

25th ANNUAL REPORT

2019-20



SOURCE NATURAL

FOODS AND HERBAL SUPPLEMENTS LIMITED

BOARD OF DIRECTORS

MR. ARVIND VARCHASWI N.	MANAGING DIRECTOR
MR. NARAYANAN NARASIMHAN	NON - EXECUTIVE DIRECTOR&CHAIRMAN
MR. TEJAGNA KASHMIRA 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 & 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,

Email: info@source-natural.com

INVESTORS CONTACT

EMAIL ID 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.

NOTICE

Notice is hereby given that the Twenty Fifth Annual General Meeting of **SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED** will be held on Tuesday, 29th September, 2020 at 12:00P.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, 2020 together with the Reports of Directors, Auditors and such other Reports annexed thereon.
2. To appoint a Director in place of Mr. Narayanan Narasimhan (DIN: 00143620) who retires by rotation and being eligible offers himself for re-appointment.

SPECIAL BUSINESS:

3. REAPPOINTMENT OF MR. ARVIND VARCHASWI N (DIN: 00143713) AS MANAGING DIRECTOR OF THE COMPANY AND FIXING HIS REMUNERATION.

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

"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule-V of the Companies Act, 2013 and Articles of Association of the Company, approval of the Members of the Company be and is hereby accorded to the reappointment of Mr. Arvind Varchaswi N (DIN: 00143713) as Managing Director of the Company with effect from June 26, 2020 to June 24, 2025 as well as the payment of salary, and perquisites (hereinafter referred to as "remuneration"), upon the terms and conditions as detailed in the explanatory statement attached hereto, which is hereby approved and that authority be given to the Board of Directors to alter and vary the terms and conditions of the said re-appointment in such manner as may be agreed to between the Board of Directors and Mr. Arvind Varchaswi N."

"RESOLVED FURTHER THAT that in the absence of or inadequacy of profits in any financial year during his tenure of office, the remuneration will be paid as a Minimum Remuneration to Mr. Arvind Varchaswi N, subject to the provisions of Section II of Part II of Schedule V of the Companies Act, 2013."

“RESOLVED FURTHER THAT the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary or expedient to give effect to the foregoing resolution.”

4. RE-APPOINTMENT OF Mr. CHANDRAKUMAR L. RATHI AS AN INDEPENDENT DIRECTOR OF THE COMPANY

To consider, and if thought fit, to pass, the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act and Regulation 25 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr. Chandrakumar. L Rathi Director of the Company, be and is hereby appointed as an Independent Director of the Company to hold office for a term up to five consecutive years.”

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Mr. Chandrakumar L Rathi (DIN: 00365691), who was appointed as an Independent Director and who holds office of Independent Director up to 25.09.2020 and in respect of whom the Company has received a notice in writing under Section 160 of the Act from a member proposing his candidature for the office of Director and recommendation of the Nomination and Remuneration Committee of the Board, be and is hereby re-appointed as an Independent Director of the Company, not liable to retire by rotation and to hold office for a second term of 5 (five) consecutive years on the Board of the Company.”

5. CONTINUATION OF DIRECTORSHIP OF MR. SRINIVAS GOWRA , DIRECTOR IN TERMS OF REGULATION 17(1A) OF THE SEBI LODR REGULATIONS 2015

To consider, and if thought fit, to pass, the following resolution as a **SPECIAL RESOLUTION**:

“RESOLVED THAT pursuant to Regulation 17(1A) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the applicable provisions of the Companies Act, 2013 and relevant Rules framed thereunder (including any statutory modification(s) / amendment(s) / re-enactment(s) thereto), Mr. Srinivas Gowra (DIN: 00286986), Non-Executive Independent Director of the Company, aged 76 years (effective December 2019), whose present term of office is for 5 (five) years, appointed with effect from the 24th (Twenty Fourth) Annual General Meeting of the Company held on September 26, 2019 requires approval of Members by way of Special Resolution being more than 75 years of age, approval of the Members of the Company be and is hereby accorded to the continuation of directorship of Mr. Srinivas Gowra as a ‘Non-Executive Independent

Director' of the Company, to hold office for his remaining term of office with effect from 29th September, 2020"

Date: 31.08.2020

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

NOTES

1. Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM"), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being proposed to be held pursuant to the said MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Attendance Slip and Proxy Form are not attached to this Notice.
3. The notice of AGM is being sent to those members / beneficial owners whose name will appear in the register of members / list of beneficiaries received from the depositories as on 28th August, 2020.
4. The copy of annual report, notice of Annual General Meeting, notice of e-voting, etc. are being sent to the members through e-mail who have registered their email ids with the Company / depository participant (DPs) / Company's Registrar and Transfer Agent (RTA).
5. The full version of the Annual Report is also available on the website of the Company www.source-natural.com.

6. The Register of Members and Share Transfer Books of the Company will remain closed from **Wednesday, 23rd September, 2020 to Tuesday, 29th September, 2020 (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
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. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
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 (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 affect 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. 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.
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.

THE INSTRUCTIONS FOR SHAREHOLDERS FOR REMOTE E-VOTING ARE AS UNDER:

1. The voting period begins on **Wednesday, 26th September, 2020 (09:00 AM) and ends on Friday, 28th September, 2020 (5:00 PM)** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the **cut-off date 22-09-2020** may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
2. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
3. The shareholders should log on to the e-voting website www.evotingindia.com.
4. Click on "Shareholders" module.
5. 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.
6. Next enter the Image Verification as displayed and Click on Login.

7. 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.
8. If you are a first time user follow the steps given below:

	For Shareholders holding shares in Demat Form and Physical Form
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"> 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.
Dividend Bank Details	<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>
OR Date of Birth (DOB)	<ul style="list-style-type: none"> 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).

9. After entering these details appropriately, click on "SUBMIT" tab.
10. 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.
11. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
12. Click on the EVSN for the relevant <Company Name> on which you choose to vote.
13. 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.
14. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

15. 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.
16. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
17. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
18. 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.
19. Shareholders can also cast their vote using CDSL's mobile app "m-Voting". The m-Voting app can be downloaded from respective Store. Please follow the instructions as prompted by the mobile app while Remote Voting on your mobile.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL ADDRESSES ARE NOT REGISTERED WITH THE DEPOSITORIES FOR OBTAINING LOGIN CREDENTIALS FOR E-VOTING FOR THE RESOLUTIONS PROPOSED IN THIS NOTICE:

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 provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) to **Company/RTA email id**.
3. The company/RTA shall co-ordinate with CDSL and provides the login credentials to the above mentioned shareholders.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE EGM/AGM THROUGH VC/OAVM ARE AS UNDER:

1. Shareholder will be provided with a facility to attend the EGM/AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
2. Shareholders are encouraged to join the Meeting through Laptops / Tablets / i-Pads for a better experience.
3. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.