




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, 2014
3.	Type of Audit observation	Un Qualified
4.	Frequency of observation	NA
5.	To be signed by CEO/Managing Director MR. LALIT KUMAR GUPTA CFO Auditor of the Company MR. SURESH KUAMR JAIN (M/s Rakesh S Jain & Associates) Audit Committee Chairman MR. Y MALLIKHARJUNA RAO	<p>For SOURCE INDUSTRIES (INDIA) LIMITED</p>  <p>Managing Director</p> <p>For RAKESH S JAIN & ASSOCIATES CHARTERED ACCOUNTANTS</p>  <p>(SURESH KUMAR JAIN) PARTNER M.No: 018465</p> <p>For SOURCE INDUSTRIES (INDIA) LIMITED</p>  <p>Director</p>

**30TH
ANNUAL REPORT - 2014**

**SOURCE INDUSTRIES
(INDIA) LIMITED**

30th Annual General Meeting

*on Monday, 29th September, 2014
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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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	:	Director

REGISTERED OFFICE

D.No: 4-1-969/1-2, 3rd Floor, B.
Shankarlal Building, Abids,
Hyderabad-500001
E-Mail-source.investors@gmail.com
Website:www.sourceindustriesindia.com
CIN-L45400TG1984PLC004777

REGISTRARS AND TRANSFER AGENTS

Bigshares Services Private Limited
Flat No. 306, Right wing, 3rd floor,
Amrutha Ville Apt., Opp. Yashodha
Hospital, Raj Bhavan Road, Somajiguda,
Hyderabad-500082

STATUTORY AUDITORS

M/S Rakesh S Jain and Associates
Chartered Accountants
Hyderabad

INTERNAL AUDITOR

VNS SRINIVAS RAO
Chartered Accountants
Hyderabad

LISTED AT

BSE LIMITED

BOARD COMMITTEES

<u>AUDIT COMMITTEE</u>	<u>REMUNERATION COMMITTEE</u>	<u>INVESTORS AND SHARE HOLDERS GRIEVANCE COMMITTEE</u>
SRI Y MALLIKHARJUNA RAO : (Chairman)	SRI Y MALLIKHARJUNA RAO : (Chairman)	SRI Y MALLIKHARJUNA RAO : (Chairman)
SRI Y SHYAM SINGH MATHUR : (Member)	SRI Y SHYAM SINGH MATHUR : (Member)	SRI Y SHYAM SINGH MATHUR : (Member)
SRI J.M.YERRAMSETTI : (Member)	SRI J.M.YERRAMSETTI : (Member)	SRI J.M.YERRAMSETTI : (Member)

NOTICE

Notice is hereby given that the **THIRTIETH ANNUAL GENERAL MEETING** of the members of M/s Source Industries (India) Limited will be held on **MONDAY, 29TH SEPTEMBER 2014 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, 2014 and the Profit and Loss Account 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 Gajanand Gupta who retires by rotation and being eligible, offers him for re-appointment.
3. To appoint Statutory Auditors of the Company

“RESOLVED THAT pursuant to the provisions of Sections 139,141,142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, M/s.Rakesh S Jain And Associates. Chartered Accountant, Hyderabad (Registration No. 010129S) be and are hereby appointed as the Statutory Auditors of the Company to hold the office from the conclusion of this Meeting for a period of 3 years, subject to ratification by the members at every Annual General Meeting, on such remuneration as may be agreed upon by the Board of Directors and the Auditors, in addition to reimbursement of all out of pocket expenses in connection with the audit of the accounts of the Company for the financial year ending March 31, 2015.”.

SPECIAL BUSINESS:

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, Mr. Y Mallikharjuna Rao (DIN : 00905266), a non-executive independent Director of the Company, who was liable to retire by rotation under the provisions of companies act 1956, who has submitted a declaration that he meets the criteria for independent director as provided in Section 149(6) of the companies Act 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of five (5) years, ”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, Mr. Shyam Singh Mathur (DIN : 02730874), a non-executive independent Director of the Company, who was liable to retire by rotation under the provisions of companies act 1956, who has submitted a declaration that he meets the criteria for independent director as provided in Section 149(6) of the companies Act 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of five (5) years,”

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150 and 152 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, Mr. Jaya Mahadev Yerramsetti (DIN : 06661103), a non-executive independent Director of the Company, who was liable to retire by rotation under the provisions of companies act 1956, who has submitted a declaration that he meets the criteria for independent director as provided in Section 149(6) of the companies Act 2013 and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a period of five (5) years,”

7. **RE-APPOINTMENT OF SRI LALIT KUMAR GUPTA AS MANAGING DIRECTOR OF THE COMPANY**

To consider and if thought fit, to pass with or without modification(s), the following resolution as an **“SPECIAL RESOLUTION”**

“**RESOLVED THAT** in pursuance of the provisions of Sections 196, 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made there under (including any statutory modification(s) or re-enactment thereof, for the time being in force), read with Schedule V to the said Act and subject to such other approvals, consents as may be required, the consent of the Members of the Company be and is hereby accorded for the appointment of Sri Lalit Kumar Gupta as Managing Director of the Company for a period of 3 (three) years with effect from 1st April, 2014.

“**RESOLVED FURTHER THAT** the Board be and is hereby authorized to take all such steps as may be necessary, proper or expedient to give effect to the above stated resolutions”.

BY ORDER OF THE BOARD
SOURCE INDUSTRIES (INDIA) LIMITED
Sd/-

LALIT KUMAR GUPTA
MANAGING DIRECTOR

Place: Hyderabad
Date: 14.08.2014

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 **THURSDAY, 25TH SEPTEMBER, 2014 TO MONDAY, 29th SEPTEMBER, 2014** (both days inclusive)
4. Members are requested to quote their Ledger Folio No in all their correspondence to avoid delay in communication.
5. Members desirous of obtaining any information on the Annual Accounts of the Company are requested to write to the Company at least 7 working days before the date of the meeting to enable the Company for compilation of the required information.
6. Members are requested to notify immediately any change of address to their Depository Participants (DPs) in respect of their holdings in electronic form and also in respect of their physical share folios, if any to M/s. Bigshare Services Private Limited, Flat No. 306, Right Wing, 3rd Floor, Amrutha Ville Apt., Opp: Yashodha Hospital, Somajiguda, Rajbhavan Road, Hyderabad-500082
7. Voting through electronic means

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members facility to exercise their right to vote at the 30th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Service (India) Limited (CDSL):

Commencement of e - voting: From 10.00 A.M. on Tuesday, 23rd September, 2014 to 06.00 P.M. on Thursday, 25th September, 2014

E-voting shall not be allowed beyond 06.00 P.M. on 25th September, 2014. During the e-voting period, shareholders of the Company, holding shares either in physical form, may cast their vote electronically

The login ID and password for e-voting along with process, manner and instructions for e-voting is being attached in the Annexure to this annual report

The Company has appointed Mr. Yellareddy Vootkuri, Practicing Chartered Accountant, Hyderabad as Scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner

We would like to draw your attention to Circular No. CIR/MRD/DP/10/2013 dated 21st March, 2013 ("Circular") issued by Securities and Exchange Board of India (SEBI), to all listed companies to update bank details of their shareholders holding shares in demat mode and / or physical form, to enable usage of the electronic mode of remittance i.e. ECS, NEFT etc., for distributing dividends and other cash benefits to the shareholders. The circular further states that in cases where either the Bank details such as MICR (Magnetic Ink Character Recognition), IFSC (Indian Financial System Code) etc., that are required for making electronic payment are not available or the electronic payment instructions have failed or have been rejected by the Bank, Companies or their Registrars and Transfer Agents (RTA) may use physical payment instructions for making cash payments to the investors. Companies shall mandatorily print the Bank account details of the investors on such payment instruments.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item no. 4

The provisions of the companies act, 2013 with respect to appointment and tenure of the independent directors have come into effect. as per the said provisions, the independent directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation at every AGM.

Mr. Y Mallikharjuna Rao (DIN : 00905266) is a Non-Executive Independent Directors of the company he is also Chairman of Audit Committee, Remuneration Committee, and Investor's & Share Holders Grievances Committee of the Board of directors of the Company.

In terms of Section 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013, Mr. Y Mallikharjuna Rao ,being eligible, offer himself for appointment as Independent Directors on the Board of the Company. In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint Mr. Y Mallikharjuna Rao, as Independent Directors on the Board of the Company for a term upto five (5) consecutive years, from ensuing Annual General Meeting. A brief profile of proposed Independent Director, including nature of their expertise, is provided in the Annual Report

Notices have been received from Members proposing candidate of the above Director for the office of Independent Director of the Company. In the opinion of the Board, Mr. Y Mallikharjuna Rao, fulfill the conditions specified in the Companies Act, 2013 and the Rules made there under for appointment as Independent Directors of the Company. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are concerned or interested, financially or otherwise, in these Resolutions. The Board commends the Ordinary Resolution as set out at item no. 4 for approval of the Members

Item no. 5

The provisions of the companies act, 2013 with respect to appointment and tenure of the independent directors have come into effect. as per the said provisions, the independent directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation at every AGM.

Mr. Shyam Singh Mathur (DIN : 02730874) is a Non-Executive Independent Directors of the company he is also Chairman of Audit Committee, Remuneration Committee, and Investor's & Share Holders Grievances Committee of the Board of directors of the Company.

In terms of Section 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013, Mr. Shyam Singh Mathur ,being eligible, offer himself for appointment as Independent Directors on the Board of the Company. In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint Mr. Shyam Singh Mathur, as Independent Directors on the Board of the Company for a term upto five (5) consecutive years, from ensuing Annual General Meeting. A brief profile of proposed Independent Director, including nature of their expertise, is provided in the Annual Report

Notices have been received from Members proposing candidate of the above Director for the office of Independent Director of the Company. In the opinion of the Board, Mr. Mr. Shyam Singh Mathur, fulfill the conditions specified in the Companies Act, 2013 and the Rules made there under for appointment as Independent Directors of the Company. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are concerned or interested, financially or otherwise, in these Resolutions. The Board commends the Ordinary Resolution as set out at item no. 5 for approval of the Members

Item no. 6

The provisions of the companies act, 2013 with respect to appointment and tenure of the independent directors have come into effect. as per the said provisions, the independent directors shall be appointed for not more than two terms of five years each and shall not be liable to retire by rotation at every AGM.

Mr.Jaya Mahadev Yerramsetti (DIN : 06661103) is a Non-Executive Independent Directors of the company he is also Chairman of Audit Committee, Remuneration Committee, and Investor's & Share Holders Grievances Committee of the Board of directors of the Company.

In terms of Section 149, 150, 152, 160 and other applicable provisions of the Companies Act, 2013, Mr.Jaya Mahadev Yerramsetti ,being eligible, offer himself for appointment as Independent Directors on the Board of the Company. In line with the requirements of the Companies Act, 2013, it is therefore proposed to appoint Mr.Jaya Mahadev Yerramsetti, as Independent Directors on the Board of the Company for a term upto five (5) consecutive years, from ensuing Annual General Meeting. A brief

profile of proposed Independent Director, including nature of their expertise, is provided in the Annual Report

Notices have been received from Members proposing candidate of the above Director for the office of Independent Director of the Company. In the opinion of the Board, Mr. Jaya Mahadev Yerramsetti, fulfill the conditions specified in the Companies Act, 2013 and the Rules made there under for appointment as Independent Directors of the Company. A copy of the draft Letter of Appointment for Independent Directors, setting out terms and conditions of their appointment, is available for inspection at the Registered Office of the Company during business hours on any working day and is also available on the website of the Company.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are concerned or interested, financially or otherwise, in these Resolutions. The Board commends the Ordinary Resolution as set out at item no. 6 for approval of the Members

Item no. 7

Sri Lalit Kumar Gupta is associated with the Company since inception, his experience and vision has made the Company to come out from all the problems. Board of Director in the meeting held on 1st April 2014 re-appointed him as Managing Director of the Company

Pursuant to the Provision of the Section 196, 197, 198 and applicable provision of the Act and applicable Rules the resolution has to be approved by the members in the general meeting

Accordingly, your Board of Directors recommend the Resolution for the approval of the shareholders appointing Sri Lalit Kumar Gupta as a Managing Director of the Company.

Save and except Sri Lalit Kumar Gupta, Sri Ritesh Kumar Gutpa and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board commends the Special Resolution set out at Item No. 7 of the Notice for approval by the shareholders.

BY ORDER OF THE BOARD
SOURCE INDUSTRIES (INDIA) LIMITED

Sd/-

LALIT KUMAR GUPTA
MANAGING DIRECTOR

Place: Hyderabad
Date: 14.08.2014

Information in respect of Directors seeking appointment / re-appointment as required under Clause 49 IV (G) of the Listing Agreement

Name of the Directors	Mr Lalit kumar Gupta	Mr Gajanand Gupta	Mr Y Malli karjuna Rao	Mr. Shyam Singh Mathur	Mr. Jaya Mahadev Yerransetti
Date of first	12/06/1984	03/06/1992	01/04/2009	01/04/2009	14/08/2013
Date of birth/age	13/05/1951	03/06/1992	01/04/2009	01/04/2009	14/08/2013
Expertise in specific functional areas	Management	Administration	Finance	Marketing	Marketing
Chairman/Member of the committee of Board of Directors of the Company	Nil	Nil	Audit committee Chairman Remuneration committee Chairman Investor and shareholder Grievance Committee Chairman	Audit committee Member Remuneration committee Member Investor and shareholder Grievance Committee Member	Audit committee Member Remuneration committee Member Investor and shareholder Grievance Committee Member
List of Directorships, Committee Chairmanship, Membership held in other companies as on	Akshralay Enterprises Ltd.	Nil	Vertical Industries Limited	Nil	Nil

DIRECTOR'S REPORT

To
The Members,

Your Directors have pleasure in presenting the **THIRTIETH ANNUAL REPORT** together with the Audited Accounts of the Company for the Financial Year ended 31st March, 2014.

FINANCIAL RESULTS:

(Rs In Lakhs)

Particulars	For the Year ended 2013-2014	For the Year ended 2012-2013
Sales	4.66	231.96
Other Income	-	0.05
Increase/(decrease) in finished goods/WIP	-	
Expenditure	13.78	216.94
Gross Profit / (Loss)	(9.12)	15.07
Less: Depreciation	-	-
Less: Finance Cost	1.09	2.66
Loss for the year before tax	(10.21)	12.41
Income tax	-	-
Deferred Tax	-	-
Profit / (Loss) after tax	(10.21)	12.41

REVIEW OF OPERATIONS:

The Company has recorded a nominal turnover when compared to the last fiscal, as the Company has decided to change the existing line of business and exploring on the new activity.

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 2013-14

FIXED DEPOSITS

The Company has neither accepted nor renewed any deposits falling within the provisions of Section 73 and 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014 from the its member and public during the Financial Year.

DIRECTORS

Sri Gajanand Gupta, Directors of your Company retires by rotation at the ensuing Annual General Meeting and being eligible, offers themselves for reappointment.

Sri Lalit Kumar Gupta is appointed as Managing Director of the company for a period of 3 years in the meeting held on 1st April, 2014

Pursuant to the provision of Section 149 and applicable provision of the Companies Act, 2013 read with rules thereon all independent directors of the company are seeking fresh appointment for 5 consecutive years commencing from ensuing Annual General Meeting.

DIRECTORS' RESPONSIBILITY STATEMENT:

The Directors of your Company hereby report:

- (i) that in the preparation of Annual Accounts for the Financial Year ended 31st March, 2014, 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, 2014 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:

Pursuant to the provisions of Section 139(2) of the Companies Act, 2013, the Statutory Auditor M/s. Rakesh Jain & Associates, Chartered Accountant, Hyderabad, as the Statutory Auditors of the Company to hold office from conclusion of this Annual General Meeting for a period of 3 years in accordance with the Act, subject to the ratification of shareholders at every Annual General Meeting.. The Company is in receipt of confirmation from the Statutory Auditor that in the event of his re-appointment as Statutory Auditor at the ensuing Annual General Meeting, such appointment will be in accordance with the limits specified in Section 141 of the Companies Act, 2013.

The Notes on Financial Statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments. There are no qualifications in the report of the statutory auditors for the year 2013-14.

INTERNAL AUDITOR:

The Board of Directors based on the recommendation of the Audit Committee has appointed M/s. VNS Srinivas Rao Chartered Accountant, Hyderabad, as the Internal Auditor of your Company. The Internal Auditors are submitting their reports on quarterly basis.

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 to this report as **Annexure- C**

SUBSIDIARY COMPANY:

A Statement pursuant to section 129 of the Companies Act, 2013. Along with the balance sheet and profit & Loss account of our subsidiary are attached to the annual report **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: 14.08.2014

Sd/-
LALIT KUMAR GUPTA
Managing Director

Sd/-
RITIESH 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:	2013-14
Foreign exchange earnings	NIL
Foreign exchange outgo	Nil

MANAGEMENT DISCUSSION ANALYSIS REPORT

INFRASTRUCTURE INDUSTRY OVERVIEW:

A strong infrastructure sector is vital to the development of a country's economy. Here, the Indian government has played an important role. Just recently, it allowed 100 per cent foreign direct investment (FDI) under the automatic route for port development projects. The government has also, this year, decided to convert roads into national highways, and has sought collaboration with Sudan in the field of renewable energy.

India's Planning Commission has projected an investment of US\$ 1 trillion for the infrastructure sector during the 12th Five-Year Plan (2012–17), with 40 per cent of the funds coming from the country's private sector. India's focus on infrastructure since the turn of the millennium has helped make it the second fastest growing economy in the world. The country's constant growth gives investors, domestic and foreign, a tremendous opportunity for investment in its infrastructure sector.

GOVERNMENT INITIATIVES:

Some of the Indian government's recent initiatives in the infrastructure sector are summarised below:

The Union Cabinet in February 2014 gave its approval for declaration of around 7,200 km of State Roads as new national highways. Other road development projects in the pipeline include existing national highways network totaling 21,271 km, which are not covered under any programmes/schemes as of now.

Also, in a move to enhance energy efficiency of the Indian Railways, a web-based Electrical Energy Management System, RAILSAYER, was inaugurated by Mr Kul Bhushan, Member Electrical, Railway Board, in April 2014. The portal will be used for tackling the challenges of global warming and sustainability of the environment.

In another development, the Indian government has facilitated 100 per cent FDI under the automatic route for port development projects. A 10-year tax holiday has been accorded to enterprises that are engaged in the business of developing, maintaining and operating ports, inland waterways and inland ports.

The country is also looking to collaborate with foreign partners. India and Sudan have good potential for enhancing cooperation in promoting renewable energy, as per Dr Farooq Abdullah, Union Minister of New and Renewable Energy, Government of India. The Minister has also offered Indian assistance for developing renewable energy resources in Sudan.

INDUSTRY OUTLOOK:

India Ratings & Research (Ind-Ra) has maintained an overall negative outlook for the infrastructure sector for FY15. While several availability-based road projects and the rated airports are likely to display stable credit characteristics through FY15, the outlook remains negative for toll roads under construction as well as those in early stages of operations along with minor seaports. Thermal

power projects will continue to face stress on account of unresolved off-take and fuel supply issues and hence carry a negative outlook; on the other hand, the agency expects renewable power projects (wind and solar in particular) to be largely stable..

OPPORTUNITIES & THREATS:

Opportunities:

- The growth in population and economy leading demand for infrastructure and its opportunity to provide better infrastructure
- The government estimates that \$1 trillion of investments will be required for developing India's infrastructure in the 12th plan period.
- Drawing up medium- and long-term strategies, based on expected growth in the sector
- Benchmarking current and expected IRRs with those projected by industry
- Understanding the impact of the regulatory environment on business

Threats:

- Uncertainty, especially Mining sector due to delay in resolving environmental and social issues.
- Demand for higher capacity equipment, in line with the global market trend.
- High expectations of contractor segment.
- Increasing pressure on reducing ownership costs.
- Improved technology for operational cost to stay ahead in business.
- Innovative marketing strategies to counter competition from MNCs by
- Uncertainty in Defence business.
- Attrition in skilled manpower.
- Project imports at Nil duty.
- Opening up of Defence purchases to private sector increasing further competition.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has an internal control system designed to provide high degree of assurance regarding optimization and safeguarding of resources, quality and reliability of financial and operational information, compliance with applicable statutes and corporate policies. It is the Company's endeavour to align all its processes and controls with global best practices

The internal audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the company's operations. The internal audit department performs risk based audits, based on an internal audit plan, which is reviewed each year in consultation with the statutory auditors and the audit committee. The Audit Committee reviews audit reports submitted by the internal auditors and follow up on the implementation of corrective actions periodically.

FUTURE OUTLOOK

The Company is exploring new area of business and hopefully in the coming year commercial activities will restart.

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:

30.05.2013	08.07.2013	14.08.2013	16.08.2013	14.11.2013	13.02.2014
------------	------------	------------	------------	------------	------------

The constitution of the Board is given below:

S. No	Director	Category	Attendance at AGM held on 28.09.2013	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	1	Nil	1
5	Y Shyam Singh Mathur	Non Executive & Independent Director	Yes	6	4	Nil	Nil	Nil
6	Sri Jaya Mahadev Yerramsetti	Non Executive & Independent Director	Yes	6	3	Nil	Nil	Nil
7	Y Surya Narayana (Resigned 14.08.2014)	Non Executive & Independent Director	-	6	2	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 JAYA MAHADEV YERRAMSETTI (from : 14.08.2013)	Member

❖ Meetings and Attendance during the Financial Year:

The committee met 4 times during the financial year 2013-14 on 30.05.2013, 14.08.2013, 14.11.2013 and 13.02.2014 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	2
4.	SRI JAYA MAHADEV YERRAMSETTI (from : 14.08.2013)	Member	4	2

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 JAYA MAHADEV YERRAMSETTI	Member

Attendance During The Year

The committee met 2 times during the financial year 2013-14 on 08.07.2013 and 14.11.2013 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	2	2
2	SRI Y SHYAM SINGH MATHUR	Member	2	2
3	SRI JAYA MAHADEV YERRAMSETTI	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.

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 JAYA MAHADEV YERRAMSETTI	Member

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

No. of shareholders complaints received during the Financial Year: : 8

No. of complaints solved to the satisfaction of the share holders : 8

No. of pending complaints : ---

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

Year	Date	Location	Time
2012-13	28.09.2013	Madhav Reddy Community Hall, Near Victoria Anglo School, Chaitanayapuri, Hyderabad	10.00 a.m.
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.

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	Monday, 29th September 2014 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, 2014
Second Quarter un-audited Financial Results	Second Week of November, 2014
Third Quarter un-audited Financial Results	Second Week of February, 2015
Fourth Quarter Audited Financial Results	Last Week of May, 2015

• BOOK CLOSURE DATE:

THURSDAY, 25TH SEPTEMBER, 2014 TO MONDAY, 29th SEPTEMBER, 2014 (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 2013-14

Month	BSE Limited	
	High (in .Rs)	Low (in .Rs)
April, 2013	8.00	8.00
May, 2013	7.95	7.61
June, 2013	8.34	7.75
July, 2013	9.50	8.75
August, 2013	13.84	9.97
September, 2013	13.84	12.00
October, 2013	-	-
November, 2013	11.98	11.39
December, 2013	11.95	10.27
January, 2014	12.49	9.83
February, 2014	14.87	11.75
March, 2014	20.10	11.75

- **REGISTRAR AND TRANSFER AGENTS:**

Bigshare 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 2014:**

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
2	Non Institutions		
	Bodies Corporate	3041057	26.67
	Individuals share holders holdings		
	-nominal share capital upto Rs. 1 Lakh	3908328	34.27
	-nominal share capital in excess of Rs. 1 Lakh	2387415	20.94
	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 31.03.2014

Sl. No.	Category From - To	No. of Holders	% of Holders	No. of Shares	% of Shares
1	Upto - 5000	28773	98.15	3255367	28.55
2	5001 - 10000	315	1.07	259023	2.28
3	10001 - 20000	86	0.29	125663	1.10
4	20001 - 30000	26	0.08	64430	0.57
5	30001 - 40000	12	0.04	42051	0.37
6	40001 - 50000	10	0.03	49100	0.43
7	50001 - 100000	36	0.12	277351	2.43
8	100001 and above	56	0.22	7330125	64.27
	TOTAL	29314	100.00	11403110	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 2013-14.

BY ORDER OF THE BOARD
SOURCE INDUSTRIES (INDIA) LIMITED

Sd/-

LALIT KUMAR GUPTA

Managing Director

Place: Hyderabad

Date: 14.08.2014

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 31.03.2014
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: 14.08.2014

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 formerly known as Tirumala Seung Han Textile Limited for the Financial Year ended 31st March, 2014 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, 2014 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: 14.08.2014

Source Industries (India) Limited

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Statement in pursuant to Sec. 129 of the Companies Act, 2013

ANNEXURE-D

Section	Particulars	
129	Extent of interest in M/s Aksharlaya Enterprises Limited (Whollyowned subsidiary company) on 31.03.2014 No of Equity Shares held Face Value (per share) % of Interest	36,570,840 10/- 100%
129	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 31.03.2014 - for the previous years since the Company become holding company	Not applicable, since
129	Net aggregate amount of profits of subsidiary so far as those profits are dealt with the accounts of the Company: - for the year ended 31.03.2014 - 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 : 14.08.2014

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 31, 2014, 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

The Company's 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 Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September, 2013 of the Ministry Of Corporate Affairs in respect of Section 133 of Companies Act, 2013 and in accordance with accounting principle generally accepted in India. 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, but not for the purpose of expressing an opinion on effectiveness of company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

- b) In the case of the Statement of Profit and Loss, of the loss of the company for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows of the company 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

Trade payables, other current liabilities, trade receivable and Loans and Advances, the impact of which is unascertained.

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 our 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 and 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 comply with the Accounting Standards notified under the Act read with General Circular 15/2013 dated 13th September, 2013 of Ministry of Corporate Affairs in respect of Section 133 of Companies Act, 2013.
- e) On the basis of written representations received from the Directors, as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, 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 : 30-05-2014

**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]

- | | |
|--|--|
| <p>(i). a. The company does not have any Fixed Assets. Hence provisions of clause 4(i) of the order are not applicable to the company.</p> <p>(ii). a. The company does not have any Inventories Hence provisions of clause 4(ii) of the order are not applicable to the company.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p style="padding-left: 40px;">b. In our opinion and according to the information and explanations given to us, there are no transactions</p> | <p>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.</p> <p>(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.</p> <p>(vii). In our opinion, the company does not have internal audit system commensurate with the size and nature of its business.</p> <p>(viii). During the Year Company has not carried any manufacturing operations. Hence as informed to us the maintenance of cost records is not applicable for this year.</p> <p>(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, cess and other material statutory dues applicable to it.</p> <p style="padding-left: 40px;">b. According to the information and explanations given to us, no undisputed amounts payable in respect of income tax, sales tax, wealth tax, custom duty, excise duty and cess were in arrears, as at 31.03.2014 for a period of more than six months from the date they became payable.</p> |
|--|--|

- c. According to the information and explanations given to us, there are no dues of sales tax, income tax, wealth tax, custom duty, excise duty and cess which are not deposited on account of dispute.
- (x). In our opinion, the company's accumulated losses are more than fifty percent of its Net worth as on 31.03.2014. It has incurred cash losses in the financial year ended on that date. However, it has not incurred cash losses in the immediately preceding financial year.
- (xi). According to the information and explanations 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 Order 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 Order 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 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 Order 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 explanations 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 order are not applicable to the company.
- (xix). According to the information and explanations given to us, the Company has not issued any secured debentures. Therefore, the provisions of clause 4(xix) of the Order are not applicable to the Company.
- (xx). According to the information and explanations 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 Order 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: 0101295

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

Place : Hyderabad
Date : 30-05-2014

Source Industries (India) Limited

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BALANCE SHEET AS ON 31 ST MARCH, 2014		(Amount in Rs.)	
Particulars	Notes	As on 31.03.2014	As on 31.03.2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	114,031,100	114,031,100
Reserves and Surplus	3	(60,060,537)	(59,039,552)
Current Liabilities			
Trade Payables	4.1	4,939,790	4,951,790
Other Current Liabilities	4.2	28,625,000	16,366,474
TOTAL		87,535,353	76,309,812
Non-Current Assets			
Non Current Investments	5	36,570,840	36,570,840
Current Assets			
Trade Receivables	6.1	5,886,862	5,886,862
Cash and Cash Equivalents	6.2	718,867	491,368
Short term Loans and Advances	6.3	41,501,001	30,504,830
Other Current Assets	6.4	2,857,783	2,855,912
TOTAL		87,535,353	76,309,812
Summary of significant accounting policies 1			
Notes on Financial statements	12		
<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 : 30-05-2014			

Source Industries (India) Limited

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STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014 (Amount in Rs.)

Particulars	Note No.	As on 31.03.2014	As on 31.03.2013
Revenue			
Revenue from Operations	7	465,750	23,196,855
Other Income	8	-	5,828
Total Revenue		465,750	23,202,683
Expenses			
(Increase)/Decrease in stock		-	-
Raw material consumption	9	-	20,250,000
Employee Benefits expense	10	180,000	300,000
Finance Costs	11	108,705	266,560
Depreciation & Amortisation Expense		-	-
Other expenses	12	1,198,030	1,144,272
Total Expenses		1,486,735	21,960,832
Profit before Exceptional, Extraordinary items & Taxation		(1,020,985)	1,241,851
Exceptional items		-	-
Profit before Extraordinary items & Taxation		(1,020,985)	1,241,851
Profit before Taxation		(1,020,985)	1,241,851
Tax Expense:			
Current Tax			
Deferred Tax Charge / (Credit)		-	-
Profit for the period		(1,020,985)	1,241,851
Basic / Diluted Earnings Per Share (Face value of Rs.10 each)		(0.09)	0.11
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			
Chartered Accountants		For and on behalf of the Board	
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 : 30-05-2014			

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

S.No	PARTICULARS	AMOUNT RS	
		31.03.2014	31.03.2013
I	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax	(1,020,985)	1,241,851
	Adjustments for:		
	Less: 1. Depreciation(Net)	-	-
	2. Raw Material written off	-	-
	3. Interest Income	-	(5,828)
	Cash Profit/(Loss) before Working Capital Changes	(1,020,985)	1,236,023
	Adjustments for Working Capital		
	1. Inventories	-	-
	2. Debtors	-	(5,886,862)
	3. Loans & Advances	(10,996,171)	(14,621,309)
	4. Other Current Assets	(1,871)	(426,263)
	5. Short term Borrowings	-	-
	6. Trade Payables	(12,000)	4,848,568
	7. Other Current Liabilities	12,258,526	15,207,325
	Cash Generated from Operating activities	227,499	357,483
II	CASH FLOW FROM INVESTING ACTIVITIES		
	Interest Income	-	5,828
	Cash Generated from Investing Activities	-	5,828
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)	227,499	363,311
	Cash & Equivalent at the beginning of the year	491,368	128,057
	Cash & Equivalent at the end of the year	718,867	491,368

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 : 30-05-2014

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, 2014

AMOUNT IN ₹

Note No		As on 31-03-2014	As on 31-03-2013
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**

Number of equity shares at the beginning of the Year
Equity shares issued during the year (considered retrospectively as envisaged in Court Scheme)
Less Shares bought back during the year
Number of equity shares at the end of the Year

No. of Shares	31-03-2014	No. of Shares	31.03.2013
11,403,110	114,031,100	7,773,110	77,731,100
-	-	-	-
-	-	-	-
11,403,110	114,031,100	11,403,110	114,031,100

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

NIL

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

Notes to Accounts for the year ended March 31ST 2014

AMOUNT IN ₹

Note No	Particulars	As on 31-03-2014	As on 31-03-2013
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	(69,022,252)	(70,264,103)
	Add: Profit / (Loss) for the year	(1,020,985)	1,241,851
		(60,060,537)	(59,039,552)
Note No	Particulars	As on 31-03-2014	As on 31-03-2013
4.	Current Liabilities		
	4.1. Trade Payables		
	Dues to Micro and Small Enterprises	-	-
	Trade Payables	4,939,790	4,951,790
		4,939,790	4,951,790
	4.2. Other Current Liabilities		
	Other Liabilities	28,625,000	16,366,474
		28,625,000	16,366,474
Note No	Particulars	As on 31-03-2014	As on 31-03-2013
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

Source Industries (India) Limited

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Notes to Accounts for the year ended March 31 ST 2014		AMOUNT IN ₹	
Note No	Particulars	As on 31-03-2014	As on 31-03-2013
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 -
		5,886,862	5,886,862
	6.2. Cash and Cash Equivalents Balances with Banks: On Current accounts On Deposit account Cash on Hand	65,089 - 653,778	25,944 - 465,424
		718,867	491,368
	6.3. Short Term Loans and Advances (Unsecured, considered good unless stated otherwise) Advances recoverable in cash or kind or for value to be received	41,501,001	30,504,830
		41,501,001	30,504,830
	6.4 Other Current Assets TDS Receivable	2,857,783	2,855,912
		2,857,783	2,855,912
7.	Revenue from Operations Receipts from Contracts Services	465,750	23,196,855
		465,750	23,196,855
8.	Other Income Interest Income	-	5,828
		-	5,828

Notes to Accounts for the year ended March 31 ST 2014		AMOUNT IN ₹	
Note No	Particulars	As on 31-03-2014	As on 31-03-2013
9.	Cost of material consumed / Contract payments		
	Opening Stock		
	Contracts	-	-
		-	-
	Add : Purchases	-	20,250,000
	TOTAL A	-	20,250,000
	Less : Closing Stock		
	Contracts	-	-
	TOTAL B	-	
	Cost of material consumed {TOTAL(A - B) }	-	20,250,000
10.	Employee Benefits Expenses		
	Salaries and Wages	180,000	300,000
		180,000	300,000
11.	Finance Cost		
	Bank Charges	14,044	31,307
	Interest	94,661	235,253
		108,705	266,560
12.	Other Expenses		
	Secretarial charges	793,151	494,676
	Travelling Expenses	165,485	200,000
	Legal and Professional	140,450	298,889
	Office Maintenance	10,995	-
	Selling and administrative	57,949	105,763
	Auditor's Remuneration:		
	Audit Fees	30,000	33,708
	Tax Audit Fees	-	11,236
		1,198,030	1,144,272

13.4	Directors Remuneration:	2013-14	2012-13
	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 subsidiary (Akshralay Enterprises Limited), which comprise the consolidated Balance Sheet as at March 31, 2014, 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 Standards notified under the Companies Act, 1956 (The Act) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs). 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 audit opinion.

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 March 31, 2014;
- b) In the case of the consolidated Statement of Profit and Loss, of the 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.

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, Trade receivables, other Current Assets, Bank Balances, Trade Payables and other current liabilities, the impact of which is unascertained. 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

Place : Hyderabad
Date : 30.05.2014

Source Industries (India) Limited

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CONSOLIDATED BALANCE SHEET AS ON 31 ST MARCH 2014		(Amount in Rs.)	
Particulars	Note No.	As on 31.03.2014	As on 31.03.2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	114,031,100	114,031,100
Reserves and Surplus	3	(76,287,482)	(67,868,016)
Non-current Liabilities			
Deferred Tax Liability (Net)		1,175,749	5,180,107
Current Liabilities			
Short term Borrowings	4.1	1,317,000	3,625,000
Trade Payables	4.2	4,939,790	4,951,790
Other Current Liabilities	4.3	28,878,639	16,750,965
TOTAL		<u>74,054,796</u>	<u>76,670,946</u>
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	5.1	11,590,668	27,439,778
Capital Work-in-Progress		475,871	475,871
Long term Loans and Advances	5.2	2,561,537	2,561,537
Current Assets			
Inventories	6.1	772,506	892,506
Trade Receivables	6.2	6,280,712	6,201,312
Cash and Cash Equivalents	6.3	6,530,645	4,413,125
Short term Loans and Advances	6.4	42,873,322	31,753,092
Other Current Assets	6.5	2,969,535	2,933,725
TOTAL		<u>74,054,796</u>	<u>76,670,946</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 : 30.05.2014			

Source Industries (India) Limited

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STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 ST MARCH, 2014			
			(Amount in Rs.)
Particulars	Note No.	As on 31.03.2014	As on 31.03.2013
Revenue			
Revenue from Operations	7	695,750	23,736,030
Other Income	8	360,187	188,254
Total Revenue		1,055,937	23,924,284
Expenses			
(Increase)/Decrease in stock	9	120,000	5,924
Raw material consumption	10	-	20,668,335
Employee Benefits expense	11	210,000	330,000
Finance Costs	12	163,631	312,554
Depreciation & Amortisation Expense		1,272,053	7,831,354
Other expenses	13	1,675,019	1,698,691
Total Expenses		3,440,703	30,846,858
Profit before Exceptional, Extraordinary items & Taxation		(2,384,766)	(6,922,574)
Exceptional items		10,039,058	-
Profit before Extraordinary items & Taxation		(12,423,824)	(6,922,574)
Extra ordinary items		-	-
Profit before Taxation		(12,423,824)	(6,922,574)
Tax Expense:			
Current Tax			
Deferred Tax Charge / (Credit)		4,004,358	2,799,581
Profit/(Loss) for the period from continuing operations		(8,419,466)	(4,122,993)
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		(8,419,466)	(4,122,993)
Basic / Diluted Earnings Per Share (Face value of Rs.10 each)		(0.74)	(0.36)
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 : 30.05.2014			

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 3^{1ST} MARCH, 2014

S.No	PARTICULARS	AMOUNT RS	
		31.03.2014	31.03.2013
I	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit before tax	(12,423,824)	(6,922,574)
	Adjustments for:		
	Less: 1. Depreciation(Net)	1,272,053	7,831,354
	2. Raw Material written off	-	-
	3. Loss on sale of Fixed Assets	10,039,058	
	4. Interest Income	(360,187)	(188,254)
	Cash Profit/(Loss) before Working Capital Changes	(1,472,900)	720,526
	Adjustments for Working Capital		
	1. Inventories	120,000	11,364
	2. Debtors	(79,400)	(5,886,861)
	3. Loans & Advances	(11,120,230)	(14,652,191)
	4. Other Current Assets	(35,810)	(161,562)
	5. Short term Borrowings	(2,308,000)	3,335,000
	6. Trade Payables	(12,000)	4,848,568
	7. Other Current Liabilities	12,127,673	15,276,460
	Cash Generated from Operating activities	(2,780,667)	3,491,304
II	CASH FLOW FROM INVESTING ACTIVITIES		
	Interest Income	360,187	188,254
	Purchase of Fixed Assets	(902,000)	
	Sale of Fixed Assets	5,440,000	
	Cash Generated from Investing Activities	4,898,187	188,254
III	CASH FLOW FROM FINANCING ACTIVITIES		
	Cash Generated from Financing Activities	-	-
	NET FLOW OF CASH(I+II+III)	2,117,520	3,679,558
	Cash & Equivalent at the beginning of the year	4,413,125	733,567
	Cash & Equivalent at the end of the year	6,530,645	4,413,125

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 : 30-05-2014

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 31.03.2014

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, 2014 **AMOUNT IN RS**

Note No	As on 31-03-2014	As on 31-03-2013
----------------	-------------------------	-------------------------

**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	31-03-2014	No. of Shares	31.03.2013
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)	-	-	-	-
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 31-03-2014	As on 31-03-2013
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	(77,850,716)	(73,727,723)
Add: Profit / (Loss) for the year	(8,419,466)	(4,122,993)	
	(76,287,482)	(67,868,016)	

Consolidated Notes to Accounts for the year ended 31ST March, 2014

AMOUNT IN RS

Note No	Particulars	As on 31-03-2014	As on 31-03-2013
4.	Current Liabilities		
	4.1. Short Term Borrowings		
	Unsecured (Repayable on Demand)		
	Loan from Directors	1,027,000	2,425,000
	Loan From Director's Relatives	290,000	1,200,000
		1,317,000	3,625,000
	4.2. Trade Payables		
	Trade Payables	4,939,790	4,951,790
		4,939,790	4,951,790
	4.3. Other Current Liabilities		
	Other Liabilities	28,878,639	16,750,965
		28,878,639	16,750,965

Consolidated Notes to Accounts for the year ended 31ST March, 2014

NOTE No. : 5 Fixed Assets

5.1. Tangible

(Amount in Rs.)

Tangible	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at March 31, 2013	Addition	Deletion Adjustments	As at March 31, 2014	As at March 31, 2013	For the year	Deletion/ Adjustments	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013	
Land	2,427,014	902,000	-	3,329,014	-	-	-	-	3,329,014	2,427,014	
Building	20,498,585	-	-	20,498,585	11,552,278	684,653	-	12,236,931	8,261,654	8,946,307	
Plant & Machinery	135,354,178	-	135,354,178	-	119,287,720	587,400	119,875,120	-	-	16,066,457	
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	902,000	138,995,956	23,827,599	134,481,776	1,272,053	123,516,898	12,236,931	11,590,668	27,439,778	
Previous Year	161,921,555	-	-	161,921,555	126,650,422	7,831,354	-	134,481,776	27,439,778	35,271,133	

Consolidated Notes to Accounts for the year ended 31ST March, 2014

AMOUNT IN RS

Note No	Particulars	As on 31-03-2014	As on 31-03-2013
	5.2 Long Term Loans And Advances		
	Security Deposits	2,561,537	2,561,537
		2,561,537	2,561,537
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
		772,506	903,870
	6.2. Trade Receivables		
	(Unsecured, considered good unless stated otherwise)		
	Exceeding six months:		
	Considered Good		
	Others	6,280,712	6,201,312
		6,280,712	6,201,312
	6.3. Cash and Cash Equivalents		
	Balances with Banks:		
	On Current accounts	808,630	54,244
	*On Term Deposit account	4,407,942	3,701,401
	Cash on Hand	1,314,073	657,480
		6,530,645	4,413,125

Note: *Term Deposits are held as margin for issue
Bank Guarantee

Consolidated Notes to Accounts for the year ended 31 ST March, 2014		AMOUNT IN RS	
Note No	Particulars	As on 31-03-2014	As on 31-03-2013
	6.4. Short Term Loans and Advances (Unsecured, considered good unless stated otherwise) Advances recoverable in cash or kind Considered Good	42,873,322	31,753,092
		42,873,322	31,753,092
	6.5 Other Current Assets Deposits TDS Receivable	111,752 2,857,783	77,813 2,855,912
		2,969,535	2,933,725
7.	Revenue from Operations Sale of Products / Contract Receipts	695,750	23,736,030
		695,750	23,736,030
8.	Other Income Interest Income (TDS Rs. 33,939/- Pre Year Rs. Nil) Other Non Operating Income: Other Income	360,187 - -	42,064 25,000 121,190
		360,187	188,254
9.	Increase/(Decrease) in stocks Opening Stock Finished Goods Work in process Designing Material Closing Stock Finished Goods Work in process Designing Material	 18,837 19,738 120,000 158,575 18,837 19,738 -	 24,761 19,738 120,000 164,499 18,837 19,738 120,000
		38,575	158,575
	(Increase)/Decrease in stocks	120,000	5,924

Consolidated Notes to Accounts for the year ended 31 ST March, 2014		AMOUNT IN RS	
Note No	Particulars	As on 31-03-2014	As on 31-03-2013
10.	Purchases / Contract Payments		
	Opening Stock		
	Yarn	46,896	46,896
	Colous, Consumables and Packing Materials	687,035	692,475
		733,931	739,371
	Add : Purchases		
	Cloth	-	412,895
	Colous, Consumables and Packing Materials	-	-
	Purchases	-	-
	Contract payments	-	20,250,000
	TOTAL A	733,931	21,402,266
	Less : Closing Stock		
	Yarn	46,896	46,896
	Colous, Consumables and Packing Materials	687,035	687,035
	TOTAL B	733,931	733,931
	Cost of material consumed (TOTAL A - TOTALB)	-	20,668,335
11.	Employee Benefits Expenses		
	Salaries and Wages	210,000	330,000
		210,000	330,000
12.	Finance Cost		
	Bank Charges	68,970	77,301
	Interest	94,661	235,253
		163,631	312,554
13.	Other Expenses		
	Secretarial charges	793,151	494,676
	Watch and ward	-	204,000
	Rates and Taxes	1,500	7,000
	Travelling Expenses	165,485	341,740
	Conveyance Expenses	173,939	-
	Legal and Professional	140,450	298,889
	Office Maintenance	18,930	3,794
	Telephone Expenses	15,621	-
	Selling and administrative Expences	310,662	188,490
	Amount Written Off	-	89,877
	Auditor's Remuneration:		
	Audit Fees	46,854	50,562
	Tax Audit Fees	8,427	19,663
		1,675,019	1,698,691
14.	14.1 CONTINGENT LIABILITIES		

Consolidated Notes to Accounts for the year ended 31 ST March, 2014			AMOUNT IN RS	
Note No	Particulars	As on 31-03-2014	As on 31-03-2013	
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 31-03-2014	As on 31-03-2013	
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, 2014		AMOUNT IN RS	
Note No	Particulars	As on 31-03-2014	As on 31-03-2013
	14.4 Deferred Tax Liability (net) as on 31st March, 2014 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 31, 2014, 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

The Company's 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 Standards notified under the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13th September, 2013 of the Ministry Of Corporate Affairs in respect of Section 133 of Companies Act, 2013 and in accordance with accounting principle generally accepted in India. 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, but not for the purpose of expressing an opinion on effectiveness of Company's Internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b) In the case of the Statement of Profit and Loss, of the loss of the company for the year ended on that date; and
- c) In the case of the Cash Flow Statement, of the cash flows of the company for the year ended on that date.
- 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 and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

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, Trade Receivables, Other current Assets, Bank Balances, and other liabilities, the impact of which is unascertained. 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 our knowledge and belief were necessary for the purpose of our audit.

- d) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards notified under the Act read with General Circular 15/2013 dated 13th September, 2013 of Ministry of Corporate Affairs in respect of Section 133 of Companies Act,2013.
- e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the Directors is disqualified as on March 31, 2014, 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 Reg. No. 001859 S

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

Place : Hyderabad
Date : 30.05.2014

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 and explanations 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 and explanations 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. The company has disposed of a substantial part of its fixed assets during the year. However, according to the information and explanations furnished to us, the same has not affected the going concern status of the company.
- (ii). a. According to the information and explanations 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 and explanations 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. In Lieu of our comment in paragraph (iii) (b), (c) and (d) of the aforesaid order are not applicable to the company.
 - (e) According to the information and explanations furnished to us, during the year the Company had taken Unsecured Loans of Rs.17.04 Lacs from one party and repaid Rs. 40.12 lacs to five parties, covered under register maintained under Section 301 of the Companies Act, 1956. The year-end balances of loans taken including in earlier years from six parties were Rs.13.17 lacs.
 - (f) 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.

- (g) According to the information and explanation given to us, the company is regular in repayment of the principle and interest amounts as stipulated on the loans taken by it from the parties listed in the registers maintained under section 301 of the companies Act 1956.
- (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, employees' state insurance, income tax, sales tax, wealth tax, service tax, customs duty, excise duty, cess 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, wealth tax, custom duty, excise duty and cess were in arrears, as at 31.03.2014 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	4,62,454	C.T.O Sec'bad
The Central Sales Tax	7,56,519	C.T.O Sec'bad
The Central Excise Act 1944	278,27,332	Appellate Authorities of Customs and Central Excise

- (x). In our opinion, the company does not have accumulated losses as on 31.03.2014 more than fifty percent of its Net worth. 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 explanations 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 (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 explanations 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 4 (xviii) of the Companies (Auditors' Report) Order, 2003 are not applicable to the company.
- (xix). According to the information and explanations given to us, the Company has not issued any 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 explanations 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 : 30.05.2014

Akshralay Enterprises Limited

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BALANCE SHEET AS ON 31ST MARCH, 2014

(Amount in Rs.)

Particulars	Note No.	As at 31.03.2014	As at 31.03.2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	36,570,840	36,570,840
Reserves and Surplus	3	(16,226,945)	(8,828,464)
Non-current Liabilities			
Deferred Tax Liability (Net)		1,175,749	5,180,107
Current Liabilities			
Short term Borrowings	4.1	1,317,000	3,625,000
Other Current Liabilities	4.2	253,639	436,229
TOTAL		<u>23,090,283</u>	<u>36,983,712</u>
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	5.1	11,590,668	27,439,779
Capital Work-in-Progress		475,871	475,871
Long term loans and Advances	5.2	2,561,537	2,561,537
Current Assets			
Trade Receivable	6.1	393,850	314,450
Inventories	6.2	772,506	892,506
Cash and Cash Equivalents	6.3	5,811,778	3,921,757
Short term Loans and Advances	6.4	1,372,321	1,300,000
Other Current Assets	6.5	111,752	77,813
TOTAL		<u>23,090,283</u>	<u>36,983,712</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			
Chartered Accountants		For and on behalf of the Board	
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 : 30.05.2014			

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014

(Amount in Rs.)

Particulars	Note No.	As at 31.03.204	As at 31.03.2013
Revenue			
Revenue from Operations	7	230,000	539,175
Other Income	8	360,187	182,426
Total Revenue		590,187	721,601
Expenses			
(Increase)/Decrease in stock	9	120,000	5,924
Raw material consumption	10	-	418,335
Employee Benefits expense	11	30,000	30,000
Finance Costs	12	54,926	45,994
Depreciation & Amortisation Expense		1,272,053	7,831,354
Other expenses	13	476,990	554,418
Total Expenses		1,953,968	8,886,025
Profit before Exceptional, Extraordinary items & Taxation		(1,363,781)	(8,164,425)
Exceptional items - Loss on Sale of Assets		10,039,058	-
Profit before Extraordinary items & Taxation		(11,402,839)	(8,164,425)
Extra ordinary items		-	-
Profit before Taxation		(11,402,839)	(8,164,425)
Tax Expense:			
Current Tax			
Deferred Tax Charge / (Credit)		4,004,358	2,799,581
Profit for the period		(7,398,481)	(5,364,844)
Basic / Diluted Earnings Per Share			
(Face value of Rs.10 each)		(2.02)	(1.47)
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			
		For and on behalf of the Board	
Sd/-			
(SURESH KUMAR JAIN)			
Partner			
Membership No. 018465			
		Sd/-	
		LALIT KUMAR GUPTA	
		Director	
		Sd/-	
		ADARSH KUMAR GUPTA	
		Director	
Place : Hyderabad			
Date : 30.05.2014			

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 ST MARCH, 2014		(Amount in Rs.)
Particulars	As at 31.03.2014	As at 31.03.2013
I CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit before tax	(11,402,839)	(8,164,425)
Adjustments for:		
Less: 1. Depreciation(Net)	1,272,053	7,831,354
2. Loss on Sale of Fixed Assets	10,039,058	-
3. Interest Income	(360,187)	(36,236)
Cash Profit/(Loss) before Working Capital Changes	(451,915)	(369,306)
Adjustments for Working Capital		
1. Inventories	120,000	11,364
2. Debtors	(79,400)	265,000
3. Loans & Advances	(72,321)	-
4. Other Current Assets	(33,939)	(299)
5. Short Term Borrowings	(2,308,000)	3,335,000
6. Other Current liabilities	(182,590)	38,253
Cash Generated from Operating activities	(3,008,166)	3,280,012
II CASH FLOW FROM INVESTING ACTIVITIES		
Interest Income	360,187	36,236
Sale of Fixed Assets	5,440,000	-
Purchase of Fixed Assets	(902,000)	-
Cash Generated from Investing Activities	4,898,187	36,236
III CASH FLOW FROM FINANCING ACTIVITIES		
Cash Generated from Financing Activities	-	-
NET FLOW OF CASH(I+II+III)	1,890,021	3,316,247
Cash & Equivalent at the beginning of the year	3,921,757	605,510
Cash & Equivalent at the end of the year	5,811,778	3,921,757

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 : 30.05.2014

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.V

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, 2014		AMOUNT IN RS			
Note No		As on 31-03-2014	As on 31-03-2013		
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	31-03-2014	No. of Shares	31.03.2013
	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	-	-	-	-
	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 31-03-2014	As on 31-03-2013		
3.	Reserves and Surplus				
	Surplus as per Profit and Loss account				
	As per last Balance Sheet	(8,828,464)	(3,463,620)		
	Add: Profit / (Loss) for the year	(7,398,481)	(5,364,844)		
		(16,226,945)	(8,828,464)		
4	Current Liabilities				
	4.1. Short Term Borrowings				
	Loans from Directors	1,027,000	2,425,000		
	Loans from Directors relatives	290,000	1,200,000		
		1,317,000	3,625,000		
	4.2. Other Current Liabilities				
	Other Liabilities	253,639	436,229		
		253,639	436,229		

Consolidated Notes to Accounts for the year ended 31ST March, 2014
NOTE No. : 5 Fixed Assets
5.1. Tangible

(Amount in Rs.)

Tangible	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at March 31,2013	Addition	Deletion Adjustments	As at March 31, 2014	As at March31, 2013	For the year	Deletion/ Adjustments	As at 31.03.2014	As at 31.03.2014	As at 31.03.2013
Land	2,427,014	902,000	-	3,329,014	-	-	-	-	3,329,014	2,427,014
Building	20,498,585	-	-	20,498,585	11,552,278	684,653	-	12,236,931	8,261,654	8,946,307
Plant & Machinery	135,354,178	-	135,354,178	-	119,287,720	587,400	119,875,120	-	-	16,066,457
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	902,000	138,995,956	23,827,599	134,481,776	1,272,053	123,516,898	12,236,931	11,590,668	27,439,778
Previous Year	161,921,555	-	-	161,921,555	126,650,422	7,831,354	-	134,481,776	27,439,778	35,271,133

Notes to Accounts for the year ended 31 ST March, 2014		AMOUNT IN RS	
Note No	Particulars	As on 31-03-2014	As on 31-03-2013
	5.2 Long term loans and Advances		
	Security Deposits	2,561,537	2,561,537
		2,561,537	2,561,537
6.	Current Assets		
	6.1. Trade Receivables		
	(Unsecured, considered good unless stated otherwise)		
	Exceeding six months:	393,850	314,450
	Others		
		393,850	314,450
	6.2 Inventories		
	- Yarn	46,896	46,896
	- Work in progress	19,738	19,738
	- Packing Material	504,072	504,072
	- Finished Goods	18,837	18,837
	- Stores & Spares	182,963	182,963
	- Designing Material	-	120,000
		772,506	892,506
	6.3 Cash and Cash Equivalent		
	Balances with Banks:		
	On Current accounts	743,541	28,300
	On Term Deposit account*	4,407,942	3,701,401
	Cash on Hand	660,295	192,056
		5,811,778	3,921,757
	Note: Term Deposits are held as margin for issue of Bank Guarantee.		
	6.4 Short Term Loans and Advances		
	(Unsecured, considered good unless stated otherwise)		
	Advances recoverable in cash or kind		
	Considered Good	1,372,321	1,300,000
		1,372,321	1,300,000
	6.5 Other Current Assets		
	Deposits	111,752	77,813
		111,752	77,813

Notes to Accounts for the year ended 31 ST March, 2014		(AMOUNT IN RS)	
Note No	Particulars	As on 31-03-2014	As on 31-03-2013
7.	Revenue from Operations Sale of Products	230,000	539,175
		230,000	539,175
8.	Other Income		
	Interest on FDR (TDS Rs. 33,939/- Pre. Year Rs. Nil)	360,187	36,236
	Other income	-	121,190
	Amount Written Back	-	25,000
		360,187	182,426
9.	Increase/(Decrease) in stocks		
	Opening Stock		
	Finished Goods	18,837	24,761
	Work in process	19,738	19,738
	Designing Material	120,000	120,000
		158,575	164,499
	Closing Stock		
	Finished Goods	18,837	18,837
	Work in process	19,738	19,738
	Designing Material	-	120,000
		38,575	158,575
	(Increase)/Decrease in stocks	120,000	5,924
10.	Cost of material consumed		
	Opening Stock		
	Yarn	46,896	46,896
	Colors, Consumables and Packing Materials	687,035	692,475
		733,931	739,371
	Add : Purchases		
	Yarn	-	-
	Cloth	-	412,895
	TOTAL A	733,931	1,152,266
	Less : Closing Stock		
	Yarn	46,896	46,896
	Colors, Consumables and Packing Materials	687,035	687,035
	TOTAL B	733,931	733,931
	Cost of material consumed TOTAL { (A - B) }	-	418,335

Notes to Accounts for the year ended 31STMarch, 2014

(AMOUNT IN RS)

Note No	Particulars	As on 31-03-2014	As on 31-03-2013
11.	Employee Benefits Expenses Salaries and Wages	30,000	24,000
		30,000	24,000
12.	Finance Cost Bank Charges	54,926	45,994
		54,926	45,994
13.	Other Expenses		
	Watch and ward	-	204,000
	Travelling Expenses	-	141,740
	Conveyance Expenses	173,939	-
	Rates & Taxes	1,500	7,000
	Amount written off	-	89,877
	Office Maintenance	7,935	3,793
	Telephone Exp	15,621	-
	Selling & administrative	252,714	82,727
	Auditor's Remuneration:		
	Audit Fees	16,854	16,854
	Taxation and other Matters	8,427	8,427
		476,990	554,418
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
Ritesh Kumar Gupta
Adarsh 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 Dr	Transactions during the year Cr.	Closing Bal.
Transactions with key management personnel and their relatives Loan Accepted	3,625,000	1,704,000	4,012,000	1,317,000
Transactions with holding Company Account Payable	51,738	1,265,000	1,316,738	-

Note No	Particulars	As on 31.03.2014	As on 31-03-2013
	14.3 EARNING PER SHARE (EPS) The computation of EPS is set out below: Earning Net Profit for the period Shares Number of Shares at the Beginning of the period Add: Shares issued during the period Total number of equity shares outstanding at the end of the period Weighted average number of equity shares outstanding during the period Earning per share of par value Rs. 10/- Basic & Diluted (Rs)		
		(7,398,481)	(5,364,844)
		3,657,084	3,657,084
		-	-
		3,657,084	3,657,084
		3,657,084	3,657,084
		(2.02)	(1.47)
	14.4 Deferred Tax Liability (net) as on 31st March, 2014 as follows: Timing Difference on account of Depreciation Less: Deferred Tax Assets arising on account of timing difference Net Deferred Tax Liability		
		1,175,749	5,180,107
		0	0
		1,175,749	5,180,107
	14.5 Directors Remuneration: Salaries Directors Sitting fees		
		NIL	NIL
		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, Trade Receivables, Other Current assets, Bank balances and Other Liabilities 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 In Accordance with Accounting Statndard (AS -28) on "Impairment of Assets" the management during the year carried out exercise of identifying the assets that may have been impaired in respect of each cash generating unit. On the basis of this review carried out by the management their was no impairment loss on the fixed 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 wherever considered necessary.
- 14.12 Earning in foreign currency Rs. Nil (Previous year Rs. Nil.)
- Expenditure in foreign currency(traveling, etc) Rs.NIL /- (Previous year Rs.141,740)

E-Voting Process**Process and manner for members opting for e-voting are as under:**

The Company is offering e-voting facility to its members enabling them to cast their votes electronically. The Company has signed an agreement with M/s Central Depository Services (India) Limited (CDSL) for facilitating e-voting to enable the shareholders to cast their votes electronically pursuant to Rule 20 of Companies (Management and Administration) Rules, 2014. The instructions for e-voting are as under:

- (i) The voting period begins on Tuesday 23rd September, 2014 at 10.00 AM and ends on Thursday, 25th September, 2014 at 6.00 PM. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 29th August 2014, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

In case of members receiving e-mail:

- (i) Log on to the e-voting website www.evotingindia.com
(ii) Click on "Shareholders" tab.
(iii) Now, select the "SOURCE INDUSTRIES (INDIA) LIMITED" from the drop down menu and click on "SUBMIT"
(iv) Now Enter your User ID
a. For CDSL: 16 digits beneficiary ID,
b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
(v) Next enter the Image Verification as displayed and Click on Login.
(vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form

PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. e. g. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
	Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <COMPANY NAME> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvii) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.
 - In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.

In case of members receiving the physical copy:

- (A) Please follow all steps from sl. no. (i) to sl. no. (xvii) above to cast vote.
- (xviii) Kindly note that the shareholders can opt only one mode of voting i.e. either by e-voting or physical mode. If you are opting for e-voting, then do not vote by physically also and vice versa. However, in case shareholders cast their vote physically and e-voting, then voting done through e-voting will prevail and voting done physically will be treated as invalid.
- (xix) The Company has appointed Mr. Yellareddy Vootkuri, Practicing Chartered Accountant, Hyderabad as Scrutinizer for conducting the e-voting process for the Annual General Meeting

Source Industries (India) Limited

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ATTENDANCE SLIP FOR ANNUAL GENERAL MEETING (To be surrendered at the venue of the meeting)

I certify that I am a registered shareholder/proxy/representative for the registered shareholder(s) of Source Industries (India) Limited.

I hereby record my presence at the **THIRTIETH ANNUAL GENERAL MEETING** of the members of M/s Source Industries (India) Limited will be held on **MONDAY, 29TH SEPTEMBER 2014 AT 10.00 A.M.** at Madhav Reddy Community Hall, Near Victoria Anglo School, Chaitanyapuri Hyderabad.

DP ID*	Reg. Folio No.
Client ID*	No of Shares

*Applicable if shares are held in electronic form

Name and Address of Member

Signature of Shareholder/ Proxy/
Representative (Please Specify)

Source Industries (India) Limited

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Form No. MGT-11 Proxy form [Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]		
CIN	:	L45400TG1984PLC004777
Name of the Company :		SOURCE INDUSTRIES (INDIA) LIMITED
Registered Office :		D.No: 4-1-969/1-2, 3rd Floor, B.Shankarlal Building, Abids, Hyderabad-500001
Name of the Member :		
Registered Address :		
Email ID :		
Folio No/ Client ID :		DP ID.:
I/We, being the member(s) of _____ shares of the above named company, hereby appoint		
1.	Name:	
	Address	
	Email ID	Signature
	Or failing him	
2.	Name:	
	Address	
	Email ID	Signature
	Or failing him	
3.	Name:	
	Address	
	Email ID	Signature
	Or failing him	
as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual general meeting of the company, to be held on the day of..... At..... a.m. / p.m. at..... (Place) and at any adjournment thereof in respect of such resolutions as are indicated below:		

Source Industries (India) Limited

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Resolutions		For	Against
1.	Consider and adopt Audited Financial Statement, Reports of the Board of Directors and Auditor's.		
2.	Re-appointment of Sri. Gajanand Gupta as Director who retires by rotation.		
3.	Appointment of Statutory Auditors and fixing their remuneration.		
4.	Appointment of Sri. Y. Mallikharjuna Rao as an Independent Director.		
5.	Appointment of Sri. Shyam Singh Mathur as an Independent Director.		
6.	Appointment of Sri. Jaya Mahadev Yerramsetti as an Independent Director.		
7.	Re appointment of Sri. Lalit Kumar Gupta as Managing Director		

Signed this day of 2014.

Affix
Revenue
Stamp

Signature of shareholder:
holder(s):

Signature of Proxy

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

SOURCE INDUSTRIES (INDIA) LIMITED

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