
b) Own Generation	Through Diesel Generator	8,184.10
	Units (Kwh)	
	Total Amount (Rs.)	2,27,175
	Cost/Unit (Rs.)	27.76

Foreign exchange earnings of the company during the current financial year is NIL and there were few expenditures in foreign currency for the purpose of renewal of certificates to an extent of Rs. 37,875.80/-.

12. RESEARCH AND DEVELOPMENT:

Research & Development is a core activity in any pharma industry. Your Company is currently involved in carrying out various Research & Development to bring more herbal and organic products in to the existing/new product portfolio and to

add more value to the existing products. The Company is also emphasizing on organic food and nutritional supplements with an optimum mix of naturally available ingredients for attaining a sustainable improvement in the Health of all age Groups

13. LISTING:

The shares of your Company are listed in the Bombay Stock Exchange and traded regularly.

14. CODE OF CONDUCT:

The Company has adopted a uniform Code of Conduct for Directors, Senior Management Personnel and other Executive level officers to ensure proper ethical standards and further ensure due compliance to such established standards.

15. SUBSIDIARY/ HOLDING 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 Sumeru Ayurveda Private Limited.

16. CORPORATE GOVERNANCE REPORT:

The Code of Corporate Governance as per Clause 49 of the Listing Agreement is attached herewith. The Compliance Certificate on Corporate Governance received from the Statutory Auditors is also given as an Annexure to this report.

17. COST AUDITOR APPOINTMENT

Pursuant to Section 233B of the Companies Act, 1956 and General Circular No. 15/2011 [52/5/CAN-2011], M/s. Susarla & Co. has been re-appointed as cost auditing firm of the Company with effect from June 18, 2013 for conducting Cost Audit and issue of Cost Compliance Certificate of the Company for the financial year 2013-14.

18. ACKNOWLEDGEMENTS:

Your Directors take this opportunity to express their gratitude for continuous support and co-operation extended by Government Authorities, Bankers and other business associates along with our esteemed Shareholders and employees.

Place: Bangalore

Date: August 23, 2013

On Behalf of the Board

Sd/-

**Arvind Varchaswi N.
Managing Director**

Sd/-

**Narayanan Narasimhan
Director**

FORM
(See Rule 3)

Company Registration No: L24231AP1995PLC019106
Authorized Share Capital: Rs. 9,00,00,000/-
Paid Up Share Capital: Rs. 4,50,00,400/-

COMPLIANCE CERTIFICATE

To,

The Members of

SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED

**Plot No.22&23, SVCIE, Bachupally, Miyapur,
Hyderabad- 500 325,**

I have examined the Registers, records, books and papers of **M/s SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED** (Formerly Inwinex Pharmaceuticals Limited) (hereinafter called Source Natural) as required to be maintained under the Companies Act, 1956, (the Act) and the rules made there under and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March 2013 (financial year). In my opinion and to the best of my information and according to the examinations carried out by me and explanations furnished to me by SOURCE NATURAL, its Directors, officers and agents, I certify that in respect of the aforesaid financial year:

1. SOURCE NATURAL has kept and maintained all Registers as stated in **Annexure 'A'** to this certificate, as per the provisions of the Act and the rules made there under and all entries therein have been duly recorded.
2. SOURCE NATURAL has duly filed the forms and returns as stated in **Annexure 'B'** to this certificate, with the Registrar of Companies, Regional Director, Central Government, Company Law Board or other authorities, as required under law, within the time prescribed under the Act and the rules made there under.
3. SOURCE NATURAL being a Public Limited Company has the minimum prescribed paid-up capital.
4. The Board of Directors duly met 4 times respectively on May 28, 2012, August 14, 2012, November 05, 2012 and February 14, 2013 in respect of which meetings, proper notices were given and the proceedings were properly recorded and signed including the circular resolutions passed, in the Minutes Book maintained for the purpose.
5. SOURCE NATURAL being a listed company has closed its Register of members and Share transfer books for the purpose of Annual General Meeting from 20th September, 2012 to 27th September, 2012 (both days inclusive) for complying with Section 154 and the Listing Agreement.
6. The Annual General Meeting for the financial year ended on 31st March, 2012 was held on 27th September, 2012 after giving due notice to the members of SOURCE NATURAL and the resolutions passed thereat were duly recorded in Minutes Book maintained for the purpose.

No Extra Ordinary General Meeting of members was held during the financial year 2012-13. However, the Company has conducted Postal Ballot by issuing Notice on 31st March, 2012 and the result was announced on 17th May, 2012 for the Change of Main Objects of the Company, Change of Name of the Company and Remuneration to the Managing Director of the Company.

7. SOURCE NATURAL has not advanced any loans to its directors or persons or firms or companies referred to under Section 295 of the Act during the year.

SOURCE NATURAL has entered into contracts falling within the purview of Section 297 of the Act, the value of the Contracts is Rs. 1,81,97,928/- have been duly approved by the Board and Central Government under the said provisions of the Act. The Company has filed application to the Central Government for approving contracts with related parties during the financial year under preview before entering into any contracts. The Company during the year has filed compounding application with the Company Law Board- Sothern Region Bench for entering into transactions u/s 297 in the previous years.

8. SOURCE NATURAL has made all necessary entries in the register maintained under Section 301 of the Act for the transactions, which required to be recorded therein, during the financial year under review.
9. As there were no instances falling within the purview of Section 314 of the Act, SOURCE NATURAL has not obtained any approvals from the Board of Directors, members and previous approval of the Central Government, as the case may be.
12. SOURCE NATURAL has not issued any duplicate certificate during the financial year.
13. The Company SOURCE NATURAL has:
 - (i) delivered all the certificates on allotment of securities and on lodgment thereof for transfer / transmission or any other purpose in accordance with the provisions of the Act.
 - (ii) Not declared any dividend during the year, hence provisions of Sections 205 to 207 are not applicable.
 - (iii) Duly complied with the requirements of Section 217 of the Act.
 - (iv) Not made any Investments during the financial year.
14. The Board of Directors of SOURCE NATURAL is duly constituted with Seven Directors. One director resigned from the Directorship of the Company on November 05, 2012. During the year, there was no appointment of Additional/Alternate Directors.
15. There were no new appointments of Whole time director or Managing Director. There is no remuneration paid to ant Whole time director.
16. SOURCE NATURAL has not appointed any sole selling agents during the financial year.
17. SOURCE NATURAL has made applications and obtained approval from the Regional Director under Section 297 of the Companies Act, 1956; has filed petitions before Company Law Board (Southern Regional Bench) under Section 621A and obtained approval from Registrar of Companies for change of name. No other applications were made or approvals obtained from such authorities prescribed under the various provisions of the Act.
18. The Directors have disclosed their interest in other firms / companies to the Board of Directors pursuant to the provisions of the Act and the rules made there under.
19. SOURCE NATURAL has not made any fresh issue of shares during the financial year under review.
20. SOURCE NATURAL has not bought back any shares during the financial year.
21. There was no redemption of preference shares or debentures during the financial year.

22. There were no transactions necessitating the Company to keep in abeyance the rights to dividend, rights shares and bonus shares pending registration of transfer of shares.
23. SOURCE NATURAL has not invited / accepted any deposits falling within the purview of Section 58A during the financial year. However the Company has received Inter Corporate Deposits in form of Long Term Loan to the extent of Rs. 2,21,76,000 /- as on March 31, 2013 from Holding company.
24. SOURCE NATURAL has not borrowed any amounts from any Bank/ Financial Institution during the financial year. Since the borrowings are NIL, the provisions of Section 293(1)(d) of the Act are not attracted.
25. SOURCE NATURAL has not made any loans or advances or given guarantees or provided securities to other bodies corporate and consequently no entries have been made in the Register kept for the purpose. .
26. SOURCE NATURAL has not altered the provisions of the memorandum with respect to situation of the Registered office from one state to another during the year under scrutiny.
27. SOURCE NATURAL has altered the provisions of the memorandum with respect to the objects of the Company during the period vide postal ballot resolutions passed by the members of the Company on May 17, 2012.
28. SOURCE NATURAL has altered the provisions of the memorandum with respect to name of the Company vide postal ballot resolutions passed by the members of the Company on May 17, 2012 to alter the name of the Company from 'Inwinex Pharmaceuticals Limited' to 'Source Natural Foods and Herbal Supplements Limited' which was approved by the Registrar of Companies w.e.f June 06, 2012.
29. SOURCE NATURAL has not altered the provisions of the memorandum with respect to share capital of the Company during the year under scrutiny.
30. SOURCE NATURAL has not altered its Articles of Association during the year under review except to that of substitution of new name of the Company in the existing Articles of Association of the Company.
31. There was / were no prosecution initiated against or show cause notices received by the Company or its Directors during the financial year, for offences under the Act and that as per the declaration made by the Directors, individually, have not suffered any disqualification under the provisions of Section 274(1) (g) of the Act.
32. As explained by the Management, SOURCE NATURAL has not received any money as security from its employees during the financial year.
33. As explained to us, SOURCE NATURAL has duly deposited the contributions to Provident Fund with prescribed authorities pursuant to Section 418 of the Act.

Place : Hyderabad

Date : 22.08.2013

Name of the Company Secretary: **AJAY.S SHRIVASTAVA**

C.P. No: 3479

FCS No: 3489