

SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED

TRANSCRIPT OF THE 26TH ANNUAL GENERAL MEETING OF SOURCE NATURAL FOODS AND HERBAL SUPPLEMENTS LIMITED HELD AT 12.00 P.M. ON THURSDAY, AUGUST 05, 2021 THROUGH VIDEO CONFERENCING

Harish - Moderator Okay, please Start

CS Sweta Gaur: Yeah, thank you, Harish ji. So welcome everyone. Good afternoon everyone. I, Sweta Gaur, company Secretary of Sourace Natural Foods and Herbal Supplements Limited organize the 26th annual general meeting of the company. So due to the ongoing pandemic, we have organized the meeting this time also through video conferencing in accordance with the circular of the Ministry of Corporate Affairs and SEBI. Before we start the main proceedings of the meeting, I would like to introduce our board members.

Sri Arvind Varchaswi, Managing Director of the company.

Sri Tejanya Katpitia, Executive Director of the company.

Sri Srinivas Gowra ji joining from Hyderabad.

Sri Chandrakant Rathi ji joining from Mumbai.

Sriram Chandrasekaran and Srimathi Bharathy which are joining from Bangalore.

We will have with us Mr. Narayanan Narasimhan in some time, Director of the company.

Also we are pleased to have amongst us

Mr. Krishna, Internal Auditor.

Mr. Ajay Suman Shrivastava the secretarial auditor of the company and

Mr. Seshadri CFO of the company participating in the meeting from their respective locations.

So before I proceed, I want to give a note of, members may note that this annual general meeting is held through video conferencing in accordance with all the circulars which are issued by the MCA and SEBI Facility for joining this meeting is on first come first serve basis. The company has

request from the speaker registration, which we will take in in the last moment accordingly, the floor will be open for that. The moderator from CDSL side will facilitate this session once the chairman opens the floor for the question and answer. It may be noted that the company reserves the right to limit the number of the members asking questions, depending on the availability of the time.

So now declare the quorum of the meeting, we have the requisite quorum present through video conferencing to conduct the proceedings of this meeting, participation of members through video conferencing is being reckoned for the purpose of quorum as per the circular issued by the MCA.

So now electing the chairman of for the general meeting. I would request Sri Arvind Varchaswi, Managing Director of the company present amongst us through videoconferencing before you and he will act as the Chairman for this general meeting.

I would request Sri Arvind Varchaswi Managing Director of the company to chair the proceedings of the meeting and call the meeting to be in order.

MD-Arvind Varchaswi: I call the meeting to be duly convened and in order. Since the requisite forum is present, I now declare the meeting to be in order. Dear stakeholders hope you and your loved ones are keeping safe and are doing good. Today as we convene on the 26th Annual General Meeting of Source Natural I warmly welcome each and every one of you. May I request the hosts to kindly put me on spotlight please, thank you, so that all the shareholders can see us.

Thank you very much.

As it is always a pleasure to connect with you all we have once again decided to hold the meeting during a virtual event separate from our formal AGM as we would normally convene physically. The safety of our staff and our shareholders are of paramount importance. On behalf of the Board of Directors I want to thank you for making the time to join us here today. Your trust and support have given us the confidence to push ourselves past challenges and complexities to deliver market leading returns and consistent value to you year after year. The year of 2021 has been challenging for each and every one of us. The COVID-19 pandemic has had a significant impact on lives, livelihoods and businesses. Operational challenges mounted due to restricted movement and disrupted supply chains during the first few months of the pandemic. As of the second wave of the pandemic and forced predictions of a third wave are in the offing our focus now continues to be on our people's health and safety, ensuring uninterrupted supplies of COVID related portfolio of products, meeting the demand arising out of evolving consumer needs, caring for the communities in which we operate and finally protecting our business model.

Giving you a little update on the operations of your company. The total revenue of the company for the year ended 31st March 2021 was at 2521.98 lakhs, which has increased by 85.22% compared to the total revenue in the previous year of 1361.54 lakhs. The total expenses of the year ended 31st March 2021 has increased one 2117.35 lakhs compared to rupees 1176.81 lakhs of the previous year ended 31st March 2020. The company adopted well plans to carry out its operations and optimized in safe manner to continue to catering to customers and consumers without interruption. Being a specialized facility for health care, all systems were adhered to strictly and extra special care was taken to ensure a safe environment for the workforce. Our focus was on people's health and safety, ensuring uninterrupted supplies of COVID-19 related portfolios, meeting the demands of consumers arriving out of changed lifestyles and needs during the pandemic, caring for the communities in which we operate, preserving cash and optimizing our business model. Year of 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 products were at the forefront to help people stay healthy and protected.

Some of the new products that what we launched during the pandemic were Ashwakin Tablet, Colokin Tablet, Natkin Tablet, Purikin Tablet, Realkin Tablet, then we also had Ojasvita Golden Spiced Latte, Ojovardhini Tablet, Oorjas Drops, AYUSH Kwath Tablets and many, many more. What's the future outlook of your company? This unprecedented pandemic has encouraged people in organizations to become more conscious of their choices and move towards better choices for lifestyle. Ayurveda is an important time-tested repository of 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 between 2015 to 2020 and it's expanding at a CAGR of around 15% during the years 2021 to 2026. A key factor driving the Indian Ayurvedic products market is increasing popularity and effective of pure formulations which consumers can trust. Moreover, catalyzed 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 budget.

With the continuing situation of COVID-19 demand for specialized and natural immunity booster products has grown and for that your company will focus on building widespread awareness for its products both through offline and also online space, simultaneously expand distribution channels and consistently increase its customer base.

I would like to take this opportunity to thank all our people who have been tirelessly working to ensure that we continue to serve the people of this country and also the world through this extremely challenging year. Most importantly, I would like to thank you, our shareholders for your overwhelming trust and support and confidence in your company. One

more hallmark that what the company reached during this pandemic time is that your company also got the WHO CGMP and also COPP certification for Ayurveda products. It's one of the very few companies in the country who have actually taken up and who have achieved this particular feat and I would like to congratulate all the shareholders present here today for this great feat that your company has achieved.

Further the proceedings of the meeting would be, you know, revealed to you. And we're more than happy to see that how we tirelessly engage ourselves to see that how your company can grow. So as you've seen that this particular certification for products per se is a great step for the system of Ayurveda that what your company is in. Now this will also get more recognition for our products in many other countries a lot more easily as your company has a COPP certification. That's a certificate of pharma product for Ayurveda products here today.

So I think this is something really wonderful that what your company has achieved even during the pandemic time. I would like to once again congratulate the entire team that has worked tirelessly over here along with the board here, especially our executive director, Mr. Tejgna Katpitia who has really seen that how we bring across the entire company even during the course of the pandemic along with our manufacturing facilities and our entire staff there to see that how they have ensured that they left no stone unturned to see that all COVID related protocols were followed and still the company has been charging towards a growth pattern in spite of the pandemic. This really shows that the entire staff here in the Company is committed to all its shareholders to bring in the very best that what Ayurveda and also as people can what deliver to people for the aspect of healthcare during these very tough times.

So I thank each and every one of you for coming across here and I hand over the proceeding now to Sweta to kindly take over the next proceedings.

CS Sweta Gaur:

Thank you sir for your speech. Before we proceed, I would like to welcome Mr. Giridharan, our statutory auditor of the company. So I am pleased to bring to your notice this as required under the Company's Act, the company has provided the facility to cast your vote electronically on all the resolutions set forth in the notice. Members who have not cast their vote electronically and who are participating in this meeting will have an opportunity to cast their vote through e-voting system provided by CDSL. Members are requested to refer to the instructions provided in the notice for a seamless participation through video conference. In case member face any difficulty they may reach out to the helpline numbers.

We now take up the resolutions as set forth in the notice we will open the floor for any questions by members after all the resolutions are tabled. Since the notice director report and the auditor reports are already circulated in advance it is proposed to take them as read. Dear member, as stated in the notice your company pursuant to the provisions of section

108 of the company's Act read with rules made there under has provided as remote e-voting facility to all those members who are the shareholders as on the cutoff date 28 July 2021 to cast their vote electronically on all the resolutions as set out in the notice between 2nd August 2021 at 9 AM to 4th August 2021 at 5 PM. Pursuant to this section, 109 of the company's Act read with rule 21 of the company's management and administration rules 2014 the company has provided e-voting facility to the shareholders. Accordingly the e-voting facility for all the shareholders who are present in this meeting and who have not exercised their vote through remote e-voting. Sri Ajay Suman Shrivastava, Practicing Company Secretary has been appointed as a scrutinizer for conducting the remote e-voting and e-voting at the annual general meeting in a fair and transparent manner. The consolidated results of the voting shall be announced and made available in the website of the company on receipt of the same from the scrutinizer.

I now request a member to consider item number one of the notice for adoption of financial statement together with the director and auditor's report thereon. I also place before the meeting item number two for appointment of Sri Narayanan Narasimhan who retires by rotation as a director of the company. I also place before the meeting point number three for reappointment of statutory auditor of the company for the further period of five years. I also placed before the meeting item number four for approval of related party transactions with Sriveda Sattva Pvt Ltd. The register members speakers desire to ask any question pertaining to any item on the notice they may do so. Members are requested to keep the question brief and specific. The moderator from CDSL side will facilitate the question on video feature. To avoid repetition the answer to all the questions will be provided towards the end. Members may also note that the company reserves the right to limit limit the number of members asking question; on the availability of the time.

ED-Tejagna Katpitia: Sweta you may request them to keep it to one minute.

CS Sweta Gaur : Also each shareholder will be given one minute for their question. And once you have asked your question, you can log off and continue to watch the proceedings.

Now I would request the members to forward their queries if any on the resolution. Also, I would like to take a note of some of the shareholders who have registered themselves as speaker for the AGM. I shall now invite them one by one to speak. Now I request the moderator to unmute Mr. Praful Chavda for their queries.

Praful Chavda: Hello sir. Sir meri aawaj aa rahi hai sir?

Sweta Gaur: Yes Praful ji you can speak.

Praful Chavda: Thank you madam. First toh sir main company ka 26 AGM attend karne ke liye bol raha hu to mujhe khushi ho rahi hai ke last year company ne

silver jubilee pura kar liya. Sir jab Hyderabad me apka company ki meeting attend karte the aur ap bolte the natural ayurvedic ke upar apna business rahenga aur focus rahenga aur accha kaam karenge. Aaj company achha kaam kar rahi hai aur jab se Corona aaya hai tab se dekhe to natural ki taraf jyada ayurvedic ke taraf jo log jyada ja rahe hai ghar me wo kada kar ke pi rahe hai aur Corona bhagane ki kosish kar rahe hain, toh apne pas koi aisa kada banta hai ya nahi banta hai iske bareme me bhi kuch batayenge aur khas taur pe sir bahut se log aisa sochte hain ki ayurvedic jaldi asar nahi karta hai toh iske bare mein batayenge ki ayurvedic kab tak patient ko asar karta hai. apna jo publicity hai ya marketing hai wo slow rahenga sir bole to apne Ram Dev Baba nahi hai. Ram Dev Baba khud hi ambassador ban ke khud ki publicity karta hai to iska ayurvedic ka business jyada chalta hai aur main bhi umeed karta hu ki apna business bhi aage future me is tarha chalega aur apna ek baar customer banne ke baad santusht hoga khush hoga aur wo dusare ko bhi bata ke business ko support karte rahenge. Itna kehete huwe dhanyawad sir.

Arvind Varchaswi: Thank you so much Praful ji apne jo acchi baatein boli hume bahut dhanya hai. And we are very happy that you're participating here with us here. Your question that whether we have any such kada like this we have this AYUSH which is also prescribed by the Ministry of AYUSH so that is also manufactured with us. So aur ye sab jo apne bola hai ki with regards to the growth of the company the company, the company is doing all its best efforts to grow, and we are always here with the shareholders and we would also like to always do the best and better than that for the shareholders. So, thank you very much Praful ji.

Sweta Gaur: Thank you. Now I would request the moderator to unmute Mr. Bharat Shah.

Bharat Shah: Am I audible.

Arvind Varchaswi: Yes, yes. Mr. Bharat. Please go ahead.

Bharat Shah: Yeah Mr. Managing Director Mr. Arvind Varchaswi sir we have known this company since many years and today I am congratulating for top line growth of 25 crores. Excellent results, in difficult year. Last year was difficult, production problem was there everything and bottom line also has increased. My specific question is, what is the percentage of R&D expenses we are going to offer and whether this company's next growth will come from internal approach, or you are planning next year to raise funds from market I want to know. And you can see that this company is a growing company and if we grow to such a level because Ayurvedic is now worldwide famous and our products are number one products We hope that this company under your young dynamic leadership will create history in coming years. Thank you sir.

Ajay Shrivastava: Thank you Bharat ji.

Arvind Varchaswi: Thank you so much Bharat ji. With regards to your queries here this much I can definitely assure you that your company is here to ensure that we come across with products that are meaningful for the people during these pandemic times. And yes, we will definitely engage ourselves more into research and I'm sure that you know this particular year we will also spend you know a better budget also to ensure that we spend more across on research as well. Your company has always seen that during the course of the year we wanted to ensure that we bring in quality products to the consumers and also ensure that the strict protocols are adhered to. So while your company has brought you the WHO CGMP and COPP certification for both product and also the facility this particular year we will definitely focus more on research also and see that we come out with more meaningful products. So this is something that what we stand committed as a company and we definitely would take it over. Thank you very much.

Sweta Gaur: Now I would request the moderator to unmute Mrs. Sunitha S.

Harish Moderator: Madam Sunitha you can unmute and you can speak please.

Arvind Varchaswi: Madam Sunitha, are you able to hear us. Unable to.

Sunitha S: Yeah.

Arvind Varchaswi: Unable to hear us. Sunitha ji.

Sweta Gaur : Sunitha ji can you?

Arvind Varchaswi: Perhaps we can come back to her later.

Sweta Gaur: Okay, we will come back to Sunitha ji after one more speaker shareholder. So I would request the moderator to –

Arvind Varchaswi: That's your own voice.

Sweta Gaur: I would request the moderator to mute Sunitha ji once and we will go to Mr. Roshan Ingole. Can you please mute Sunitha ji and unmute Roshan ji?

Harish Moderator: Mr. Roshan can you please unmute and you can speak please.

Roshan Ingole: Yeah. Yes. Thank you. So first of all, I would like to congratulate the team for the phenomenal growth and success that they have achieved over the years. My question is, what are the company's future plan as long as the R&D is concerned and are we going to see new products coming in this year?

Arvind Varchaswi: Thank you very much Roshan ji. Was that only your question? You have anything more?

Roshan Ingole: No, that's my question. Thank you.

Arvind Varchaswi: Thank you. Thank you so much Roshan ji. So yes, your company does have a lot in store to see that how we could, you know, come out with more well-meaning research products. As what you also see that research is also about ensuring that we see what is the final end use and what is the actual you know, the use case scenario for that particular product that what we would like to achieve. So while your company is committed on researching new products, we are also going to be researching products that are really going to be helpful and also the mode of delivery of these products also to people at large. So this is something that what your company will definitely be engaging itself during this year to see that we come out with new products that are well researched. So it's not only on the quantity of the products, but also the relevance and also the efficacy of the research that what your company does. So this is something that what we are definitely committed to Roshan ji and yes for any company to be there you definitely need good research products and that's something that what's your company is also going to be ensuring in this particular financial year to come. So thank you very much thank.

Roshan Ingole: Thank you.

Sweta Gaur: Okay. We can once try for Mrs. Sunitha Shanker. Can you please unmute?

Arvind Varchaswi: Could the Host please help? could you please help Miss Sunitha there?

Sweta Gaur: Harish ji can you please help Sunitha S

Arvind Varchaswi: Yeah. I think we'll wait another 10 more seconds in case if we can!

Harish Moderator: Madam Sunitha can you just please unmute and try. In fact, I already unmuted you. You can try speaking madam.

Arvind Varchaswi: I think we are unable to get around. Would you like to just try once more Mr. Harish?

Harish Moderator: Yeah yes sir, one second.

Arvind Varchaswi: I think we are unable to get her. Sweta you can perhaps ask her to put her question online.

Sweta Gaur: So you can put your queries if any in the chat box because we are unable to connect you.

Arvind Varchaswi: I think we can proceed.

Sweta Gaur: So the company has received several more questions from the shareholder. Mr. Shailendra Patel and Mr. Rahul Paliwal, who has requested the company to answer the questions during the AGM.I would

request our directors and the managing director and our CFO of the company to respond the same.

Arvind Varchaswi: I would kindly request Mr. Tejanya Katpitia, our Executive Director, to please come in here and answer the questions. Thank you. Mr. Tej.

Tejanya Katpitia: Yeah.. Thank you so much Arvind ji. Thank you Sweta. So I will start with a few questions that we have received from Mr. Patel; Question is: who are the major competitors of our company, and what competitive advantage do we have over them. Well, today we are in the Ayurveda food and supplement space with the pandemic, we have seen that the lines have been blurred between traditional medicine and also dietary intake. So when we talk about specific competitors, I think we have a unique advantage. We have herbal products. At the same time, we have products in the food space, we have products in the herbal health drink space, and that creates quite a wide purview and wide market for us to operate in. The competitive advantage certainly is that we are combining herbs with daily use products, making them more useful for people to consume, not just on a prescription basis from doctors but also to take care of their own health and their own wellness. Apart from that, definitely the facility has a host of certifications. These certifications are not issued lightly. These certifications go to show that the processes that are followed, the quality of ingredients that are used, testing that is done on the products, the research that is done to ensure that they're efficacious is of a gold standard altogether. We also have the AYUSH Premium mark on our products. It's a different standard for the kinds of products that we are making. The Ayurveda sector has been you know, fairly disorganized sector over the past decades. But now we are seeing that there is more recognition and there is more organization in the sector. And all of these certifications and achievements that the company has in terms of the quality of its products definitely puts us at an advantage. The other question of Mr. Patel is what are the opportunities and threats faced by companies in the next five years, and what actions are going to be taken regarding that? Well, when we see the opportunities like I said earlier, as a whole our population, even globally, people are much more concerned about what they put in their body. They are supporting local products. They want easy to use products and the overall interest in Ayurveda and herbal supplements is on the increase. Your company definitely is going to work to capitalize this. A combination of health services along with a combination of marketing activities to build awareness for Herbals and Ayurveda in general, to also ensure that people have the opportunity to see our products in various different forums, not just in your Ayurveda stores but also across different marketplace platforms, such as Amazon, such as Big Basket, such as 1mg which is also a major online portal when it comes to medicines and herbal products. Your company has its presence over there. So certainly there are several opportunities for us to reach out to a much wider audience. The past year, your company has taken a lot of steps to focus and to increase its social media and digital marketing presence. Today, a lot of the savvy audiences look up things online. They want to know which stores are available. They want to know what the products do for them and I am sure as shareholders all of you do also follow your

company on social media. We have very active handles on Facebook, on Instagram. We have videos on YouTube, we host doctors who talk to our audience. We are going to use these means to see that we can grow much better. For the online space the e-commerce space is a tremendous opportunity for us and we are very bullish on it. We feel that this year we can also charge for 100% growth when it comes only to the e-commerce segment. The threats are common to what other companies are also facing through the pandemic. The threats are related to situations and circumstances that are not always in our control in supply chain disruption. There has been disruption in transport due to the lockdowns through the previous year. We are only bringing like all of you that this year things do normalize, and things do you know allow us to conduct business freely. We have been blessed that our manpower has been safe and healthy throughout this pandemic they have been able to attend to work, they have been committed to ensure that these products reach a wide number of people. And we can only pray that you know, we can continue smoothly. Over a longer term period your company does see that sourcing of quality ingredients is something that would give us a competitive advantage. And therefore your company has also started its foray into partnering with one of the European Union's largest spice suppliers and working on certain agroforestry models. There are a few more questions on that. So we'll cover that later. But this will also give us a competitive edge to work closely with farmers to see that these farmers can also plant our herbs along with the spices on the peripheral land, and see that we can build our own supply chain for these herbal ingredients. So I'll move on to the next question. What is holding us back in gaining market share from Patanjali since we have superior quality products. I don't think anything is holding us back. I think that for us. It has been a very genuine upward journey and we will continue to move in that direction. Today our company is very specialized, very focused when it comes to herbal supplements and foods. We have quite a responsibility to people in general. And we also want to do good and profitable business qualitative business. So I think that we have a lot of positives on our side. And there are a host of companies that have been around for, you know, several years for several decades as well. But Source Natural is working to create an identity of its own and create a market space for its products. And we are on the right path to do that. The next question is the reason behind the drop in top line in quarter four. This question was also proposed by another shareholder Mr. Rahul Paliwal and I'll answer both the questions together. There's also a question on the drop in profit margin in the quarter four. Well traditionally quarter four does see trade become conservative in stocking in ensuring that they don't carry too much heavy inventory in the Feb and March period. And we will definitely see a turnaround in this. You will soon see is around in this in the quarter one of this year where we have recovered the lost ground. So it is also something typical to the trade were in large stocks are not carried and inventory is not carried at the end of this quarter. Other than that last year, a lot of our demand was also based on the waves of COVID and the lockdown and also the need for people to stock up on herbal supplements and come December, January, we did see downturn in that wave to an extent that people also thought that you know, COVID has gone. And with that,

certain lifestyles changed, people paid a little less attention on their purchase of herbal products. And that also caused a drop in the turnover for quarter four. So, the increase in turnover that you saw in previous quarters was definitely because of how rampant COVID was, and also the fear factor in general with people being concerned about the whole immunity space, their own health. They were very actively buying more herbal products across platforms which we did not see in quarter four. But nonetheless, we have... we will definitely recover from that. You will see that we have recovered from that this year. And we can only pray for good health for everyone and also popularization of our product line. The profit is directly linked to that. You will see that the gross margins have been fairly healthy. But due to a drop in turnover, the profitability of quarter four also has shown a downturn. And that's the reason for you know, the drop in profit for that particular quarter. But if you see the overall performance of the entire year, it is fairly satisfactory and your company has ensured that it delivers on what its goals were. There is a question with regard to Verstegen the European Union, the company that I was referring to that deals in spices and natural foods. There is a question from Mr. Patel with regard to the expected size of the deal and the net margins. It's preliminary stage. Agroforestry is a model that typically takes a three-year maturity period to build. I will also request our Managing Director, Shri Arvind Varchaswi ji to share a few words on this project, and perhaps also share some images that we have which I'm sure all of you will be happy to see. Mr. Varchaswi?

Arvind Varchaswi: Yes. So, Mr. Harish can you please give us sharing permission here?

Harish Moderator : Sure sir. One second please.

Arvind Varchaswi: Sweta can I have that?

Harish Moderator I have given that privileges. You can just check.

Arvind Varchaswi: you have given?

Harish Moderator: Yeah.

Tejagna Katpitia: How many questions do we have in chat until now around nine. So we'll scroll through them quickly once we are done with the Verstegen presentation.

Tejagna Katpitia: Can I continue with the rest of the questions?

Arvind Varchaswi: Yes, yes, I think.

Tejagna Katpitia: While you know while we put up our presentation Verstegen to give all of you have visual idea of what the project is all about. I'll move to the next question from Mr. Patel. He has asked what are the new products launched in financial year 2020-2021? How much sales are generated from these new products? Well, the last year for us playing a strong

important on food and grocery items as well. Your company carries an expertise in high quality research and development as well as quality control and therefore we use that to our strengths. We used our sourcing team and our quality teams to our strengths to create a supply chain and a channel for certain food products such as brown sugar, such as rock salt, and also certain natural juices like your Amruth and Giloy and also your aloe vera juice and these products in general did contribute to close to 10 to 13% of your top line. In addition to that we also had certain proprietary products that were developed specifically for certain companies dealing in this specialized space of hair care. These products include tablets like Ashwakin Tablet , Colokin Tablet, Natkin Tablet , Purikin Tablet , and also Parijata Capsule, Damanaka Capsule So these products are going to be used as part of a specific health care, hair health regimen. You will not see them in retail. You may see them online but they are going to be marketed by this company through specialized experts for healthcare to prevent hair fall, general health of the hair and scalp and they will be prescribed through experts and doctors and we feel that this year we will see a fair growth in this category although the initial contribution for the first order has been fairly limited. Apart from this your company has also created certain products for another direct marketing company under the brand of Haoma we have a Baalposh Powder which is a health drink a herbal health drink that is going across to their entire database of close to 15,000 to 20,000 distributors and through them to several lakhs of end consumers as well. We have also innovated a new product that uses beeswax and does not use parafin. It's called Dardnivarak. It is basically a balm, a pain balm. This also will go through this company through their direct selling network. And we are quite enthusiastic about the growth that we will see from these products in the coming year.

Tejagna Katpitia: So coming back to your question on Verstegen the spices and the natural foods company from the European Union with whom we are engaging I would request Arvind ji to please share a few words.

Arvind Varchaswi: Yeah, so thank you so much Tej ji. So just to give you all an update, while we were trying to put up these, you know, short slides on this MOU that got your company signed across Verstegen spices which is one of Europe's leading spices manufacturers. We came across to your company and we signed across in a MOU to see that how we could really build across on the aspect of agroforestry and also ensuring that how we could bring in the best of efficacious products to this. So the beauty is that the agroforestry model is also used in the cultivation of herbs as well as spices and also as normal agricultural products. How does this really help? The agroforestry model, ensures that not only the soil that is taken care of, but also the entire, the product mix that comes out of that particular soil ensures that the soil remains enriched with all the minerals that what the soil would require to see that whether there's any other product that needs to come out. So today, we've signed up for an MOU whereby your company has already engaged 16 farmers to come into this and we're already starting off a model project along with Verstegen on this and this is spanning over 17 acres, there are about 3000 plus trees that have been planted and more than 200,000 red chilli saplings have been planted. So

this particular harvest is going to be coming out in the coming months. And this would actually showcase that how the particular heat value of the chilli also could be really taken care of by this. So this particular subject value that what we see we're also going to be emulating it to the herbs that what you're company really want and we will see that how there could be a great synergy between these two companies because when the aspect of agriculture right now, it also depends on the yield of these particular products and also the quality that what comes out of these particular herbs and also to see that how they could be more efficacious. So whether it is with regards to chilli or also the other, you know, herbal plants that we planted along with them, we've seen that the efficacy of these herbs and plants really need to be given a lot of importance. Host can also put up, you know, some of these pictures as we are having certain challenges from doing so, you know, while the other questions have been answered, thank you very much.

Tejagna Katpitia:

Thank you, Arvind ji. So I'll continue with the rest of the questions. We have a few questions on chat as well, which will come around to. I'll make my responses short and quick. There's a question saying, Please provide a list of the products manufactured by the company. We'll be happy to provide this. In fact, I think the latest update on our website, which will also be coming through in a couple of days, will particularly list SKU wise products that are manufactured by your company under various brands. So you may definitely check this in a couple of days. Please provide specifications as to the new products in the pipeline. As I mentioned, we're continuing to innovate on different types of capsules and tablets. We are also working on certain FSSAI products, which will be a combination of vitamins and herbs. These products are slated to come out in the next not the current quarter, but the next quarter. And we're also hopeful to get some international demand for these products from countries like Russia, and also the Middle East, wherein we have some inquiries, and you will definitely be seeing a contribution of these new products to the turnover.

There is a question that says, why is the website not consumer friendly? When can we see the updated website? As I said the website has been updated. And typically it is not a retail website. We are retailing through various portals such as SriSriTattva.com, Amazon.in, Flipkart, BigBasket.com, 1mg, so on and so forth. So the product portfolio would be visible on the retail websites, your company's websites, does contain information about our actions about our company, the constitution and also the results. So we will definitely make an endeavor to see that it has more information for consumers in general, I think the point and the feedback is well taken, and we will work towards that certainty.

Narayanan N:

Good morning, everyone.

Sweta Gaur:

I would like to welcome Mr. Narayanan Narasimhan, Director of the company. Welcome, sir.

Narayanan N: Thank you very much gentlemen. All of us are working for the best performance of the company in spite of COVID. On the road many challenges have been there I'm very happy that everything has started. I wish you all the best gentlemen. Thank you. Thank you.

Arvind Varchaswi: Thank you very much Chairman Sir.

Tejagna Katpitia: Thank you so much chairman sir. So I'll continue with the questions. The next question is what is your plan for a reverse merger which Sriveda Sattva Private Limited? As of now we do not have a plan. But in the event that we do, definitely our investors will be informed about the same. What is the production capacity of the plant? At what capacity is the plant operated in financial year 21? What is the maximum turnover a plant is capable of? These are some broad questions. So I'll try and answer them in the best way possible. With regard to our core product line, which is our tablets our production capacity last year would have been utilized between 60 to 70%. For capsules, where we are going to introduce new range, our utilization is fairly low up to 10%. So we have scalability over there. When it comes to liquids, which is our arkas which is our distilled preparations for herbal products our capacity utilization again is between 60 to 70%. Granulated powders we stand at 50%. Churnas we stand at 40% and our oils we stand at 35%. So it's varying when it comes to the maximum turnover it also depends on the pricing, the positioning of these products and also the product mix that is being sold. Presently, if you see, we have our core products contributing to close to 70 to 75% of our turnover. When I say core products I mean your capsules, tablets, your herbal health drink, and also your arkas and certainly with the introduction of new products coming up across in the next year, the food traded items, the grocery items, we may see a difference in the product mix that will automatically impact turnover profitability as well. The endeavor of the company to grow and the endeavor of the company is to grow in a responsible and profitable way. It's a little premature to you know, predict how that will happen with the new products that are yet not launched. I will take some questions that have come on to the chat box now. There is a question from Mr. Dhiraj Sachdev. There has been a rise in distribution costs over 3.3x versus 2x of sales growth. What are the reasons? Well, Mr. Sachdev the distribution costs are also long term investment. We definitely see that we will get results from this. And for a couple of years, the trend will continue in distribution as well as marketing that our investment will be fairly aggressive. But it is also to ensure that we have a long term base and we can reap the benefits over a longer period of time. The company is very profitable and healthy. So I feel that you know, as shareholders, we should definitely applaud the fact that we are on the right track. But definitely your company's endeavors to see that we keep cost control and very effective to ensure that they support our growth strategy. Your next question is with regard to quarter one reduction in sales and margins. I think that has already been addressed as part of the previous shareholder's question. Can you provide us category wise volume growth and sales mix for better transparency? Yes, certainly our company is fairly transparent. We have around 30 to 35% of our turnover coming out of our tablets and capsules as our supplements. We

have around a 15% turnover revenue coming across from our health drinks, that totals to 50. We have around 20% of our revenue coming in from our arka which are also herbal liquid preparations. And the remaining 30% is split between new introductions, third party business that we are building for other brands, our food and grocery items, as well as certain new introductions like our juices that we are also going to be doing under the brand of Sri Tattva so that's the product mix for you. I would strongly suggest reverse merger. Thank you for your suggestion. I think I've addressed that question as well. As of now we do not have these plans on cards as and when they do materialize if they do materialize they will definitely be shared with our investors in the proper manner and protocol that is required by a company. There is a question by Mr. Mani Karna Prashant Singh.. dear sir, what products will be replacing the herbal supplements if and when COVID vanishes. So Mr. Prashant, you know, it is our endeavor to ensure that herbal products become part and parcel of people's lifestyle. COVID has definitely seen a surge in demand in some months and unrealistic surge in demand maybe because of the fear factor people wanting to attend to their personal health with urgency. But that does not mean that these products can only be taken to combat COVID. They are immunity builders. They are daily wellness products, and we don't see any need in replacing them. We definitely want to refine our portfolio and see we have specific products for immunity for cough and cold, for digestion, for joint pain, but herbals are here to stay. Our outlook is very positive for the next five years for herbal products and Ayurveda in general, and also food supplements along with certain vitamins and minerals. And you will see that the trend continues. Definitely COVID will have an impact month on month. But on the long term this is the right product category and we will continue to champion it. Mr. Sachdev has put in other questions in that brand pull is still missing, strategy to increase brand awareness and advertising. This is a critical success factor to scale up in the business. We agree Mr. Sachdev. We have seen through the pandemic we have also expanded our marketing team. We have brought in certain senior level experts for marketing to see that we can get a better share of voice when it comes to these categories in retail. As I said, we have been very active in our online marketing strategies right from affiliate marketing to engaging certain influencers to also being on social media across the different platforms. Also marketing along with companies. So partnering with 1mg to see that they can promote herbal supplements, also partnering with Big Basket to see that they can promote our herbal supplements. In fact, there were some really good campaigns held through COVID which partnering with these companies, they put our banners up and helped us reach a much wider audience. That is why you have seen an increase in sales by around 83% the last year's revenue, and we will continue to focus on marketing in this manner.

Since we are a little short on time, I will quickly move to the remaining questions that we have on email by Mr. Rahul Paliwal. His first question once again pertains to the drop in sales in the fourth quarter the profitability. That has already been addressed. So I'll move forward. One, there are some repetitive questions here which I'll be skipping. There is a

question with regard to the MOU on Verstegen and what is the progress made in the current year.

Arvind Varchaswi: So we are ready with the slides.

Tejagna Katpitia: Alright, so what we'll do is we'll share the presentation now. I think the technical glitch has been sorted and you'll be happy to see some information on the holistic approach.

Arvind Varchaswi: Can you please share in the content?

Tejagna Katpitia: Arvind ji if you can share a few words on this.

Arvind Varchaswi: Yes, no, definitely. So, Mr. Harish we are still not able to see the screen it's still coming, now we are able to see something. Yes. Can you please make it full screen as a slideshow? Thank you very much. Can you please go on to the next slide please. As I mentioned to you as you can see that these are actually pictures from ground zero where the farmers are already ensuring that the lands are also being prepared for whatever that needs to be done. So, 16 farmers have been taken into this particular step that what we're doing with Verstegen today. 17 acres have already been identified. 3,000 plus trees have been identified as planted and more than 200,000 red chilli saplings have been planted here. Next slide please.

So what we do is that.. we also would like to ensure that we also want to ensure that you'll be able to find out from where the produce comes out. And this is something that we would like to give across to our customers. So source credibility and also tracing to the source. This is something that what we would like to also come across and give to our customers. So this is something that what we've also started with them. Next slide please.

So these are also more of the you know places that where we started off with the farmers. So you can see that what we want to do is there at any point in time the product that comes out from this particular initiative you will really understand from which farm it is coming across and we'd also like to see that we champion the farmers also coming forward. So this is a great story that what we would like to build. Some other products of the export range that Mr. Tej also spoke about. You can see the very highly qualified products that what we have in terms of quality, whether it's non-GMO, or whether it's vegan, whether it's the EU and also the international GMP requirements and also the BIO requirements. So all these things are taken care of when it comes to the export range of some of the products that what has been launched. Next slide please.

So we've also launched other products like Kesh Umang for others you know players as well. So your company's also engaging with more brands and ensuring that how the facilities that what are there can also be used to the utmost and also the efficiencies also can be increased. Next slide please.

So you can see that more tablets have also come out. We're ensuring that the research and also the talent that we have inside has also been put into great use. So more such products are being tailored for other brands. So your company not only makes products but also develops products further brands. So these are also other products or what we've developed for certain direct marketing channels as well. Next slide please.

So some more products. Next slide. So if you see that, yes. Next slide. So these are some of the products that worked out we also have launched during the years and it's really great to see that how the science of life Ayurveda and also Ayurveda inspired products are really gaining a lot of interest. Your company will leave no stone unturned to ensure that we deliver the best of efficacious products when it comes to this particular space. So thank you very much. That was a little bit on the project, and also some of the products that what your company is doing.

Tejagna Katpitia:

Thank you so much Arvind ji. I'd also like to add that, you know, for us, for everybody as shareholders and management, it is a project to be very proud of. We are working for, you know, seeing that we're empowering our farmers across the country and as I said, this is, you know, a project that will mature over a period of three years, we have only started as a pilot level presently. But it provides tremendous opportunity for us to ensure that they get fair price, they get better produce, and they also, you know, compete with quality standards that are required for exports and internationally. So we're very positive on this entire alliance. And we will definitely keep you posted as the months and quarters go by. I'm moving to the next question by Mr. Rahul Paliwal what are the new products launched in financial year 2021? That's already been addressed in previous questions. How much of sales in 2021 came from the new products? The initial sales from these new products, the hair growth products, the products that we have seen for the direct marketing company contribute to less than 5% of our overall turnover presently, but we'll definitely see a growth in this year. The reason being that they also did mature towards the end of the financial year towards the third quarter, and we will see, you know, healthier contribution with them as they go forward. There's a question in terms of human capital. What are the people that we have recruited for R&D in financial year 2021? So we have recruited three people who are experts at different levels in pharmaceutical sciences for our R&D. There is again a question on whether the website why the website is not working. The website is working. It was a technical server related issue, but it is up and running, and you can definitely visit the same. The next question by Mr. Paliwal is what is the reason we are not interested in revamping websites and rebranding ourselves? Well, as I said, we are definitely interested in revamping our website. Your website is not a retail website. But we will definitely have more consumer specific and consumer friendly information on the websites so that we can communicate much better to people at large what the company is manufacturing and marketing. The next question by Mr. Paliwal is, we would be interested in a better annual report. And about the business plans rather than Ayurveda which has been coming year on year. I think this year's annual report is definitely

something that carries more information and that is refreshed and renewed. And the feedback is well taken, we will definitely see how to make it richer for you in years to come. Yeah, so I think that brings us to conclusion. There is again, a question on the last quarter and the achievement in the last quarter. There's also mentioned by Mr. Paliwal that, you know, our company's employee caring, and you know, as long as we put our employees in front and ensure that we take care of our human capital, that is a topmost priority. So I definitely assure you, Mr. Paliwal that is a concern of ours, definitely through this pandemic. We have taken the most stringent, you know, standards to follow in terms of handling of all material, all manufacturing processes, all inter employee interactions and participation. It is a manufacturing unit. It does require people to be present, but we have taken steps to ensure that the highest safety levels are followed and adhere to in COVID. Being a company that's in the healthcare space it is our topmost priority. And definitely, you know, your point and feedback is well taken.

So with that we'll close off questions. I would request, you know, our company Secretary Sweta Gaur to take on the proceedings. I think we have to complete the e-voting as well. So if we can proceed with that. Thank you very much for your questions. It definitely is appreciated by our management and we're very happy to answer all your queries.

Sweta Gaur: Thank you, sir. Now I would request Shri Ajay Shrivastava to take forward the e-voting process.

Ajay Shrivastava: As all of us are aware, the e-voting facility is open now, and for 15 minutes it will be kept open to cast vote for people who have not voted already, will be kept open for 15 minutes now Sweta.

Sweta Gaur: Yes sir.

Ajay Shrivastava: It will be closing; I will be closing at 1:30 as quoted.

Sweta Gaur: Yes sir. I would request the members who have not casted their vote we can cast within these 15 minutes.

Ajay Shrivastava: Because at 1:30 sharp it will be closed; the voting will be closed. Meanwhile, for the purpose of conduct of AGM please proceed with the other items on hand Sweta.

Sweta Gaur: Yes sir. I think sir we have completed all the other agendas item. So we will wait for this 15 minutes for any member to vote on the resolutions as set forth in the notice.

Ajay Shrivastava: I would request meanwhile but you can propose a vote of thanks etc. that can be done while we wait.

Sweta Gaur: Yes sir.

Arvind Varchaswi: While we wait for the shareholders who are casting their votes I would kindly request you know Rathi ji to kindly say a few words so that you know other shareholders would be really benefited. Thank you.

Chandrakumar Rathi: Yeah dear all shareholders. Am I audible?

Arvind Varchaswi: Yes. Yes. Rathi ji. Yes.

Chandra Kumar Rathi: See there is a, the pandemic has given lot of impetus to the healthy living and as already our Tej Ji has communicated to you all R&D work is going on in a very nice manner. Yes, companies' growth with the given with the size of its capital because as you know, money is vital for research as well as for hiring the right people. So share capital need to be augmented. All of the board directors our Gowra ji and Ramana, Bharathy Akka all of them have been contributing exceptionally to see that your company grows well. It has been the entire ethical practices adopted by the company for its long term sustainability. So you have nothing to fear as far as companies genuine efforts are there. Yes growth some year you may find tremendous growth and some year it may not be that good but it is being on a very steady high growth trajectory in the given space. Very novel products are being introduced. So they are made more consumer friendly and for help in growing the good health. Win win all I congratulate you all for being a shareholder of this company. We're all very grateful to your support. And I again like to also reiterate the tremendous work which all the employees of this company has been doing for years particularly R&D because this is now becoming a niche company. So all the very best. Thank you so much.

Ajay Shrivastava: Thank you Rathi ji

Sweta Gaur: The e-voting process is concluded and e-voting consolidated Scrutinizer's Report will be submitted by the scrutinizer by 7th August 2021, to the exchange, stock exchange and shall be placed on the website of the company. This brings us to the closure of the agenda for the general meeting. I would request Mr. Srinivas Gowra ji to say a few words.

Tejagna Katpitia: To propose a vote of thanks.

Arvind Varchaswi: Gowra Ji we are unable to hear you please. Gowra ji requesting you to kindly unmute yourself. Yes. Hello, you have unmute you muted yourself again Gowra ji. No, it was unmuted for a moment, then it went back Gowra ji. Yes, now we can hear you.

Srinivas Gowra: Okay. Good afternoon all the shareholders and participants. It gives me a great privilege and pleasure to propose vote of thanks to all the shareholders who have reposed great confidence in our company. And it is my duty to thank all the people who are responsible, who are helping us during the pandemic for the growth of the company. I sincerely thank our chairman, Mr. Narayanan, under his guidance, would be able to do all these achievements, our managing director putting all the efforts to take

the company in higher heights. And now company has going in a color in different colors and flying colors. I thank all the people, particularly employees, who have helped us in pandemic quite in organizing everything in order. I thank auditors, internal auditors, statutory auditors, legal adviser, and also share transfer agents and our statutory auditors and their advisory support the company, we completed all the compliances well on time even though we're undergoing a lockdown. And this is a very special year where we all suffer. Now, with all these things, our secretariat is working very, very hard in spite even people who are affected with the pandemic, and they are all supported. I sincerely thank you very much for them. I also thank bankers for their timely, because there is a disproportionate increase in our turnover due to this, because we need to be service all sufferers in the pandemic and the reason they have supported well in the pandemic. My sincere gratitude and appreciation to all the people who are in the manufacturing facility at Hyderabad headed by Dr. Ravi, even though there was a long lockdown, and our government, Telangana government, they exempted the pharmaceutical industry that's why you were able to attend all the manufacturing activity without any difficulty and they have maintained the supply line, by manufacturing and also logistics care this is a huge challenge they were able to complete it. I sincerely thank all of them for their excellent work. And I also thank all the people who have directly, indirectly helped us for the growth of the company, even though this is a very pathetic and very important year, because all of us have suffered with the pandemic, in spite of all the sufferings, they have supported our company. I sincerely thank you very much. I once again, if I have missed anyone, I request you to take my sincere thanks. Thank you very much.

Sweta Gaur : Thank you, sir. So, I would like to thank you all the shareholders, directors, and auditors for their cooperation. Thank you, stay safe.

Arvind Varchaswi: Thank you, thank you everybody.

Ajay Shrivastava: Thank you everyone. Thanks to all the directors and my colleagues.

Srinivas Gowra: Thank you Ajay sir.

Arvind Varchaswi: Thank you Ajay ji. Thank you Giridharan ji. Thank you Gowra ji.