

**29TH
ANNUAL REPORT - 2013**

**SOURCE INDUSTRIES
(INDIA) LIMITED**

29th Annual General Meeting
on Saturday the 28th September, 2013
at 10.00 a.m
Madhav Reddy Community Hall,
Near Victoria Anglo School,
Chaitanyapuri, Hyderabad

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Akshralay Enterprises Limited.

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Source Industries (India) Limited

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BOARD OF DIRECTORS

SRI GAJANAND GUPTA	:	Chairman
SRI LALIT KUMAR GUPTA	:	Managing Director
SRI RITESH KUMAR GUPTA	:	Director
SRI Y MALLIKHARJUNA RAO	:	Director
SRI Y SHYAM SINGH MATHUR	:	Director
SRI JAYA MAHADEV YERRAMSETTI (From : 14.08.2013)	:	Director
SRI Y. SURYA NARAYANA (Upto : 14.08.2013)	:	Director

STATUTORY AUDITORS

: M/S Rakesh S Jain and Associates
Chartered Accountants
Hyderabad

REGISTERED OFFICE

: D.No: 4-1-969/1-2, 3rd Floor,
B. Shankarlal Building, Abids,
Hyderabad-500001

REGISTRARS AND TRANSFER AGENTS

: **Bigshares Services Private Limited**
Flat No. 306, Right wing, 3rd floor, Amrutha Ville,
Opp. Yashoda Hospital, Somajiguda,
Rajbhavan Road, Hyderabad – 500 082

LISTING AT

: BSE Limited

NOTICE

Notice is hereby given that the **TWENTY NINETH ANNUAL GENERAL MEETING** of the members of M/s. Source Industries (India) Limited will be held on **SATURDAY, 28TH SEPTEMBER, 2013 AT 10.00 A.M.** at Madhav Reddy Community Hall, Near Victoria Anglo School, Chaitanyapuri ,Hyderabad to transact the following items of business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31st March, 2013 and the Statement of Profit and Loss for the Financial Year ended on that date and the Report of Directors and the Auditors thereon.
2. To appoint a Director in place of Sri Ritesh Kumar Gupta, who retires by rotation and being eligible, offers him for re-appointment.
3. To appoint a Director in place of Sri Y Mallikharjuna Rao, who retires by rotation and being eligible, offers him for re-appointment.
4. To appoint Statutory Auditors of the Company

To appoint M/s. Rakesh S Jain and Associates, Chartered Accountants, as Statutory Auditors of the Company to hold the office as such from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the Board of Directors to fix the remuneration.

SPECIAL BUSINESS:

5. APPOINTMENT OF SRI JAYA MAHADEV YERRAMSETTI AS DIRECTOR

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

"RESOLVED THAT Sri. Jaya Mahadev Yerramsetti, who was appointed as an Additional Director of the Company pursuant to the provisions of Section 260 of the Companies Act, 1956 and who holds the office as such up to the date of the Annual General Meeting, and in respect of whom the Company has received a notice in writing proposing her candidature for the office of Director of the Company under Section 257 of the Companies Act, 1956 along with requisite deposit of Rs. 500, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

BY ORDER OF THE BOARD
SOURCE INDUSTRIES (INDIA) LIMITED

Sd/-

LALIT KUMAR GUPTA
MANAGING DIRECTOR

Place: Hyderabad
Date: 14.08.2013

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND TO VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND SUCH A PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. The Proxy form duly completed must be lodged at the Registered Office of the Company not later than 48 hours before the time fixed for the meeting.
3. The Register of Members and the Share Transfer Books will remain closed from **TUESDAY, 24TH SEPTEMBER, 2013 TO SATURDAY, 28TH SEPTEMBER, 2013** (both days inclusive)
4. Members are requested to quote their Ledger Folio No/DP ID / Client ID in all their correspondence to avoid delay in communication.
5. An explanatory statement pursuant Section 173 (2) is annexed.

EXPLANATORY STATEMENT

(Pursuant to Section 173(2) of The Companies Act, 1956)

ITEM NO. 5:

The members may note that Sri Jaya Mahadev Yerramsetti was inducted into the Board as Additional Director of the Company with effect from 14th August, 2013 pursuant to the provisions of Section 260 of the Companies Act, 1956 read with Article 105 of Article of Association. The said Director holds the said office upto the ensuing Annual General Meeting.

The Company has received notice in writing from a member of the Company along with a deposit of Rs.500/- under Section 257 of the Companies Act, 1956 proposing the candidature of Sri Jaya Mahadev Yerramsetti for the Office of Director, whose period of office is determinable by retirement of Directors by rotation.

As per the provisions of Section 257 of the Act, any such proposal needs to be approved by the members in their General Meeting.

Hence, the Board recommends the respective resolution for your approval.

None of the Directors, except Sri Jaya Mahadev Yerramsetti is interested in this resolution.

ADDITIONAL INFORMATION ON THE DIRECTORS SEEKING RE-APPOINTMENT ON RETIRING BY ROTATION & APPOINTMENT

SRI RITESH KUMAR GUPTA:

Sri Ritesh Kumar Gupta, Executive Director of the Company aged about 39 years. He has more than 15 years of experience in the textile field, his experience has helped the Company to market the products and a great visionary of the market.

SRI Y MALLIKHARJUNA RAO:

Sri Y Mallikharjun Rao has vast experience of more than 20 years in the field of Finance & Secretarial works. He has good command over the matters related to the finance and secretarial. He is the Chairman of the Audit Committee of the Company

Y. JAYA MAHADEV:

Y. Jaya Mahadev is a Non Executive Independent director, aged about 49 years resident of Eluru, Andhra Pradesh, He is a dynamic personalities having more than 30 years of experience, he has more than 15 years of experience in the field of fiancé and chit fund business and more than 15 years of experience in the jeweler business, at present he is in the business of jewelery.

He holds no equity shares in the Company.

DIRECTOR'S REPORT

To
The Members,

Your Directors have pleasure in presenting the **TWENTY NINETH ANNUAL REPORT** together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2013.

FINANCIAL RESULTS:

(Rs In Lakhs)

Particulars	For the Year ended 2012-2013	For the Year ended 2011-2012
Sales	231.96	559.18
Other Income	0.05	1.00
Increase/(decrease) in finished goods/WIP	-	-
Expenditure	216.94	562.13
Gross Profit / (Loss)	15.07	(1.95)
Less: Depreciation	-	-
Less: Finance Cost	2.66	0.27
Profit / (Loss) for the year before tax	12.41	(2.22)
Income tax	-	-
Deferred Tax	-	-
Profit / (Loss) after tax	12.41	(2.22)

REVIEW OF OPERATIONS:

The Company has recorded a nominal turnover when compared to the last fiscal, as the economy of the Country was slow in this sector and this sector was badly hit with the recession and other factors.

The Company is planning to enter into new segment this fiscal.

DIVIDEND:

Due to inadequate profits your Directors do not recommend any dividend for the Financial Year 2012-13.

FIXED DEPOSITS

The Company has neither accepted nor renewed any deposits falling within the provisions of Section 58A of the Companies Act, 1956 read with the Companies (Acceptance of Deposits) Rules, 1975 from the public during the Financial Year.

DIRECTORS

Sri Ritesh Kumar Gupta and Sri Mallikarjuna Rao Yerrapragada Directors of the Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers them for reappointment.

Sri Jaya Mahadev Yerramsetti was inducted as Additional Directors of the Company w.e.f. 14th August, 2013.

The Company has received individual notice from one of the member of the Company complying with the provisions of the Section 257 of the Act, with a deposit of Rs 500/- proposing their respective candidature for the office of Directors.

DIRECTOR'S RESPONSIBILITY STATEMENT:

The Directors of your Company hereby report:

- (i) that in the preparation of Annual Accounts for the Financial Year ended 31st March, 2013, the applicable accounting standards have been followed along with the proper explanation relating to material departures, if any, there from;
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year ended 31st March, 2013 and of the profit and loss of the Company for that period;
- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) that the Directors have prepared the annual accounts on a going concern basis.

PARTICULARS OF EMPLOYEES:

There are no employees drawing remuneration exceeding the limits as specified under the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 2011 as amended from time to time.

AUDITORS:

M/s Rakesh S Jain & Associates, Chartered Accountants, Statutory Auditors of the Company retires at the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for re-appointment.

The Company has received a certificate from M/s Rakesh S Jain & Associates, Chartered Accountant to the effect that their appointment, if made will be in accordance with the provisions of Section 224(1B) of the Companies Act, 1956.

UPDATE ON SCHEME OF ARRANGEMENT

The company has received all the necessary approval for the scheme of arrangement, wherein Textile division was hived off to M/s Akshralaya Enterprises limited and unsecured loan were converted into equity shares, the new equity shares issued pursuant to the scheme are listed and traded in BSE Limited.

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

A Statement of particulars of the Conservation of energy, Technology Absorption and Foreign Exchange Earnings and Out go is given as required under Section 217(1) (e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 are given in the **Annexure- A**

MANAGEMENT DISCUSSION & ANALYSIS

Pursuant to the provision of clause 49 of the listing agreement a report on Management Discussion & Analysis is set out as an **Annexure- B**

CORPORATE GOVERNANCE:

Report on Corporate Governance including Auditor's Certificate on Compliance with the code of Corporate Governance under Clause 49 of the listing agreement is enclosed as **Annexure- C** to this report.

SUBSIDIARY COMPANY:

A Statement pursuant to section 212 of the Companies Act, 1956. Along with the balance sheet and Statement of profit & Loss of our subsidiary are attached to the annual report as **Annexure-D**.

LISTING FEE:

Your Company's shares are presently listed and traded on the BSE Limited; Your Company is regular in paying the listing fee to the BSE Limited.

ACKNOWLEDGEMENTS:

Your Directors wish to place on record their sincere appreciation and gratitude for the continuous support and assistance extended by all the Statutory Authorities. The Board also extends its heartfelt gratitude to the Creditors and Shareholders for the confidence reposed by them in the Company. Your Directors also place on record their appreciation for the continued contributions made by the employees at all levels.

For Source Industries (India) Limited)

Place : Hyderabad
Date : 14.08.2013

Sd/-
LALIT KUMAR GUPTA
Managing Director

Sd/-
RITESH KUMAR GUPTA
Director

ANNEXURE A**CONSERVATION OF ENERGY, RESEARCH AND DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS/OUTGO**

Particulars pursuant to Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988

A) CONSERVATION OF ENERGY

a) Energy conservation measures taken :

Proper control points are set up at all levels to identify the wastage in power & fuel consumption and to take/initiate corrective steps.

b) Additional investments and proposals if any, being implemented for reduction of conservation of energy : NIL

c) Impact of the clause (1) and (2) above the reduction of energy consumption and consequent impact on the production of goods : N.A

B) TECHNOLOGY ABSORPTION**Research and Development (R&D)**

1.	Specific areas in which R&D carried out by the Company	NIL
2.	Benefits derived as a result of the above R&D	NIL
3.	Future plans of action	
4.	Expenditure on R&D	
	Capital	NIL
	Recurring	NIL
	Total	NIL
	Total R&D Expenditure as % of total turnover	NIL

Technology Absorption, Adaptation and Innovation

1.	Efforts made towards technology absorption adaptation and innovation	NIL
2.	Benefits derived as a result of above efforts	NIL
3.	Information about imported technology	
	a. Technology imported	:
	b. Year of Import	NIL
	c. Whether Technology fully absorbed	
	d. If not fully absorbed, areas and reasons for future plans actions	

C) FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign exchange earnings and outgo:	2012-13
Foreign exchange earnings	NIL
Foreign exchange outgo	2,00,000/-

MANAGEMENT DISCUSSION ANALYSIS REPORT

INFRASTRUCTURE INDUSTRY OVERVIEW:

The Infrastructure sector in India is set to boom as the country enters a high growth phase. With a growing economy and double digit growth expected over the next four years, the infrastructure sector would witness exponential growth and enormous investments. With the expected average annual compounded growth rate of 8.5%, India's GDP is expected to be USD 1.4 trillion by 2017 and USD 2.8 trillion by 2027.

The construction sector has grown at an annual rate of 12-15% from financial year 2004-2008 and is expected to rise at around 35% during 2009-2013. All infrastructure sub-sectors are set to grow with similar scorching pace.

GOVERNMENT INITIATIVES:

The government plans to draw an even mix of public and private sector investments in the 12th Five Year Plan through PPP and other initiatives. A number of PPP projects were initiated at both the centre and state levels during the 10th and 11th Five Year Plans, most of which are already completed.

The central government focuses on the development of national highways, while the state government focuses on the development of roads and urban infrastructure. With the help of PPPs, the state government has completed 340 projects, with 432 in the implementation stage and about 850 in the pipeline, at a net project cost of Rs 7,20,597 crore (US\$ 133 billion).

The government has launched many policy initiatives to standardize processes and streamline the awarding of PPP projects, thereby making private participation easier.

Some of these initiatives are as follows:

1. Cabinet committee on infrastructure.
2. Viability Gap Funding (VGF).
3. Empowered Committee/Institution (EC/EI).
4. India Infrastructure Finance Company Ltd. (IIFCL).
5. Model Concession Agreements and other documents.

Initiatives such as doubling the permitted investments to be raised from tax free bonds along with the incorporation of irrigation, terminal markets and oil and gas storage facilities in the sectors eligible for VGF, and the numerous policies devised to streamline the awarding of PPP projects set the stage for sustainable infrastructure growth in the 12th Five Year Plan.

INDUSTRY OUTLOOK:

India Ratings has maintained an overall negative outlook for Indian infrastructure projects for 2013, considering project companies' continued weak credit profiles. However, certain pockets in the transportation sector have a stable outlook, but the credit profiles of several power projects, particularly coal based, remain under pressure.

A slew of policy initiatives announced by the federal government in 2012, particularly in the last quarter, have kindled a sense of optimism among market participants. The policy initiatives include a presidential directive to the state-owned Coal India to sign fuel supply agreements, restructuring of distribution utilities, constitution of the Cabinet Committee on Investments and the likely introduction of the Land Acquisition Bill in the ensuing Budget session of Parliament.

However, the rating agency believes that expectations of an immediate revival in the fortunes of the sector are somewhat misplaced. This is because the process of addressing fundamental challenges through concrete and sustained on-the-ground actions to repair damaged credit quality is likely to be protracted.

OPPORTUNITIES & THREATS:

Opportunities:

- Population growth and a growing economy are raising the demand for a better infrastructure.
- The government is looking to attract private companies to invest in the infrastructure through public-private partnerships.
- The 12th five-year plan is targeting US\$1 trn in investment, with 50% to come from the private sector.
- Opportunities for green field projects across all infrastructure sub-sectors.

Threats:

- India may prove to be unable to cope with the raising population, posing a threat to economy.
- Bureaucracy and lack of transparency can be a threat to the five-year plan implementation.
- Projects delays due to slow approval processes and an inadequate system for compensation.
- High corruption and inadequate environmental safety norms could affect sustainability.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The control system of the Company consists of standard practices and processes, appropriate audit program and risk monitoring system. The various initiatives taken by the Company has led to further improvement in the control systems of the Company.

The Board of Directors has been entrusted with the responsibility of reviewing the findings and to take necessary actions wherever required.

FUTURE OUTLOOK

As members are aware that the Company has entered in the infrastructure and construction business recently and performance was satisfactory during the FY 2012-2013.

CORPORATE GOVERNANCE REPORT

1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:

The Company's philosophy of Corporate Governance is to maximize the shareholder value by adopting the principles of good Corporate Governance in line with the provisions stipulated in the Listing Agreement. Accordingly accurate disclosure of information regarding the financial situation, performance, ownership and governance of the Company is an important part of Corporate Governance.

2. BOARD OF DIRECTORS:

- Composition of Board of Directors**

At present, the strength of the Board is Six Directors. The Board comprises of 2 Executive and 1 Non-Executive Director and 3 Non executive & Independent directors

- Board meeting and attendance**

Six Board Meetings were held during the Financial Year and the gap between two board meetings did not exceed four months.

The dates on which meeting were held are as follows:

14.05.2012	14.08.2012	20.10.2012	27.12.2012	12.02.2013	01.03.2013
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The constitution of the Board is given below:

S. No	Director	Category	Attendance at AGM held on 22.11.2012	Attendance in Board Meeting		Other Boards		
				Held	Attended	Directorship	Committee chairman	Committee membership
1	Gajanand Gupta	Non- Executive Non Independent Chairman	Yes	6	6	Nil	Nil	Nil
2	Lalit Kumar Gupta	Managing Director Promoter	Yes	6	6	1	Nil	Nil
3	Ritesh Gupta	Executive Director Promoter	Yes	6	6	1	Nil	Nil
4	Y Mallikharjuna Rao	Non Executive & Independent Director	Yes	6	6	2	Nil	2
5	Y Shyam Singh Mathur	Non Executive & Independent Director	Yes	6	6	Nil	Nil	Nil
6	Jaya Mahadev Yerramsetti (from 14.08.2013)	Non Executive & Independent Director	-	6	-	Nil	Nil	Nil
7	Y Surya Narayana (upto 14.08.2013)	Non Executive & Independent Director	Yes	6	6	0	Nil	Nil

3. AUDIT COMMITTEE:

❖ Terms of Reference:

- Review the un-audited quarterly results, half yearly and annual accounts of the company
- Oversee the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of Statutory auditors, fixation of audit fee and also approval for payment of any other services
- Reviewing with the management, the annual financial statements before submission to the Board focusing primarily on:
 - (i) Any changes in accounting policies and practices
 - (ii) Major accounting entries based on exercise of judgment by management
 - (iii) Qualifications in draft audit reports
 - (iv) Significant adjustments arising out of the audit
 - (v) The going concern assumption
 - (vi) Compliance with accounting standards
- Any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relative etc.; that may have potential conflict with the interests of the company at large
- Reviewing with management, external and internal auditor's, the adequacy of internal control systems
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- Discussion with internal auditors any significant findings and follow-up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected of fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board
- Discussion with external auditors before the audit commences, on the nature and scope of audit as well as have post- audit discussion to ascertain any areas of concern.
- Reviewing the company's financial and risk management policies.
- To look into and review the reasons for substantial defaults, if any, in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

COMPOSITION OF AUDIT COMMITTEE

The Audit Committee of the Company consists of the Following members:

NAME OF THE DIRECTORS	DESIGNATION
SRI Y MALLIKHARJUNA RAO	Chairman
SRI Y SHYAM SINGH MATHUR	Member
SRI Y SURYANARAYANA (upto :14.08.13)	Member
SRI JAYA MAHADEV YERRAMSETTI (from : 14.08.13)	Member

Note : * The Composition of Audit committee was altered on 14.08.2013.

❖ Meetings and Attendance during the Financial Year:

The committee met 4 times during the financial year 2012-13 on 14.05.2012, 14.08.2012, 27.12.2012 and 12.02.2013 attendance of each Member of Committee is as follows.

S. No.	Name of the Member	Designation	No. of Meetings held during the Year	No. of Meetings Attended
1	SRI Y MALLIKHARJUNA RAO	Chairman	4	4
2	SRI Y SHYAM SINGH MATHUR	Member	4	4
3	SRI Y SURYANARAYANA (upto :14.08.13)	Member	4	4
4.	SRI JAYA MAHADEV YERRAMSETTI (from : 14.08.13)	Member	4	-

The role of the audit committee includes recommending the appointment and removal of the external auditor, discussion of the audit, plan and fixation of audit fee and also approval of payment of fees for any other services.

4. REMUNERATION COMMITTEE:

❖ **Terms of Reference:**

The terms of reference of the Remuneration Committee are as follows:

- The Remuneration Committee recommends to the board the compensation terms of the executive directors / non-executive directors
- Framing and implementing on behalf of the Board and on behalf of the Shareholders, a credible and transparent policy on remuneration of executive directors including ESOP, Pension Rights and any compensation payment
- Considering approving and recommending to the Board the changes in designation and increase in salary of the executive directors
- Ensuring the remuneration policy is good enough to attract, retain and motivate directors
- Bringing about objectivity in deeming the remuneration package while striking a balance between the interest of our Company and the shareholders.

Composition

The Remuneration Committee of the following members

NAME OF THE DIRECTORS	DESIGNATION
SRI Y MALLIKHARJUNA RAO	Chairman
SRI Y SHYAM SINGH MATHUR	Member
SRI Y SURYANARAYANA (upto :14.08.13)	Member
SRI JAYA MAHADEV YERRAMSETTI (from : 14.08.13)	Member

Note : * The Composition of Remuneration committee was altered on 14.08.2013.

Attendance During The Year

The committee met 2 times during the financial year 2012-13 on 14.05.2012 and 20.10.2012 attendance of each Member of Committee is as follows.

S. No.	Name of the Member	Designation	No. of Meetings held during the Year	No. of Meetings Attended
1	SRI Y MALLIKHARJUNA RAO	Chairman	2	2
2	SRI Y SHYAM SINGH MATHUR	Member	2	2
3	SRI Y SURYANARAYANA (upto :14.08.13)	Member	2	2
4	SRI JAYA MAHADEV YERRAMSETTI (from : 14.08.13)	Member	2	-

Remuneration paid to Directors during the Financial Year

During the financial year, No Remuneration is paid to whole time Directors and sitting fees to Independent Director

5. INVESTORS AND SHAREHOLDERS GRIEVANCE COMMITTEE:

❖ Terms of Reference:

The terms of reference of the Investor Grievance & Share Transfer Committee are as follows:

To supervise and ensure:

- (i) Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
- (ii) Redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc;
- (iii) Issue of duplicate / split / consolidated share certificates;
- (iv) Allotment and listing of shares;
- (v) Review of cases for refusal of transfer / transmission of shares and debentures;
- (vi) Reference to statutory and regulatory authorities regarding investor grievances;
- (vii) And to otherwise ensure proper and timely attendance and redressal of investor queries and grievances.

Source Industries (India) Limited

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Composition

The Committee comprises of the following members:

NAME OF THE DIRECTORS	DESIGNATION
SRI Y MALLIKHARJUNA RAO	Chairman
SRI Y SHYAM SINGH MATHUR	Member
SRI Y SURYANARAYANA (upto :14.08.13)	Member
SRI JAYA MAHADEV YERRAMSETTI (from : 14.08.13)	Member

Note : * The Composition of Investors & Sahreholders Grievance committee was altered on 14.08.2013.

Name & Designation of the Compliance Officer : **Sri Lalit Kumar Gupta**
Managing Director

No. of shareholders complaints received during the Financial Year: : 14

No. of complaints solved to the satisfaction of the share holders : 14

No. of pending complaints : ---

6. LOCATION AND TIME WHERE THE LAST THREE AGM'S HELD:

Year	Date	Location	Time
2011-12	22-11-2012	FAPCCI, Surana Hall , Federation House, Red Hills, Hyderabad.	12.00 noon
2010-11	27-09-2011	Madhav Reddy Community Hall, Near Victoria Anglo School, Chaitanayapuri, Hyderabad	11.00 a.m.
2009-10	07-09-2010	Madhav Reddy Community Hall, Near Victoria Anglo School, Chaitanayapuri, Hyderabad	11.00 a.m.

SPECIAL RESOLUTION: No Special Resolution is passed in the Previous three Annual General Meeting.

No Special Resolution is proposed to be conducted through postal ballot at the ensuing Annual General Meeting.

7. DISCLOSURES:

- Materially significant related party transactions i.e. transactions of the Company of material nature, with its promoters, the Directors or the management, their subsidiaries or relatives etc., that may have potential conflict with the interests of Company at large. – **NIL** –
- Details on non-compliance by the Company, penalties and strictures imposed on the Company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.: - **NIL** -

8. MEANS OF COMMUNICATION:

Quarterly Results and Annual Results of the Company are normally published in The Business Standard and Andhra Prabha

As required by Clause 49 of the Listing Agreement, Management Discussion and Analysis report is a part of the Annual Report.

Quarterly Results, annual reports and all other information will be available on the website of the company: www.sourceindustriesindia.com

9. GENERAL SHAREHOLDER INFORMATION:

• ANNUAL GENERAL MEETING:

Day, Date & Time	Saturday, 28 th September, 2013 at 10.00 a.m
Venue	Madhav Reddy Community Hall, Near Victoria Anglo School, Chaitanayapuri, Hyderabad

• FINANCIAL YEAR: April to March

CALENDER OF EVENTS:

EVENT	DATES
First Quarter un-audited Financial Results	Second Week of August, 2013
Second Quarter un-audited Financial Results	Second Week of November, 2013
Third Quarter un-audited Financial Results	Second Week of February, 2014
Fourth Quarter Audited Financial Results	Last Week of May, 2014

• BOOK CLOSURE DATE:

TUESDAY, 24TH SEPTEMBER, 2013 TO SATURDAY, 28TH SEPTEMBER, 2013 (both days inclusive)

• DIVIDEND PAYMENT DATE: NA

• LISTING ON STOCK EXCHANGES: The shares of the Company are listed and traded at BSE Limited

• STOCK EXCHANGE CODE:

BSE Limited 521036

- **MARKET PRICE DATA:** During the financial year 2012-13

Month	BSE Limited	
	High (in .Rs)	Low (in .Rs)
April, 2012	18.95	13.95
May, 2012	13.26	7.39
June, 2012	8.90	5.94
July, 2012	7.91	5.94
August, 2012	11.13	7.75
September, 2012	10.46	8.00
October, 2012	8.50	7.70
November, 2012	8.40	7.04
December, 2012	8.80	6.37
January, 2013	9.24	7.95
February, 2013	9.85	8.40
March, 2013	9.92	8.40

- **REGISTRAR AND TRANSFER AGENTS:**

Bigshares Services Private Limited
 Flat No. 306, Right wing, 3rd floor, Amrutha Ville,
 Opp. Yashoda Hospital, Somajiguda,
 Rajbhavan Road, Hyderabad – 500 082

- **SHARE TRANSFER SYSTEM:**

All the physical share transfers received are processed by the Share Transfer Agents M/s. Big Shares Services Private Limited, Hyderabad. The Company has entered into agreement with both NSDL and CDSL to dematerialize its shares, which enable the Company's shares to be transferred electronically through Depositories System

- **DEMAT ISIN NUMBER**

Under the Depository System the International Securities Identification Number (ISIN) allotted to the Company's Equity Shares by NSDL & CDSL	INE695C01015
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Source Industries (India) Limited

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• **SHAREHOLDING PATTERN AS ON 31ST MARCH 2013:**

SI No	Category	No. of Shares Held	% of Shareholding
SHAREHOLDING OF PROMOTERS & PROMOTER GROUP			
INDIAN			
A1	Individuals/Hindu Undivided Family	2066210	18.12
	Central Government /State Government(s)	-	-
	Bodies Corporate	-	-
	Financial Institutions/Banks	-	-
	Sub Total of A1	2066210	18.12
FOREIGN			
A2	Individuals (Non-Residents)	-	-
	Bodies Corporate	-	-
	Institutions	-	-
	Any Other (Specify)	-	-
	Sub Total of A2		
TOTAL PROMOTERS SHAREHOLDING (A1 +A2)		2066210	18.12
B	Public Shareholdings		
1	Institutions		
	Mutual Funds and UTI	-	-
	Banks/Financial Institutions	-	-
	Central Government/State Government	-	-
	Venture Capital Funds	-	-
	Insurance Companies	-	-
	Foreign Institution Investor	-	-
	Foreign Venture Capital Investors	-	-
	Any Other (Specify)	-	-
	Sub Total B1	Nil	Nil
B	Non Institutions		
2	Bodies Corporate	3090911	27.10
	Individuals share holders holdings		
	-nominal share capital upto Rs. 1 Lakh	3863089	33.88
	-nominal share capital in excess of Rs. 1 Lakh	2382800	20.90
	Any Other (Specify)		
	NRIs/OCBs	100	0.00
	Foreign Collaborators	-	-
	Clearing Members	-	-
	Sub Total B2	9336900	81.88
TOTAL OF PUBLIC SHAREHOLDING (B1+B2)		9336900	81.88
C	Shares held by Custodian and against which Depository Receipts have been issued		
TOTAL A+B+C		11403110	100

DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2013

Sl. No.	Category From - To	No. of Holders	% of Holders	No. of Shares	% of Shares
1	Upto - 5000	28855	98.1997	32669860	42.03
2	5001 - 10000	311	1.06	2560190	3.30
3	10001 - 20000	86	0.30	1258580	1.62
4	20001 - 30000	24	0.08	583420	0.75
5	30001 - 40000	14	0.05	484390	0.62
6	40001 - 50000	10	0.03	491000	0.63
7	50001 - 100000	35	0.11	2694660	3.47
8	100001 and above	49	0.17	36989000	47.58
	TOTAL	29485	100.00	7773110	100.00

- **DEMATERIALIZATION OF SHARES AND LIQUIDITY:** Since the Company has already entered into agreement with both the depositories, viz., NSDL and CDSL for dematerialization of its shares, the shareholders are free to dematerialize their shares and keep them in dematerialized form with any Depository Participant. .
- Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity : **Not Issued**
- **ADDRESS FOR CORRESPONDENCE:**

SRI LALIT KUMAR GUPTA
MANAGING DIRECTOR
Source Industries (India) Limited
D.No: 4-1-969/1-2, 3rd Floor,
B. Shankarlal Building, Abids, Hyderabad.
Phone: 040 – 24761134
Email Id: sourceinvestors@gmail.com
Website: www.sourceindustriesindia.com

CEO & CFO CERTIFICATION:

The Managing Director of the Company gave annual certificates on financial reporting and internal controls to the Boards in terms of Clause 49 copy enclosed as annexure.

DECLARATION OF MANAGING DIRECTOR ON COMPLIANCE WITH CODE OF CONDUCT AND ETHICS

SOURCE INDUSTRIES (INDIA) LIMITED has adopted Code of Business Conduct and Ethics (“the code”) which applied to all the employees and Director of the Company. Under the Code, it is responsibility of all employees and Directors to familiarize themselves with the Code and comply with its Standards.

I Lalit Kumar Gupta, Managing Director of the Company hereby certify that the Board members and senior management personnel of SOURCE INDUSTRIES (INDIA) LIMITED have affirmed compliance with the Code of conduct for the Financial Year 2012-13.

BY ORDER OF THE BOARD
SOURCE INDUSTRIES (INDIA) LIMITED

Sd/-

LALIT KUMAR GUPTA

Managing Director

Place: Hyderabad

Date: 14.08.2013

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certificates:

I, Lalit Kumar Gupta, Managing Director of M/s Source Industries (India) Limited to the best of our knowledge and belief, certify that:

1. I have reviewed the Balance Sheet and Profit and Loss Account and all its schedules and notes on accounts as well as the Cash Flow Statement for the year ended 31.03.2013
2. To the best of our knowledge and belief:
 - a) These statements do not contain any untrue statement or omit any material fact or contain statements that might be misleading.
 - b) The financial statements and other financial information included in this report present a true and fair view of the Company's affairs and are in compliance with existing accounting standards and applicable laws and regulations.
3. To the best of our knowledge and belief, there are no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
4. I accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
5.
 - a) There has not been any significant change in internal control over financial reporting during the year under reference;
 - b) There has not been any significant changes in accounting policies during the year under reference; and
 - c) We are not aware of any instances during the year of significant fraud, with involvement there in of the management or any employee having a significant role in the Company's internal control system over financial reporting.

Place: Hyderabad
Date: 14.08.2013

Sd/-
Lalit Kumar Gupta
Managing Director

AUDITOR'S REPORT ON CORPORATE GOVERNANCE

To,
The Members
Source Industries (India) Limited
Hyderabad

We have examined the compliance of conditions of Corporate Governance by M/s Source Industries (India) Limited for the Financial Year ended 31st March, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedure and implementation thereof, adopted by the Company for insuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement.

We state that in respect of investor grievances received during the year ended 31st March, 2013 no investor grievances are pending for a period exceeding one month against the Company as per the records maintained by Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For RAKESH S JAIN AND ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Reg. No. 010129 S

Sd/-
(SURESH KUMAR JAIN)
PARTNER
M. No. 018465

Place: Hyderabad
Date: 14.08.2013

Source Industries (India) Limited

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Statement in pursuant to Sec. 212 (1) (e) of the Companies Act, 1956

ANNEXURE-D

Section	Particulars	
212(3)(a)	Extent of interest in M/s Aksharlaya Enterprises Limited (Whollyowned subsidiary company) on 31.03.2013 No of Equity Shares held Face Value (per share) % of Interest	36,570,840 10/- 100%
212(3)(b)	Net aggregate amount, so far as it concerns members of the Holding Company and is not dealt with in the Company's account, of the Subsidiary's Profit / (Loss): - for the year ended 31.03.2013 - for the previous years since the Company become holding company	(5,364,844) (3,463,620)
212(3)(c)	Net aggregate amount of profits of subsidiary so far as those profits are dealt with the accounts of the Company: - for the year ended 31.03.2013 - for the previous years since the Company become holding company	no commercial operations commenced

As per the report of even date attached
For RAKESH S JAIN AND ASSOCIATES
Chartered Accountants
Firm Reg. No. 010129 S

For and on behalf of the Board

Sd/-
(SURESH KUMAR JAIN)
Partner
Membership No. 018465

Sd/-
LALIT KUMAR GUPTA
Managing Director

Sd/-
RITESH KUMAR GUPTA
Director

Place : Hyderabad
Date : 14.08.2013

INDEPENDENT AUDITOR'S REPORT

To
THE MEMBERS,
SOURCE INDUSTRIES (INDIA) LIMITED
HYDERABAD

Report on the Financial Statements

We have audited the accompanying financial statements of SOURCE INDUSTRIES (INDIA) LIMITED ("the Company"), which comprise the Balance Sheet as at March 31st, 2013, and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical

requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and

- c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to **Note No. 13.6** to the financial statements regarding non confirmation / reconciliation of balances of Loan and Advances, the impact of which is unascertained. Our opinion is not qualified in respect of this matter.

We draw attention to **Note No. 13.7** to the financial statements regarding regrouping / reclassifying/ rearranging/ modifying wherever necessary according to the scheme of demerger. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) order, 2003 ("the order") issued by the Central Government of India in terms of Sub-Section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by section 227(3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of knowledge and belief, were necessary for the purpose of our audit.
- b) In our opinion, proper Books of Accounts, as required by law, have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit & Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement complying with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Act.
- e) On the basis of written representations received from the Directors, as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013, from being appointed as a Director in the terms of clause (g) of sub-section (1) of section 274 of the Act.

For **RAKESH S JAIN & ASSOCIATES**
CHARTERED ACCOUNTANTS
Firm Registration Number: 010129S

Sd/-
(SURESH KUMAR JAIN)
PARTNER
MEMBERSHIP NO. 018465

Place : Hyderabad
Date : 30-05-2013

**ANNEXURE TO THE
INDEPENDENT AUDITOR'S REPORT
SOURCE INDUSTRIES (INDIA) LIMITED**

[Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date]

- (i). a. The company does not have any Fixed Assets. Hence provisions of clause (i) of the CARO 2003 are not applicable to the company.
- (ii). a. The company does not have any Inventories Hence provisions of clause (ii) of the CARO 2003 are not applicable to the company.
- (iii). (a) According to the information and explanations given to us during the year the company has not granted/accepted , any loans secured or Unsecured to/from the companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Hence clause 4(iii) of the order is not applicable.
- (iv). In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the sale of goods and services During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v). a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, there are no transactions made during the year in pursuance of contracts or arrangements entered in the register maintained under sec.301 of the Companies act 1956 and exceeding the value of rupees five lakhs in respect of any party during the year.
- (vi). In our opinion and according to the information and explanations given to us and the records of the company examined by us, During the year the Company has not accepted deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (vii). In our opinion, the company does not have internal audit system commensurate with the size and nature of its business.
- (viii). During the year Company has not carrying any manufacturing operations. Hence as informed to us the maintenance of cost records is not applicable for this year.
- (ix). a. According to the information and explanations given to us and the records of the company examined by us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues applicable to it except TDS..

- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, and excise duty were in arrears, as at 31.03.2013 for a period of more than six months from the date they became payable except TDS amounting to Rs. 4,05,000/-.
- c. According to the information and explanations given to us, there are no dues of sales tax, income tax and excise duty which are not deposited on account of dispute.
- (x). In our opinion, the company accumulated losses are more than fifty percent of its Net worth as on 31.03.2013. It has not incurred any cash losses in the financial year ended on that date. However, it has incurred cash losses in the immediately preceding financial year.
- (xi). According to the information and explanation given to us, the company has not defaulted in repayment of dues to financial institutions and bank as at balance sheet date.
- (xii). In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly the provisions of clause 4(xii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xiii). In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (xiv). In our opinion, the company is not dealing in or trading in Shares, Securities debentures and other investments. Accordingly, the provision of Clause 4(xiv) of the Companies (Auditor's Report) Order is not applicable to the company.
- (xv). According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi). During the year the company has not taken any term loan and hence the provisions of clause 4 (xvi) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (xvii). According to the information and explanations given to us and on the overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investments.
- (xviii). According to the information and explanation given to us, the company has not made preferential allotment of shares during the year to the parties covered in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4 (xviii) of the Companies (Auditors report) order 2003 are not applicable to the company.
- (xix). According to the information and explanation given to us, the Company has not issued any secured debentures. Therefore, the provisions of clause 4(xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.

- (xx). According to the information and explanation given to us, the company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xxi). According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For RAKESH S JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration Number: 010129S

Sd/-
(SURESH KUMAR JAIN)
PARTNER
MEMBERSHIP NO. 018465

Place : Hyderabad
Date : 30-05-2013

Source Industries (India) Limited

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BALANCE SHEET AS ON 31 ST MARCH, 2013		(Amount in Rs.)	
Particulars	Notes	As on 31.03.2013	As on 31.03.2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	114,031,100	114,031,100
Reserves and Surplus	3	(59,039,552)	(60,281,403)
Current Liabilities			
Trade Payables	4.1	4,951,790	103,222
Other Current Liabilities	4.2	16,366,474	1,159,149
TOTAL		76,309,812	55,012,067
ASSETS			
Non-Current Assets			
Non Current Investments	5	36,570,840	36,570,840
Current Assets			
Trade Receivables	6.1	5,886,862	-
Cash and Cash Equivalents	6.2	491,368	128,057
Short term Loans and Advances	6.3	30,504,830	15,883,521
Other Current Assets	6.4	2,855,912	2,429,649
TOTAL		76,309,812	55,012,067
Summary of significant accounting policies	1		
Notes on Financial statements	13		
<p>This is the Balance Sheet referred to in our report of even date For RAKESH S JAIN & ASSOCIATES Chartered Accountants For and on behalf of the Board Firm Registration Number: 010129S</p>			
Sd/- (SURESH KUMAR JAIN) Partner Membership No. 018465	Sd/- LALIT KUMAR GUPTA Managing Director	Sd/- RITESH KUMAR GUPTA Director	
Place : Hyderabad Date : 30-05-2013			

Source Industries (India) Limited

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STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013 (Amount in Rs.)

Particulars	Note No.	As on 31.03.2013	As on 31.03.2012
Revenue			
Revenue from Operations	7	23,196,855	55,918,369
Other Income	8	5,828	100,000
Total Revenue		23,202,683	56,018,369
Expenses			
(Increase)/Decrease in stock		-	-
Raw material consumption	9	20,250,000	53,122,449
Employee Benefits expense	10	300,000	540,000
Finance Costs	11	266,560	27,984
Depreciation & Amortisation Expense		-	-
Other expenses	12	1,144,272	2,550,650
Total Expenses		21,960,832	56,241,083
Profit before Exceptional, Extraordinary items & Taxation		1,241,851	(222,714)
Exceptional items		-	-
Profit before Extraordinary items & Taxation		1,241,851	(222,714)
Extra ordinary items		-	-
Profit before Taxation		1,241,851	(222,714)
Tax Expense:			
Current Tax			
Deferred Tax Charge / (Credit)		-	-
Profit for the period		1,241,851	(222,714)
Basic / Diluted Earnings Per Share (Face value of Rs.10 each)		0.11	(0.02)
Summary of significant accounting policies	1		
Notes on Financial Statements	13		
The accompanying notes are an integral part of the financials statements.			
This is the Profit & Loss Statement referred to in our report of even date			
For RAKESH S JAIN & ASSOCIATES		For and on behalf of the Board	
Chartered Accountants			
Firm Registration Number: 010129S			
Sd/-	Sd/-	Sd/-	
(SURESH KUMAR JAIN)	LALIT KUMAR GUPTA	RITESH KUMAR GUPTA	
Partner	Managing Director	Director	
Membership No. 018465			
Place : Hyderabad			
Date : 30-05-2013			

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

S.No	PARTICULARS	AMOUNT RS	
		31.03.2013	31.03.2012
I	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax	1,241,851	(222,714)
	Adjustments for:		
	Less: 1. Depreciation(Net)	-	-
	2. Raw Material written off	-	-
	3. Interest Income	(5,828)	(100,000)
	Cash Profit/(Loss) before Working Capital Changes	1,236,023	(322,714)
	Adjustments for Working Capital		
	1. Inventories	-	-
	2. Debtors	(5,886,862)	64,257,114
	3. Loans & Advances	(14,621,309)	(8,772,341)
	4. Other Current Assets	(426,263)	(2,429,649)
	5. Short term Borrowings		(36,300,000)
	6. Trade Payables	4,848,568	(63,209,578)
	7. Other Current Liabilities	15,207,325	(137,361)
	Cash Generated from Operating activities	357,483	(46,914,529)
II	CASH FLOW FROM INVESTING ACTIVITIES		
	Interest Income	5,828	100,000
	Cash Generated from Investing Activities	5,828	100,000
III	CASH FLOW FROM FINANCING ACTIVITIES		
	Increase in share capital		36,300,000
	Cash Generated from Financing Activities	-	36,300,000
	NET FLOW OF CASH(I+II+III)	363,311	(10,514,529)
	Cash & Equivalent at the beginning of the year	128,057	10,642,586
	Cash & Equivalent at the end of the year	491,368	128,057

This is the Cashflow Statement referred to in our report of even date

For RAKESH S JAIN & ASSOCIATES

Chartered Accountants

Firm Registration Number: 010129S

For and on behalf of the Board

Sd/-
(SURESH KUMAR JAIN)
Partner

Membership No. 018465

Sd/-
LALIT KUMAR GUPTA
Managing Director

Sd/-
RITESH KUMAR GUPTA
Director

Place : Hyderabad

Date : 30-05-2013

1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Accounting:

The Financial Statements are prepared under historical cost convention on an accrual basis, except as stated otherwise and are in accordance with the requirements of the Companies Act, 1956.

1.2 Use of Estimates:

The preparation of financial statements, in conformity with the generally accepted accounting principles, require estimate and assumption to be made that affect the reported amount of assets and liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results materialize.

1.3 Inventories:

The raw materials, stores and spares, packing material, consumables and finished goods are valued at cost or net realizable value whichever is lower.

1.4 Recognition of Income and Expenditure:

Items of Incomes and Expenditure are recognised on accrual basis.

1.5 Foreign Exchange:

Foreign currency transactions are recorded at the rates prevailing on the date of the transactions. Monetary assets and liabilities in foreign currency are translated at year end rate or at the rates of exchange fixed under contractual arrangements. Exchange differences arising on settlement of transactions and translation of monetary items are recognized as income or expense.

1.6 Investments:

Long term Investments are stated at cost. Provision, if any, is made for permanent diminution in the value of Investments.

1.7 Retirement Benefits for Employees:

Company does not have any employees within the purview of PF / Gratuity.

1.8 Prior Period and Extraordinary items;

Income and Expenditure pertaining to prior period as well as extraordinary items wherever material are disclosed separately.

1.9 State investment subsidy:

State investment subsidy is shown under Capital Reserve.

1.10 Earning per Share:

Basic earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholder by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by taking into account the aggregate of the weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity shares in to equity shares.

Notes to Accounts for the year ended March 31, 2013

AMOUNT IN ₹

Note No		As on 31-03-2013	As on 31-03-2012
2.	Share Capital		
	Authorised		
	12000000 Equity Shares of Rs.10/- each (Previous year 12000000 Equity Shares of Rs.10/- each)	120,000,000 120,000,000	120,000,000 120,000,000
	Issued, Subscribed and Paid-up		
	11403110 Equity Shares of Rs.10/- each fully paid up. (Previous Year 11403110 Equity Shares of Rs.10/- each fully paid up.)	114,031,100	114,031,100
		114,031,100	114,031,100

A. Reconciliation of the number of shares outstanding**Equity shares**

	No. of Shares	31-03-2013	No. of Shares	31.03.2012
Number of equity shares at the beginning of the Year	11,403,110	114,031,100	7,773,110	77,731,100
Equity shares issued during the year (considered retrospectively as envisaged in Court Scheme)	-	-	3,630,000	36,300,000
Less Shares bought back during the year	-	-	-	-
Number of equity shares at the end of the Year	11,403,110	114,031,100	11,403,110	114,031,100

B. Details of shareholders holding more than 5% shares in the company

	No. Of Shares	%	No. Of Shares	%
1 Span Allied Industries Ltd	12,000,000	10.52	12,000,000	10.52
2 Sainaren Properties Pvt. Ltd.	11,800,000	10.35	11,800,000	10.35
3. PGC Hydro Power Pvt. Ltd.	6,700,000	5.88	6,700,000	5.88
Total	3,050,000	26.75	3,050,000	26.75

C. All equity shares issued by the company carry equal voting and participatory rights

Notes to Accounts for the year ended March 31 ST 2013		AMOUNT IN ₹	
Note No	Particulars	As on 31-03-2013	As on 31-03-2012
3.	Reserves and Surplus		
	Capital Reserve - Investment Subsidy	2,000,000	2,000,000
	Other Reserves:		
	Share Premium	5,702,700	5,702,700
	Investment allowance Reserve	2,280,000	2,280,000
	Surplus as per Profit and Loss account		
	As per last Balance Sheet	(70,264,103)	(70,041,389)
	Add: Profit / (Loss) for the year	1,241,851	(222,714)
		(59,039,552)	(60,281,403)
Note No	Particulars	As on 31-03-2013	As on 31-03-2012
4.	Current Liabilities		
	4.1. Trade Payables		
	Dues to Micro and Small Enterprises	-	-
	Trade Payables	4,951,790	103,222
		4,951,790	103,222
	4.2. Other Current Liabilities		
	Other Liabilities	16,366,474	1,159,149
		16,366,474	1,159,149
Note No	Particulars	As on 31-03-2013	As on 31-03-2012
5.	Non Current Assets		
	Unquoted		
	Investments in Shares of Wholly owned		
	Subsidiary Company - Aksharalaya Enterprises Ltd	36,570,840	36,570,840
		36,570,840	36,570,840

Notes to Accounts for the year ended March 31 ST 2013		AMOUNT IN ₹	
Note No	Particulars	As on 31-03-2013	As on 31-03-2012
6.	Current Assets		
	6.1. Trade Receivables (Unsecured, considered good unless stated otherwise) Exceeding six months:		
	Considered Good	-	-
	Others	5,886,862	-
		5,886,862	-
	6.2. Cash and Cash Equivalents		
	Balances with Banks:		
	On Current accounts	25,944	23,208
	On Deposit account	-	71,812
	Cash on Hand	465,424	33,038
		491,368	128,057
	6.3. Short Term Loans and Advances (Unsecured, considered good unless stated otherwise) Advances recoverable in cash or kind		
	Considered Good	30,504,830	15,883,521
		30,504,830	15,883,521
	6.4 Other Current Assets		
	TDS Receivable	2,855,912	2,429,649
		2,855,912	2,429,649
7.	Revenue from Operations		
	Receipts from Contracts Services	23,196,855	55,918,369
		23,196,855	55,918,369
8.	Other Income		
	Interest Income	5,828	100,000
		5,828	100,000

Notes to Accounts for the year ended March 31 ST 2013		AMOUNT IN ₹	
Note No	Particulars	As on 31-03-2013	As on 31-03-2012
9.	Cost of material consumed / Contract payments		
	Opening Stock		
	Contracts	-	-
		-	-
	Add : Purchases		
	Contracts	20,250,000	53,122,449
	TOTAL A	20,250,000	53,122,449
	Less : Closing Stock		
	Contracts	-	-
	TOTAL B	-	-
	Cost of material consumed {TOTAL(A - B) }	20,250,000	53,122,449
10.	Employee Benefits Expenses		
	Salaries and Wages	300,000	540,000
		300,000	540,000
11.	Finance Cost		
	Bank Charges	31,307	27,984
	Interest	235,253	-
		266,560	27,984
12.	Other Expenses		
	Secretarial charges	494,676	2,215,775
	Travelling Expenses	200,000	-
	Legal and Professional	298,889	256,712
	Office Maintenance	-	33,219
	Selling & administrative	105,763	-
	Auditor's Remuneration:		
	Audit Fees	30,000	30,000
	Tax Audit Fees	10,000	10,000
	Service Tax	4,944	4,944
		1,144,272	2,550,650

Source Industries (India) Limited

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Notes to Accounts for the year ended March 31 ST 2013		AMOUNT IN ₹	
Note No	Particulars	As on 31-03-2013	As on 31-03-2012
13.1	CONTINGENT LIABILITIES	Nil	Nil
		Nil	Nil
13.2	<p>RELATED PARTY DISCLOSURES:</p> <p>a) Disclosures of Related parties and relationship between parties:</p> <p>1. Key Management Personnel : NIL</p> <p>2. Relatives : NIL</p> <p>3. Subsidiary Company : Aksharalaya Enterprises Ltd</p> <p>Transactions with key management personnel and their relatives during the year</p>		
	Particulars	Opening Bal.	Closing Bal.
	Account Receivable	82620	51738
13.3	EARNING PER SHARE (EPS)		
		2012-13	2011-12
	The computation of EPS is set out below:		
	Earning		
	Net Profit for the period	1,241,851	(222,714)
	Shares		
	Number of Shares at the Beginning of the period	11,403,110	7,773,110
	Add: Shares issued during the period	-	3,630,000
	Total number of equity shares outstanding at the end of the period	11,403,110	11,403,110
	Weighted average number of equity shares outstanding during the period	11,403,110	11,403,110
	Earning per share of par value Rs. 10/- Basic & Diluted (Rs)	0.11	(0.02)
13.4	Directors Remuneration:	2012-13	2011-12
	Salaries	NIL	NIL
	Directors Sitting fees	NIL	NIL

13.5 Micro, Small and Medium Enterprises Development Act, 2006

i. Amount Due to Micro, Small and Medium Enterprises - NIL

ii. Interest - NIL

the above information is given based on the information available with the Company.

13.6 The balances shown under Loans and Advances are subject to confirmation/
reconciliation.

13.7 Previous year's figures have been regrouped/reclassified/rearranged/modified wherever
necessary according to the scheme of demerger

In view of the above, the Sharecapital is retrospectively modified in accordance with the
Court Order.

13.8 The Company's operation mainly consist of only one segment i.e. Infrastrucutre and
therefore the figures relate to that segment only.

13.9 Earning in foreign currency Rs. Nil (Previous year Rs. Nil.)

Expenditure in foreign currency(traveling, etc) Rs. 200,000/- (Previous year Rs.Nil)

INDEPENDENT AUDITOR'S REPORT

To
THE BOARD OF DIRECTORS,
SOURCE INDUSTRIES (INDIA) LIMITED
HYDERABAD

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of SOURCE INDUSTRIES (INDIA) LIMITED ("the Company") and its subsidiaries (collectively referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31ST 2013, The Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance

with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis of Qualified Opinion

- a) Impairment loss, if any on assets of the company which could not be ascertained in the absence of technical evaluation from experts.-Refer **Note no.14.9**

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis of Qualified opinion matter paragraph, the financial statements give a true and fair view

in conformity with the accounting principles generally accepted in India:

- a) In the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31ST March, 2013;
- b) In the case of the consolidated Statement of Profit and Loss for the year ended on that date; and
- c) In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Place : Hyderabad
Date : 30.05.2013

Emphasis of Matter

We draw attention to **Note No. 14.7** to the consolidated financial statements regarding non confirmation / reconciliation of balances of Loan and Advances and Bank Balances, the impact of which is unascertained. Our opinion is not qualified in respect of this matter.

We draw attention to **Note No. 14.10** to the consolidated financial statements regarding regrouping / reclassifying/ rearranging/ modifying wherever necessary according to the scheme of demerger. Our opinion is not qualified in respect of this matter.

For RAKESH S JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration Number: 010129S

Sd/-
(SURESH KUMAR JAIN)
PARTNER
MEMBERSHIP NO. 018465

Source Industries (India) Limited

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CONSOLIDATED BALANCE SHEET AS ON 31 ST MARCH 2013		(Amount in Rs.)	
Particulars	Note No.	As on 31.03.2013	As on 31.03.2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	114,031,100	114,031,100
Reserves and Surplus	3	(67,868,016)	(63,745,025)
Non-current Liabilities			
Deferred Tax Liability (Net)		5,180,107	7,979,688
Current Liabilities			
Short term Borrowings	4.1	3,625,000	290,000
Trade Payables	4.2	4,951,790	103,222
Other Current Liabilities	4.3	16,750,965	1,474,505
TOTAL		<u>76,670,946</u>	<u>60,133,490</u>
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	5.1	27,439,778	35,271,131
Capital Work-in-Progress		475,871	475,871
Long term Loans and Advances	5.2	2,561,537	2,561,537
Other Non Current Assets	5.3	314,450	579,450
Current Assets			
Inventories	6.1	892,506	903,870
Trade Receivables	6.2	5,886,862	-
Cash and Cash Equivalents	6.3	4,413,125	733,567
Short term Loans and Advances	6.4	31,753,092	17,100,901
Other Current Assets	6.5	2,933,725	2,507,163
TOTAL		<u>76,670,946</u>	<u>60,133,490</u>
Summary of significant accounting policies	1		
Notes on Financial statements	14		
This is the Balance Sheet referred to in our report of even date			
For RAKESH S JAIN & ASSOCIATES			
Chartered Accountants		For and on behalf of the Board	
Firm Registration Number: 010129S			
Sd/- (SURESH KUMAR JAIN) Partner Membership No. 018465	Sd/- LALIT KUMAR GUPTA Managing Director	Sd/- RITESH KUMAR GUPTA Director	
Place : Hyderabad			
Date : 30.05.2013			

Source Industries (India) Limited

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STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 ST MARCH, 2013			
			(Amount in Rs.)
Particulars	Note No.	As on 31.03.2013	As on 31.03.2012
Revenue			
Revenue from Operations	7	23,736,030	56,354,435
Other Income	8	188,254	2,470,426
Total Revenue		23,924,284	58,824,861
Expenses			
(Increase)/Decrease in stock	9	5,924	33,255
Raw material consumption	10	20,668,335	53,500,734
Employee Benefits expense	11	330,000	564,000
Finance Costs	12	312,554	29,226
Depreciation & Amortisation Expense		7,831,354	7,831,354
Other expenses	13	1,698,691	3,326,347
Total Expenses		30,846,858	65,284,916
Profit before Exceptional, Extraordinary items & Taxation		(6,922,574)	(6,460,055)
Exceptional items		-	-
Profit before Extraordinary items & Taxation		(6,922,574)	(6,460,055)
Extra ordinary items		-	-
Profit before Taxation		(6,922,574)	(6,460,055)
Tax Expense:			
Current Tax			
Deferred Tax Charge / (Credit)		(2,799,581)	(2,216,919)
Profit/(Loss) for the period from continuing operations		(4,122,993)	(4,243,136)
Profit/ (Loss) from discontinuing operations		-	-
Tax expense of discontinuing operations		-	-
Profit/(Loss) from discontinuing operations (after tax)		-	-
Less: Pre-acquisition loss transferred to Capital Reserve		-	-
Profit for the period		(4,122,993)	(4,243,136)
Basic / Diluted Earnings Per Share (Face value of Rs.10 each)		(0.36)	(0.37)
Summary of significant accounting policies 14			
The accompanying notes are an integral part of the financials statements.			
This is the Statement of Profit and Loss referred to in our report of even date			
For RAKESH S JAIN & ASSOCIATES		For and on behalf of the Board	
Chartered Accountants			
Firm Registration Number: 010129S			
Sd/-		Sd/-	
(SURESH KUMAR JAIN)		LALIT KUMAR GUPTA	
Partner		Managing Director	
Membership No. 018465		RITESH KUMAR GUPTA	
		Director	
Place : Hyderabad			
Date : 30.05.2013			

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

S.No	PARTICULARS	AMOUNT RS	
		31.03.2013	31.03.2012
I	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax	(6,922,574)	(6,460,055)
	Adjustments for:		
	Less: 1. Depreciation(Net)	7,831,354	7,831,354
	2. Raw Material written off	-	-
	3. Interest Income	(188,254)	(100,000)
	Cash Profit/(Loss) before Working Capital Changes	720,526	1,271,299
	Adjustments for Working Capital		
	1. Inventories	11,364	33,255
	2. Debtors	(5,886,861)	64,602,705
	3. Loans & Advances	(14,652,191)	(10,001,001)
	4. Other Current Assets	(161,562)	(1,106,363)
	5. Short term Borrowings	3,335,000	(36,060,000)
	6. Trade Payables	4,848,568	(65,892,953)
	7. Other Current Liabilities	15,276,460	(128,410)
	Cash Generated from Operating activities	3,491,304	(47,281,468)
II	CASH FLOW FROM INVESTING ACTIVITIES		
	Interest Income	188,254	100,000
	Cash Generated from Investing Activities	188,254	100,000
III.	CASH FLOW FROM FINANCING ACTIVITES		
	Increase in share capital	-	36,300,000
	Cash Generated from Financing Activities	-	36,300,000
	NET FLOW OF CASH(I+II+III)	3,679,558	(10,881,468)
	Cash & Equivalent at the beginning of the year	733,567	11,615,035
	Cash & Equivalent at the end of the year	4,413,125	733,567

This is the Cash Flow Statement referred to in our report of even date

For RAKESH S JAIN & ASSOCIATES

Chartered Accountants

Firm Registration Number: 010129S

For and on behalf of the Board

Sd/-
(SURESH KUMAR JAIN)

Partner

Membership No. 018465

Place : Hyderabad

Date : 30-05-2013

Sd/-
LALIT KUMAR GUPTA
Managing Director

Sd/-
RITESH KUMAR GUPTA
Director

Note No. : 1 SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Accounting:

The Financial Statements are prepared under historical cost convention on an accrual basis, except as stated otherwise and are in accordance with the requirements of the Companies Act, 1956.

1.2 Use of Estimates:

The preparation of financial statements, in conformity with the generally accepted accounting principles, require estimate and assumption to be made that affect the reported amount of assets and liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results materialize.

1.3 Fixed Assets:

Fixed Assets are valued at cost of acquisition inclusive of Inward Freight, Duties, Taxes and Incidental and trail run expenses relating to acquisition. Exchange Fluctuation on conversion of Outstanding Foreign currency Loans for acquisition of Fixed Assets are adjusted to the Cost of Assets.

1.4 Depreciation:

Depreciation on fixed assets is provided on Straight Line Method at the rates specified from time to time in schedule XIV to the Companies Act, 1956.

1.5 Inventories:

The raw materials, stores and spares, packing material, consumables and finished goods are valued at cost or net realizable value whichever is lower.

1.6 Sales:

Sales have been accounted net of Excise Duty and discount and purchases have been accounted net of discounts.

1.7 Foreign Exchange:

Foreign currency transactions are recorded at the rates prevailing on the date of the transactions. Monetary assets and liabilities in foreign currency are translated at year end rate or at the rates of exchange fixed under contractual arrangements. Exchange differences arising on settlement of transactions and translation of monetary items are recognized as income or expense.

1.8 Retirement Benefits for Employees:

Company does not have any employees within the purview of PF /Gratuity.

1.9 Prior Period and Extraordinary items;

Income and Expenditure pertaining to prior period as well as extraordinary items wherever material are disclosed separately.

1.10 State investment subsidy:

State investment subsidy is shown under Other Reserve.

1.11 Earning per Share:

Basic earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholder by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by taking into account the aggregate of the weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity shares in to equity shares.

1.12 Taxes on Income:

Income tax liability for the year is calculated in accordance with the relevant tax laws and regulations applicable to the company.

Deferred Tax is recognized, Subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on unabsorbed Depreciation and carry forward of losses are not recognized unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

1.13 Basis of Consolidation

The consolidated Financial statements relate to Source Industries (India) Limited (the company) and its subsidiary company Akshralay Enterprises Limited wherein the company holds 100% shares as on 31.03.2013

The consolidated financial statements of the company and its subsidiary have been prepared by adding together the book value of like items of Assets, Liabilities, Income and Expenses. All intra group transaction, balances and unrealized profit/loss on transaction have been fully eliminated in accordance with Accounting Standard (AS) 21 - "Consolidated Financial Statement".

All income and expenditure having a material bearing on the financial statements are recognized on accrual basis.

As far as possible, the consolidated financial statement are prepared using the uniform accounting policies for like transactions other events in similar circumstances and are presented in the same manner as the company's separate financial statements.

Consolidated Notes to Accounts for the year ended 31ST March, 2013 **AMOUNT IN RS**

Note No	As on 31-03-2013	As on 31-03-2012
---------	---------------------	---------------------

**2. Share Capital
Authorised**

12000000 Equity Shares of Rs.10/- each	120,000,000	120,000,000
(Previous year 10000000 Equity Shares of Rs.10/- each) Issued, Subscribed and Paid-up	120,000,000	120,000,000

Issued, Subscribed and Paid-up

11403110 Equity Shares of Rs.10/- each fully paid up. (Previous Year 11403110 Equity Shares of Rs.10/- each fully paid up.)	114,031,100	114,031,100
	114,031,100	114,031,100

A. Reconciliation of the number of shares outstanding**Equity shares**

	No. of Shares	31-03-2013	No. of Shares	31.03.2012
Number of equity shares at the beginning of the Year	11,403,110	114,031,100	7,773,110	77,731,100
Equity shares issued during the year (considered retrospectively as envisaged in Court Scheme)	-	-	3,630,000	36,300,000
Less Shares bought back during the year	-	-	-	-
Number of equity shares at the end of the Year	11,403,110	114,031,100	11,403,110	114,031,100

B. Details of shareholders holding more than 5% shares in the company

	No. Of Shares	%	No. Of Shares	%
1 Span Allied Industries Ltd	12,000,000	10.52	12,000,000	10.52
2 Sainaren Properities Pvt. Ltd.	11,800,000	10.35	11,800,000	10.35
3. PGC Hydro Power Pvt. Ltd.	6,700,000	5.88	6,700,000	5.88
Total	3,050,000	26.75	3,050,000	26.75

C. All equity shares issued by the company carry equal voting and participatory rights

Note No	Particulars	As on 31-03-2013	As on 31-03-2012
3.	Reserves and Surplus		
	Other Reserves:		
	Investment Subsidy	2,000,000	2,000,000
		2,000,000	2,000,000
	Share Premium	5,702,700	5,702,700
	Investment allowance Reserve	2,280,000	2,280,000
	Surplus as per Profit and Loss account As per last Balance Sheet	(73,727,723)	(69,484,589)
Add: Profit / (Loss) for the year	(4,122,993)	(4,243,136)	
		(67,868,016)	(63,745,025)

Consolidated Notes to Accounts for the year ended 31ST March, 2013

AMOUNT IN RS

Note No	Particulars	As on 31-03-2013	As on 31-03-2012
4.	Current Liabilities		
	4.1. Short Term Borrowings		
	Unsecured (Repayable on Demand)		
	Loan from Directors	2,425,000	-
	Loan From Director's Relatives	1,200,000	290,000
		3,625,000	290,000
	4.2. Trade Payables		
	Trade Payables	4,951,790	103,222
		4,951,790	103,222
	4.3. Other Current Liabilities		
	Other Liabilities	16,750,965	1,474,505
		16,750,965	1,474,505

Consolidated Notes to Accounts for the year ended 31st March, 2013

NOTE No. : 5 Fixed Assets

5.1. Tangible

(Amount in Rs.)

Tangible	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at March 31, 2012	Addition	Deletion Adjustments	As at March 31, 2013	As at March 31, 2012	For the year	Deletion/ Adjustments	As at 31.03.2013	As at 31.03.2012	As at 31.03.2012
Land	2,427,014	-	-	2,427,014	-	-	-	-	2,427,014	2,427,014
Building	20,498,585	-	-	20,498,585	10,867,625	684,633	-	11,552,278	8,946,307	9,630,960
Plant & Machinery	135,354,178	-	-	135,354,178	112,141,019	7,146,701	-	119,287,720	16,066,457	23,213,157
Furnitures	2,930,754	-	-	2,930,754	2,930,754	-	-	2,930,754	-	-
Vehicle	711,024	-	-	711,024	711,024	-	-	711,024	-	-
	161,921,555	-	-	161,921,555	126,650,422	7,831,354	-	134,481,776	27,439,778	35,271,131
Previous Year	161,921,555	-	-	161,921,555	118,819,070	7,831,354	-	126,650,424	35,271,131	43,102,485

Consolidated Notes to Accounts for the year ended 31 ST March, 2013		AMOUNT IN RS	
Note No	Particulars	As on 31-03-2013	As on 31-03-2012
	5.2 Long Term Loans And Advances		
	Security Deposits	2,561,537	2,561,537
		2,561,537	2,561,537
	5.3 Other Non Current Assets		
	Long Term trade Receivables (Unsecured, Considered Good unless stated otherwise)	314,450	579,450
		314,450	579,450
6.	Current Assets		
	6.1 Inventories		
	Stock in trade (as taken, valued and certified by the Management		
	- Yarn	46,896	46,896
	- Work in progress	19,738	19,738
	- Packing Material	504,072	509,512
	- Finished Goods	18,837	24,761
	- Stores & Spares	182,963	182,963
	- Designing Material	120,000	120,000
		892,506	903,870
	6.2. Trade Receivables (Unsecured, considered good unless stated otherwise)		
	Exceeding six months:		
	Considered Good		
	Others	5,886,862	-
		5,886,862	-

Consolidated Notes to Accounts for the year ended 31 ST March, 2013		AMOUNT IN RS	
Note No	Particulars	As on 31-03-2013	As on 31-03-2012
	6.3. Cash and Cash Equivalents		
	Balances with Banks:		
	On Current accounts	54,244	144,843
	*On Term Deposit account	3,701,401	528,649
	Cash on Hand	657,480	60,075
		4,413,125	733,567
	Note: *Term Deposits are held as margin for issue Bank Guarantee		
	6.4. Short Term Loans and Advances (Unsecured, considered good unless stated otherwise)		
	Advances recoverable in cash or kind Considered Good	31,753,092	17,100,901
		31,753,092	17,100,901
	6.5 Other Current Assets		
	Deposits	77,813	77,514
	TDS Receivable	2,855,912	2,429,649
		2,933,725	2,507,163
7.	Revenue from Operations Sale of Products / Contract Receipts	23,736,030	56,354,435
		23,736,030	56,354,435
8.	Other Income		
	Interest Income	42,064	100,000
	Other Non Operating Income:	25,000	2,370,426
	Other Income	121,190	-
		188,254	2,470,426
9.	Increase/(Decrease) in stocks		
	Opening Stock		
	Finished Goods	24,761	58,016
	Work in process	19,738	19,738
		44,499	77,754
	Closing Stock		
	Finished Goods	18,837	24,761
	Work in process	19,738	19,738
		38,575	44,499
	(Increase)/Decrease in stocks	5,924	33,255

Consolidated Notes to Accounts for the year ended 31 ST March, 2013		AMOUNT IN RS	
Note No	Particulars	As on 31-03-2013	As on 31-03-2012
10.	Purchases / Contract Payments		
	Opening Stock		
	Yarn	46,896	46,896
	Colous, Consumables and Packing Materials	692,475	692,475
		739,371	739,371
	Add : Purchases		
	Cloth	412,895	-
	Colous, Consumables and Packing Materials		-
	Purchases		378,285
	Contract payments	20,250,000	53,122,449
	TOTAL A	21,402,266	54,240,105
	Less : Closing Stock		
	Yarn	46,896	46,896
	Colous, Consumables and Packing Materials	687,035	692,475
	TOTAL B	733,931	739,371
	Cost of material consumed (TOTAL A - TOTALB)	20,668,335	53,500,734
11.	Employee Benefits Expenses		
	Salaries and Wages	330,000	564,000
		330,000	564,000
12.	Finance Cost		
	Bank Charges	77,301	29,226
	Interest	235,253	-
		312,554	29,226
13.	Other Expenses		
	Secretarial charges	494,676	2,215,775
	Watch and ward	204,000	204,000
	Rates and Taxes	7,000	260,000
	Travelling Expenses	341,740	271,760
	Legal and Professional	298,889	256,712
	Office Maintenance	3,794	37,642
	Selling & administrative	188,490	27,087
	Amount Written Off	89,877	-
	Auditor's Remuneration:		
	Audit Fees	45,000	37,500
	Tax Audit Fees	17,500	10,000
	Service Tax	7,725	5,871
		1,698,691	3,326,347

Consolidated Notes to Accounts for the year ended 31 ST March, 2013			AMOUNT IN RS	
Note No	Particulars	As on 31-03-2013	As on 31-03-2012	
14.	14.1 CONTINGENT LIABILITIES			
	a) In respect of guarantees given to bankers for clearance of imported and indigeous goods	3,510,000	3,510,000	
	b) Disputed claims of Excise Duty, where proceedings are pending with various authorities	27,827,332	27,827,332	
	c) Disputed Claims with Sales Tax	1,218,973	1,218,973	
		32,556,305	32,556,305	
	14.2 RELATED PARTY DISCLOSURES:			
	a) Disclosures of Related parties and relationship between partie:			
	1. Key Management Personnel :	Lalit Kumar Gupta		
		Adarsh Kumar Gupta		
		Ritesh Kumar Gupta		
	2. Relatives :	Akshay Kumar gupta		
		Babita Rani		
		Adarsh Kumar gupta (HUF)		
		Niharika Gupta		
	3. Subsidiary Company :	Aksharalaya Enterprises Ltd		
	Transactions with key management personnel and their relatives during the year			
	Particulars	Opening Bal.	Transactions during the year	Closing Bal.
	Loan Accepted	290,000	3,335,000	3,625,000
Note No	Particulars	As on 31-03-2013	As on 31-03-2012	
	14.3 EARNING PER SHARE (EPS)			
	The computation of EPS is set out below:			
	Earning			
	Net Profit for the period	(4,122,993)	(4,243,136)	
	Shares			
	Number of Shares at the Beginning of the period	11,403,110	7,773,110	
	Add: Shares issued during the period	-	3,630,000	
	Total number of equity shares outstanding at the end of the period	11,403,110	11,403,110	
	Weighted average number of equity shares outstanding during the period	11,403,110	11,403,110	
	Earning per share of par value Rs. 10/- Basic & Diluted (Rs)	(0.36)	(0.37)	

Consolidated Notes to Accounts for the year ended 31 ST March, 2013		AMOUNT IN RS	
Note No	Particulars	As on 31-03-2013	As on 31-03-2012
	14.4 Deferred Tax Liability (net)		
	as on 31st March, 2013 as follows:		
	Timing Difference on account of Depreciation	5,180,107	7,979,688
	Less: Deferred Tax Assets arising on account of timing difference	-	-
	Net Deferred Tax Liability	5,180,107	7,979,688
	14.5 Directors Remuneration:		
	Salaries	NIL	NIL
	Directors Sitting fees	NIL	NIL
14.6	Micro, Small and Medium Enterprises Development Act, 2006		
	i. Amount Due to Micro, Small and Medium Enterprises - NIL		
	ii. Interest - NIL		
	the above information is given based on the information available with the Company.		
14.7	The balances shown under Loans and Advances and Bank balances are subject to confirmation / reconciliation.		
14.8	During the Financial year 2007-08, Joint Collector National Highways acquired Companies Land out of Sy. No. 47/2 admeasuring Ac. 1.02 Gts. and out of Sy. No. 96/2 admeasuring Ac. 0.20 Gts. along with Structures, Compound Wall Thatched roof, RCC foundation etc. and the Hon' able Court awarded Rs. 11,83,802/- Compensation for the Same. The Company filed the petition before Joint Collector and Competent Authority for Land Acquisition National Highways of India, Mahaboob Nager, Mahaboob Nager Dist. for enhancement of Land Compensation and structures which is yet to be disposed off.		
14.9	The company expects substantial reduction in value of its assets than the carrying amount but in absence of technical reports from experts no provision is made on account of such impairment in value of assets.		
14.10	Previous year 's figures have been regrouped / reclassified/ rearranged/ modified wherever necessary according to the scheme of demerger		
	In view of the above, the Sharecapital is retrospectively modified in accordance with the Court Order.		
14.11	Earning in foreign currency Rs. Nil (Previous year Rs. Nil.)		
	Expenditure in foreign currency(traveling, etc) Rs. 341,740/- (Previous year Rs.80,000/-)		

INDEPENDENT AUDITOR'S REPORT

To
The Members
Akshralay Enterprises Limited
Hyderabad.

Report on the Financial Statements

We have audited the accompanying financial statements of AKSHRALAY ENTERPRISES LIMITED ("the Company"), which comprise the Balance Sheet as at March 31st, 2013, The Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Principles generally accepted in India including Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical

requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis of Qualified Opinion

- a) Impairment loss, if any on assets of the company which could not be ascertained in the absence of technical evaluation from experts.-Refer **Note no. 14.9**

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis of Qualified opinion matter paragraph, the financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- | | |
|---|---|
| <p>a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;</p> <p>b) In the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and</p> <p>c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.</p> | <p>a) We have obtained all the information and explanations which to the best of knowledge and belief were necessary for the purpose of our audit.</p> <p>b) In our opinion, proper Books of Accounts, as required by law, have been kept by the Company so far as appears from our examination of those books.</p> <p>c) The Balance Sheet, the Statement of Profit & Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.</p> <p>d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, in our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement complying with the accounting standards referred to in Sub-Section (3C) of Section 211 of the Act.</p> <p>e) On the basis of written representations received from the Directors, as on March 31, 2013, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2013, from being appointed as a Director in the terms of clause (g) of sub-section (1) of section 274 of the Act.</p> |
|---|---|

Emphasis of Matter

We draw attention to **Note No. 14.7** to the financial statements regarding non confirmation / reconciliation of balances of Loan and Advances and Bank Balances, the impact of which is unascertained. Our opinion is not qualified in respect of this matter.

We draw attention to **Note No. 14.11** to the financial statements regarding regrouping / reclassifying / rearranging / modifying wherever necessary according to the scheme of demerger. Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) order, 2003 ("the order") issued by the Central Government of India in terms of Sub-Section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the order.
2. As required by section 227(3) of the Act, we report that:

For RAKESH S JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
 Firm Reg. No. 001859 S

Sd/-
(SURESH KUMAR JAIN)
 PARTNER
 MEMBERSHIP NO. 018465

Place : Hyderabad
 Date : 30.05.2013

ANNEXURE TO INDEPENDENT AUDITOR'S REPORT

AKSHRALAY ENTERPRISES LIMITED

Referred to in paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date]

- (i). a. According to the information & explanation furnished to us, the company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b. According to the information & explanation furnished to us, all the assets have been physically verified by the Management during the year through a regular program of verification, which in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c. According to the information & explanation furnished to us, the company has not disposed of a substantial part of its fixed assets during the year.
- (ii). a. According to the information & explanation furnished to us, the inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable.
- b. In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c. According to the information & explanation furnished to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii). In respect of the loans, secured or unsecured, granted or taken by the company to /from companies, firms or other parties covered in the register maintained Under Section 301 of the Companies Act,1956
 - (a) According to the information and explanations given to us, the company has not granted any loans secured or Unsecured to a party covered in the register maintained under section 301 of the Companies Act, 1956.
 - (b) According to the information & explanation furnished to us, the Company had taken Unsecured Loans of Rs.33.35 Lacs from four parties during the year, covered under register maintained under Section 301 of the Companies Act, 1956. The year-end balances of loans taken including in earlier years from seven parties were Rs.36.25 lacs.
 - (c) According to the information and explanations given to us, the rate of interest and other terms and conditions on which loan are taken are not, prima-facie, prejudicial to the interest of the company.
 - (d) According to the information and explanations given to us,

the company is regular in repayment of principal and interest is regular wherever applicable.

- (iv). In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business with regard to the purchase of the inventory, fixed assets and with regard to sale of goods and services During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
- (v). a. According to the information and explanations given to us, we are of the opinion that the transactions that need to be entered into the register maintained under section 301 of the Companies Act, 1956 have been so entered.
- b. In our opinion and according to the information and explanations given to us, there are no transactions made during the year in pursuance of contracts or arrangements entered in the register maintained under sec.301 of the Companies Act 1956 and exceeding the value of rupees five lakhs in respect any party during the year.
- (vi). During the year, the Company has not accepted any deposits from the public within the meaning of Sections 58A, 58AA or any other relevant provisions of the Companies Act, 1956 and the rules framed there under.
- (vii). In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- (viii). During the year Company has not carried on any manufacturing operations. Hence as informed to us, the maintenance of cost records is not applicable for this year
- (ix). a. According to the information and explanations given to us and the records of the company examined by us, the company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty and other material statutory dues applicable to it.
- b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, and excise duty were in arrears, as at 31.03.2013 for a period of more than six months from the date they became payable.
- c. According to the information and explanations given to us, there are dues of sales tax and excise duty which are not deposited on account of dispute as under.

Name of the Statute	Amt in Rs	Forum
The A.P General Sales Tax	462454	C.T.O Sec'bad
The Central Sales Tax	756519	C.T.O Sec'bad
The Central Excise Act 1944	27827332	Appellate Authorities of Customs & Central Excise

- (x). In our opinion, the company does not have accumulated losses as on 31.03.2013 more than fifty percent. However, it has incurred cash losses during the financial year ended on that date and in the immediately preceding financial year.
- (xi). According to the information and explanation given to us, the company has not defaulted in repayment dues to any Debenture holders/ financial institution/ Banks during the year.
- (xii). In our opinion and according to the information and explanations given to us, the company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly the provisions of clause 4(xii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- (xiii). In our opinion, the company is not a chit fund or a nidhi/ mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (xiv). In our opinion, the company is not dealing in or trading in Shares, Securities debentures and other investments. Accordingly, the provision of Clause 4(xiv) of the Companies (Auditor's Report) Order is not applicable to the company.
- (xv). According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions during the year.
- (xvi). During the year the company has not taken any term loan and hence the provisions of clause 4 (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- (xvii). According to the information and explanations given to us and on the overall examination of the balance sheet of the company, we report that no funds raised on short-term basis have been used for long term investments.
- (xviii). According to the information and explanation given to us, the company has made preferential allotment of shares during the year to the parties covered in the register maintained under Section 301 of the Companies Act, 1956. However the effect of the same

is given retrospectively as per the Court Scheme. In our opinion, the price at which shares have been issued is not prima-facie prejudicial to the interest of the Company.

- (xix). According to the information and explanation given to us, the Company has not issued any secured debentures. Therefore, the provisions of clause 4(xix) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xx). According to the information and explanation given to us, the company has not raised any money by public issues during the year. Accordingly, the provisions of clause 4(xx) of the Companies (Auditors' Report) Order, 2003 are not applicable to the Company.
- (xxi). According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For RAKESH S JAIN & ASSOCIATES
CHARTERED ACCOUNTANTS
Firm Registration Number: 010129S

Place : Hyderabad
Date : 30.05.2013

Sd/-
(SURESH KUMAR JAIN)
PARTNER
MEMBERSHIP NO. 018465

Ashralaya Enterprises Limited

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BALANCE SHEET AS ON 31 ST MARCH, 2013		(Amount in Rs.)	
Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	36,570,840	36,570,840
Reserves and Surplus	3	(8,828,464)	(3,463,620)
Non-current Liabilities			
Deferred Tax Liability (Net)		5,180,107	7,979,688
Current Liabilities			
Short term Borrowings	4.1	3,625,000	290,000
Other Current Liabilities	4.2	436,229	397,976
TOTAL		<u>36,983,712</u>	<u>41,774,884</u>
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	5.1	27,439,779	35,271,133
Capital Work-in-Progress		475,871	475,871
Long term loans and Advances	5.2	2,561,537	2,561,537
Other Non-Current Assets	5.3	314,450	579,450
Current Assets			
Inventories	6.1	892,506	903,870
Cash and Cash Equivalents	6.2	3,921,757	605,509
Short term Loans and Advances	6.3	1,300,000	1,300,000
Other Current Assets	6.4	77,813	77,514
TOTAL		<u>36,983,712</u>	<u>41,774,884</u>
Summary of significant accounting policies	1		
Notes to Account forming part of Balance Sheet	14		
This is the Balance Sheet referred to in our report of even date			
For RAKESH S JAIN & ASSOCIATES		For and on behalf of the Board	
Chartered Accountants			
Firm Registration Number: 010129S			
Sd/-	Sd/-	Sd/-	
(SURESH KUMAR JAIN)	LALIT KUMAR GUPTA	ADARSH KUMAR GUPTA	
Partner	Director	Director	
Membership No. 018465			
Place : Hyderabad			
Date : 30.05.2013			

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(Amount in Rs.)

Particulars	Note No.	As at 31.03.2013	As at 31.03.2012
Revenue			
Revenue from Operations	7	539,175	436,066
Other Income	8	182,426	2,370,426
Total Revenue		721,601	2,806,492
Expenses			
(Increase)/Decrease in stock	9	5,924	33,255
Raw material consumption	10	418,335	378,285
Employee Benefits expense	11	30,000	24,000
Finance Costs	12	45,994	1,242
Depreciation & Amortisation Expense		7,831,354	7,831,354
Other expenses	13	554,418	775,697
Total Expenses		8,886,025	9,043,833
Profit before Exceptional, Extraordinary items & Taxation		(8,164,425)	(6,237,341)
Exceptional items		-	-
Profit before Extraordinary items & Taxation		(8,164,425)	(6,237,341)
Extra ordinary items		-	-
Profit before Taxation		(8,164,425)	(6,237,341)
Tax Expense:			
Current Tax			
Deferred Tax Charge / (Credit)		(2,799,581)	(2,216,919)
Profit for the period		(5,364,844)	(4,020,422)
Basic / Diluted Earnings Per Share			
(Face value of Rs.10 each)		(1.47)	(1.10)
Summary of significant accounting policies	1		
Notes to Account forming part of Balance Sheet	14		
The accompanying notes are an integral part of the financials statements.			
This is the Statement of Profit and Loss referred to in our report of even date			
For RAKESH S JAIN & ASSOCIATES			
Chartered Accountants			
Firm Registration Number: 010129S			
Sd/- (SURESH KUMAR JAIN) Partner Membership No. 018465		For and on behalf of the Board	
Place : Hyderabad Date : 30.05.2013		Sd/- LALIT KUMAR GUPTA Director	Sd/- ADARSH KUMAR GUPTA Director

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH, 2013		(Amount in Rs.)
Particulars	As at 31.03.2013	As at 31.03.2012
I CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	(8,164,425)	(6,237,341)
Adjustments for:		
Less: 1. Depreciation(Net)	7,831,354	7,831,354
2. Raw Material written off	-	-
3. Interest Income	(36,236)	-
Cash Profit/(Loss) before Working Capital Changes	(369,306)	1,594,013
Adjustments for Working Capital		
1. Inventories	11,364	33,255
2. Debtors	265,000	350,000
3. Loans & Advances	-	-
4. Other Current Assets	(299)	468,843
5. Short Term Borrowings	3,335,000	240,000
6. Other Current liabilities	38,253	(2,596,212)
Cash Generated from Operating activities	3,280,012	89,899
II CASH FLOW FROM INVESTING ACTIVITIES		
Interest Income	36,236	-
Cash Generated from Investing Activities	36,236	-
III CASH FLOW FROM FINANCING ACTIVITIES		
Cash Generated from Financing Activities	-	-
NET FLOW OF CASH(I+II+III)	3,316,247	89,899
Cash & Equivalent at the beginning of the year	605,509	515,610
Cash & Equivalent at the end of the year	3,921,757	605,509

This is the Cash Flow Statement referred to in our report of even date

For RAKESH S JAIN & ASSOCIATES

Chartered Accountants

Firm Registration Number: 010129S

Sd/-
(SURESH KUMAR JAIN)
Partner

Membership No. 018465

For and on behalf of the Board

Sd/-
LALIT KUMAR GUPTA
Director

Sd/-
ADARSH KUMAR GUPTA
Director

Place : Hyderabad

Date : 30.05.2013

Note No. : 1. SIGNIFICANT ACCOUNTING POLICIES

1.1 Basis of Accounting:

The Financial Statements are prepared under historical cost convention on an accrual basis, except as stated otherwise and are in accordance with the requirements of the Companies Act, 1956.

1.2 Use of Estimates:

The preparation of financial statements, in conformity with the generally accepted accounting principles, require estimate and assumption to be made that affect the reported amount of assets and liabilities as on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results materialize.

1.3 Fixed Assets:

Fixed Assets are valued at cost of acquisition inclusive of Inward Freight, Duties, Taxes and Incidental and trail run expenses. Exchange Fluctuation on conversion of Outstanding Foreign currency Loans for acquisition of Fixed Assets are adjusted to the Cost of Assets.

1.4 Depreciation:

Depreciation on fixed assets is provided on Straight Line Method at the rates specified from time to time in schedule XIV to the Companies Act, 1956.

1.5 Inventories:

The raw materials, stores and spares, packing material, consumables and finished goods are valued at cost or net realizable value whichever is lower.

1.6 Sales:

Sales have been accounted net of Excise Duty and discount and purchases have been accounted net of discounts.

1.7 Foreign Exchange:

Foreign currency transactions are recorded at the rates prevailing on the date of the transactions. Monetary assets and liabilities in foreign currency are translated at year end rate or at the rates of exchange fixed under contractual arrangements. Exchange differences arising on settlement of transactions and translation of monetary items are recognized as income or expense.

1.8 Retirement Benefits for Employees:

Company does not have any employees within the purview of PF /Gratuity.

1.9 Prior Period and Extraordinary items;

Income and Expenditure pertaining to prior period as well as extraordinary items wherever material are disclosed separately.

1.10 Earning per Share:

Basic earning per share is computed by dividing the net profit or loss for the period attributable to equity shareholder by the weighted average number of equity shares outstanding during the period. Diluted earning per share is computed by taking into account the aggregate of the weighted average number of equity shares outstanding during the period and the weighted average number of equity shares which would be issued on conversion of all the dilutive potential equity shares in to equity shares.

1.11 Taxes on Income:

Income tax liability for the year is calculated in accordance with the relevant tax laws and regulations applicable to the company.

Deferred Tax is recognized, Subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax assets on unabsorbed Depreciation and carry forward of losses are not recognized unless there is virtual certainty that there will be sufficient future taxable income available to realise such assets.

Notes to Accounts for the year ended 31 ST March, 2013		AMOUNT IN RS			
Note No		As on 31-03-2013	As on 31-03-2012		
2.	Share Capital				
	Authorised				
	5000000 Equity Shares of Rs.10/- each	50,000,000	50,000,000		
	Previous year (5000000 Equity Shares of Rs.10/- each)				
		50,000,000	50,000,000		
	Issued, Subscribed and Paid-up				
	3657084 Equity Shares of Rs.10/- each fully paid up.	36,570,840	36,570,840		
	(Previous Year 3657084 Equity Shares of Rs.10/- each fully paid up.)				
		36,570,840	36,570,840		
A.	Reconciliation of the number of shares outstanding				
	Equity shares	No. of Shares	31-03-2013	No. of Shares	31.03.2012
	Number of equity shares at the beginning of the Year	3,657,084	36,570,840	50,070	500,700
	Equity shares issued during the year	-	-	3,607,014	36,070,140
	Less Shares bought back during the year	-	-	-	-
	Number of equity shares at the end of the Year	3,657,084	36,570,840	3,657,084	36,570,840
B.	Details of shareholders holding more than 5% shares in the company				
		No. Of Shares	%	No. Of Shares	%
	Source Industries (India) Limited	3,657,084	100	3,657,084	100
Note No	Particulars	As on 31-03-2013	As on 31-03-2012		
3.	Reserves and Surplus				
	Surplus as per Profit and Loss account				
	As per last Balance Sheet	(3,463,620)		556,802	
	Add: Profit / (Loss) for the year	(5,364,844)		(4,020,422)	
		(8,828,464)		(3,463,620)	
4	Current Liabilities				
	4.1. Short Term Borrowings				
	Unsecured(Repayable on demand)				
	Loans from Directors	2,425,000			
	Loans from Directors relatives	1,200,000		290,000	
		3,625,000		290,000	
	4.2. Other Current Liabilities				
	Other Liabilities	436,229		397,976	
		436,229		397,976	

Consolidated Notes to Accounts for the year ended 31ST March, 2013
NOTE No. : 5 Fixed Assets
5.1. Tangible

(Amount in Rs.)

Tangible	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at March 31,2012	Addition	Deletion Adjustments	As at March 31, 2013	As at March31, 2013	For the year	Deletion/ Adjustments	As at 31.03.2013	As at 31.03.2013	As at 31.03.2013	As at 31.03.2012
Land	2,427,014	-	-	2,427,014	-	-	-	-	2,427,014	2,427,014	2,427,014
Building	20,498,585	-	-	20,498,585	10,867,625	684,653	-	11,552,278	8,946,307	9,630,960	9,630,960
Plant & Machinery	135,354,178	-	-	135,354,178	112,141,019	7,146,701	-	119,287,720	16,066,457	23,213,159	23,213,159
Furnitures	2,930,754	-	-	2,930,754	2,930,754	-	-	2,930,754	-	-	-
Vehicle	711,024	-	-	711,024	711,024	-	-	711,024	-	-	-
	161,921,555	-	-	161,921,555	126,650,422	7,831,354	-	134,481,776	27,439,778	35,271,133	35,271,133
Previous Year	161,921,555	-	-	161,921,555	118,819,070	7,831,354	-	126,650,424	35,271,131	43,102,485	43,102,485

Notes to Accounts for the year ended 31 ST March, 2013		AMOUNT IN RS	
Note No	Particulars	As on 31-03-2013	As on 31-03-2012
	5.2 Long term loans and Advances		
	Security Deposits	2,561,537	2,561,537
		2,561,537	2,561,537
	5.3 Other Non -Current Assets		
	Long Term Trade Receivables (Unsecured, considered good unless stated otherwise)	314,450	579,450
		314,450	579,450
6.	Current Assets		
	6.1 Inventories		
	- Yarn	46,896	46,896
	- Work in progress	19,738	19,738
	- Packing Material	504,072	509,512
	- Finished Goods	18,837	24,761
	- Stores & Spares	182,963	182,963
	- Designing Material	120,000	120,000
		892,506	903,870
	6.2 Cash and Cash Equivalents		
	Balances with Banks:		
	On Current accounts	28,300	121,635
	On Temr Deposit account*	3,701,401	456,837
	Cash on Hand	192,056	27,038
		3,921,757	605,509
	Note: Term Deposits are held as margin for issue of Bank Guarantee.		
	6.3 Short Term Loans and Advances		
	(Unsecured, considered good unless stated otherwise)		
	Advances recoverable in cash or kind		
	Considered Good	1,300,000	1,300,000
		1,300,000	1,300,000
	6.4 Other Current Assets		
	Deposits	77,813	77,514
		77,813	77,514

Notes to Accounts for the year ended 31 ST March, 2013		(AMOUNT IN RS)	
Note No	Particulars	As on 31-03-2013	As on 31-03-2012
7.	Revenue from Operations Sale of Products	539,175	436,066
		539,175	436,066
8.	Other Income		
	Interest on FDR	36,236	-
	Other income	121,190	-
	Amount Written Back	25,000	2,370,426
		182,426	2,370,426
9.	Increase/(Decrease) in stocks		
	Opening Stock		
	Finished Goods	24,761	58,016
	Work in process	19,738	19,738
		44,499	77,754
	Closing Stock		
	Finished Goods	18,837	24,761
	Work in process	19,738	19,738
		38,575	44,499
	(Increase)/Decrease in stocks	5,924	33,255
10.	Cost of material consumed		
	Opening Stock		
	Yarn	46,896	46,896
	Colous, Consumables and Packing Materials	692,475	692,475
		739,371	739,371
	Add : Purchases		
	Yarn	-	-
	Cloth	412,895	378,285
		-	-
	TOTAL A	1,152,266	1,117,656
	Less : Closing Stock		
	Yarn	46,896	46,896
	Colous, Consumables and Packing Materials	687,035	692,475
	TOTAL B	733,931	739,371
	Cost of material consumed TOTAL { (A - B) }	418,335	378,285

Notes to Accounts for the year ended 31ST March, 2013

(AMOUNT IN RS)

Note No	Particulars	As on 31-03-2013	As on 31-03-2012
11.	Employee Benefits Expenses Salaries and Wages	30,000	24,000
		30,000	24,000
12.	Finance Cost Bank Charges	45,994	1,242
		45,994	1,242
13.	Other Expenses Watch and ward Travelling Expenses Rates & Taxes Amount written off Office Maintenance Selling & administrative Auditor's Remuneration: Audit Fees Taxation and other Matters Service Tax	204,000 141,740 7,000 89,877 3,793 82,727 15,000 7,500 2,781	204,000 271,760 260,000 - 4,423 27,087 7,500 - 927
		554,418	775,697
14	14.1 CONTINGENT LIABILITIES		
	a) In respect of guarantees given to bankers for clearance of imported and indigeous goods	3,510,000	3,510,000
	b) Disputed claims of Excise Duty, where proceedings are pending with various authorities	27,827,332	27,827,332
	c) Disputed Claims with Sales Tax	1,218,973	1,218,973
		32,556,305	32,556,305

14.2 RELATED PARTY DISCLOSURES:

a) Disclosures of Related parties and relationship between parties:

1. Key Management Personnel : Lalit Kumar Gupta
Adarsh Kumar Gupta
Ritesh Kumar Gupta
2. Relatives : Akshay Kumar gupta
Babita Rani
Adarsh Kumar gupta (HUF)
Niharika Gupta

3. M/s Source Industries (India) Limited acquired shares of the company on account of which the company became subsidiary of M/s Source Industries (India) Limited

Transactions with key management personnel and their relatives during the year

Particulars	Opening Bal.	Transactions during the year	Closing Bal.
Loan Accepted	290,000	3,335,000	3,625,000
Account Payable	82620	30882	51738

Note No	Particulars	As on 31.03.2013	As on 31-03-2012
	14.3 EARNING PER SHARE (EPS)		
	The computation of EPS is set out below:		
	Earning		
	Net Profit for the period	(5,364,844)	(4,020,422)
	Shares		
	Number of Shares at the Beginning of the period	3,657,084	50,070
	Add: Shares issued during the period	-	3,607,014
	Total number of equity shares outstanding at the end of the period	3,657,084	3,657,084
	Weighted average number of equity shares outstanding during the period	3,657,084	3,657,084
	Earning per share of par value		
	Rs. 10/- Basic & Diluted (Rs)	(1.47)	(1.10)
	14.4 Deferred Tax Liability (net)		
	as on 31st March, 2013 as follows:		
	Timing Difference on account of Depreciation	5,180,107	7,979,688
	Less: Deferred Tax Assets arising on account of timing difference	0	0
	Net Deferred Tax Liability	5,180,107	7,979,688
	14.5 Directors Remuneration:		
	Salaries	NIL	NIL
	Directors Sitting fees	NIL	NIL

14.6 Micro, Small and Medium Enterprises Development Act, 2006

- i. Amount Due to Micro, Small and Medium Enterprises - NIL
- ii. Interest - NIL

the above information is given based on the information available with the Company.

14.7 The balances shown under Loans and Advances and Bank balances are subject to confirmation/reconciliation.

14.8 During the Financial year 2007-08, Joint Collector National Highways acquired Companies Land out of Sy. No. 47/2 admeasuring Ac. 1.02 Gts. and out of Sy. No. 96/2 admeasuring Ac. 0.20 Gts. along with Structures, Compound Wall Thatched roof, RCC foundation etc. and the Hon' able Court awarded Rs. 11,83,802/- Compensation for the Same. The Company filed the petition before Joint Collector and Competent Authority for Land Acquisition National Highways of India, Mahaboob Nager, Mahaboob Nager Dist. for enhancement of Land Compensation and structures which is yet to be disposed off.

14.9 The company expects substantial reduction in value of its assets than the carrying amount but in absence of technical reports from experts no provision is made on account of such impairment in value of assets.

14.10 The Company's operation mainly consist of only one segment i.e. textiles and therefore the figures relate to that segment only.

14.11 Previous year 's figures have been regrouped / reclassified/ rearranged/ modified wherever necessary according to the scheme of demerger

In view of the above, the Sharecapital is retrospectively modified in accordance with the Court Order.

14.12 Earning in foreign currency Rs. Nil (Previous year Rs. Nil.)

Expenditure in foreign currency(traveling, etc) Rs. 1,41,740/- (Previous year Rs.80,000)

Source Industries (India) Limited

D. No. 4-1-969/ 1-2, 3rd Floor, B. Shankarlal Building, Abids, Hyderabad.

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)
29th Annual General Meeting 28th September 2013

I/We hereby record my /our presence at the 29th Annual General Meeting of the Company held on SATURDAY, 28TH SEPTEMBER 2013 AT 10.00 A.M. at Madhav Reddy Community Hall, Near Victoria Anglo School, Chaitanyapuri Hyderabad

Full Name of the Member :.....
(In Block Letters)

Regd. Folio No./DP ID & CLID :..... No of Shares held.....
Full Name of Proxy :

Full Name of Proxy :.....
(In block Lettrs)

SIGNATURE(S) OF THE MEMBER(S) OR PROXY / PROXIES PRESENT



PROXY FORM

Regd. Folio No./DP ID & CLID :..... No of Shares held.....

I/We..... of.....
..... being a Member/Members of Source Industries (India) Limited here by
appoint.....of.....
.....failing him/her.....of.....
.....of.....

.....as my /our proxy to attend and vote for me /us and on my
/our behalf on SATURDAY, 28TH SEPTEMBER, 2013 AT 10.00 A.M. at Madhav Reddy Community
Hall, Near Victoria Anglo School, Chaitanyapuri Hyderabad and at any adjournment thereof.

As Witnessed my hand / our hands this.....day of.....2013

Signature.....

Signature
across
Re. 1
Revenue
Stamp

Note : The form order to be effective should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company 48 hours before the meeting.

PRINTED MATTER BOOK POST

SOURCE INDUSTRIES (INDIA) LIMITED

D. No. 4-1-969/ 1-2, 3rd Floor, B. Shankarlal
Building, Abids, Hyderabad.

FORM A

FORMAT OF COVERING LETTER OF THE ANNUAL AUDIT REPORT TO BE FILED WITH STOCK EXCHANGES

1.	Name of the Company	SOURCE INDUSTRIES (INDIA) LIMITED
2.	Annual Financial statement for the year ended	31 st March, 2013
3.	Type of Audit observation	<p>Matter of Emphasis</p> <p>We draw attention to Note No. 13.6 to the financial statements regarding non confirmation / reconciliation of balances of Loan and Advances, the impact of which is unascertained. Our opinion is not qualified in respect of this matter.</p> <p>We draw attention to Note No. 13.7 to the financial statements regarding regrouping / reclassifying/ rearranging/ modifying wherever necessary according to the scheme of demerger. Our opinion is not qualified in respect of this matter.</p>
4.	Frequency of observation	For FY 2012-2013
5.	To be signed by	<p>For SOURCE INDUSTRIES (INDIA) LIMITED</p> <p>1. CEO/Managing Director MR. LALIT KUMAR GUPTA</p> <p>2. CFO</p> <p>3. Auditor of the Company B Ramesh Kumar (M/s Rakesh S Jain & Associates) M.No. 200304</p> <p>4. Audit Committee Chairman MR. Y MALLIKHARJUNA RAO</p> <p><i>(Signature)</i> Managing Director</p> <p><i>(Signature)</i> B. Ramesh Kumar</p> <p>For SOURCE INDUSTRIES (INDIA) LIMITED</p> <p><i>(Signature)</i> Director</p> 