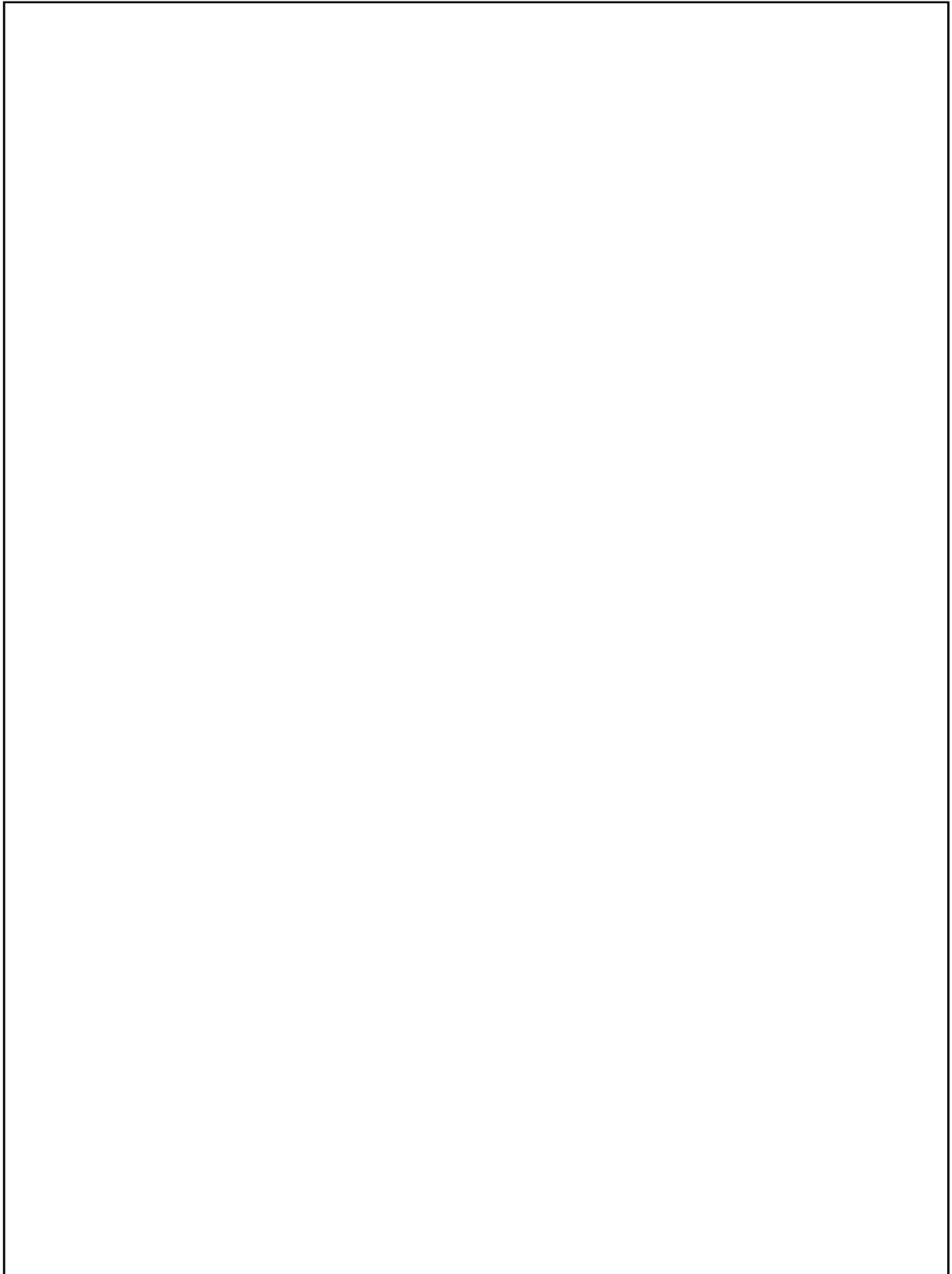


**36<sup>th</sup>**  
**ANNUAL REPORT**  
**2019 - 2020**

**SOURCE INDUSTRIES**  
**(INDIA) LIMITED**

**Source Industries (India) Limited**



**36<sup>th</sup> Annual General Meeting**

Wednesday 30th September, 2020  
at 10.00 A.M  
at Hotel Inner Circle, Raj Bhavan Rd,  
Somajiguda, Hyderabad,  
Telangana 500082

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## Source Industries (India) Limited

### COMPANY INFORMATION

#### **BOARD OF DIRECTORS**

Mr. SUDHAKAR NAVATH : MANAGING DIRECTOR  
Mr. JAYA MAHADEV YERRAMSETTI : NON EXECUTIVE DIRECTOR  
Mr. Y MALLIKHARJUNA RAO : INDEPENDENT DIRECTOR  
Mrs. LAKSHMI NEKKANTI SATYASRI : INDEPENDENT DIRECTOR  
Mr. VENUBABU MUNDURI : CHIEF FINANCIAL OFFICER (Upto 25.06.2020)

**CIN-L45400TG1984PLC004777**

**LISTED AT**  
BSE Limited

#### **REGISTERED OFFICE**

H.No.6-3-668/10/20, First Floor,  
Durganagar Colony Punjagutta,  
Near Balaji Temple Hyderabad-500082  
Phone: 040 - 42014389  
Email Id: source.investors@gmail.com  
Website: www.sourceindustriesindia.com

#### **SHARE TRANSFER AGENTS**

M/s. Bigshare Services Private Limited,  
Flat No. 306, Right wing,  
3rd floor, Amrutha Ville,  
Opp: Yashodha Hospital,  
Somajiguda, Rajbhavan Road,  
Hyderabad-500082

#### **INTERNAL AUDITOR**

VNS SRINIVAS RAO  
Chartered Accountants  
Hyderabad

#### **STATUTORY AUDITORS**

M/S. Ramasamy Koteswara Rao & Co.,  
Plot No. 238/A, MLA's Colony Road No. 12,  
Banajara Hills, Hyderabad-500034

### **BOARD OF COMMITTEES**

#### **AUDIT COMMITTEE:**

Mr. Y MALLIKHARJUNA RAO (Chairman)  
Mrs. LAKSHMI NEKKANTI SATYASRI  
Mr. JAYA MAHADEV YERRAMSETTI

#### **STAKEHOLDERS**

#### **RELATIONSHIP COMMITTEE:**

Mr. Y MALLIKHARJUNA RAO (Chairman)  
Mrs. LAKSHMI NEKKANTI SATYASRI  
Mr. JAYA MAHADEV YERRAMSETTI

#### **NOMINATION AND REMUNERATION COMMITTEE:**

Mr. Y MALLIKHARJUNA RAO (Chairman)  
Mrs. LAKSHMI NEKKANTI SATYASRI  
Mr. JAYA MAHADEV YERRAMSETTI

**NOTICE**

Notice is hereby given that the 36th Annual General Meeting of the members of the Company will be held on Wednesday 30th September, 2020 at 10.00 A.M at Hotel Inner Circle, Raj Bhavan Rd, Somajiguda, Hyderabad, Telangana 500082 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider, approve and adopt the Audited Balance Sheet of the Company as at 31st March, 2020 and the Profit and Loss account for the year ended on that date and the Report of Directors' and the Auditors thereon.
2. To appoint a Director in place of Mr. Y Jaya Mahadev (DIN - 06661103) who retires by rotation, being eligible offers himself for re-appointment.

**By order of the Board  
For Source Industries (India) Limited**

**Sd/-  
Sudhakar Navath  
Managing Director  
(DIN: 06785232)**

**Sd/-  
Jaya Mahadev Yerramsetti  
Director  
(DIN: 06661103)**

Place: Hyderabad  
Date: 27th August 2020

## Source Industries (India) Limited

### **NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting. A Proxy Form is annexed to this Report. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
2. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send to the company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the meeting
3. The Register of members and share transfer books of Company shall remain closed from Thursday 24th September, 2020 to Wednesday 30th September, 2020 (both days inclusive) for the purpose of ensuing 36th AGM
4. Members are requested to notify any change in their addresses to the Company immediately.
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, 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 36th 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 09.00 Hours Sunday, 27th September, 2020 to 17.00 Hours on Tuesday 29th September, 2020**

E-voting shall not be allowed beyond 17.00 Hours on Tuesday 29th September, 2020. 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 Annual Report.

The Company has appointed Mr. Jineshwar Kumar Sankhala, Practicing Company Secretary, Hyderabad as Scrutinizer for conducting the e-voting process for the Annual General Meeting in a fair and transparent manner.

8. With reference of the SEBI Circular SEBI/HO/CFD/CMD1/CIR/P/2020/79 vide dated 12.05.2020 and In view of the massive outbreak of the COVID-19 pandemic, social distancing, lockdown, travel restrictions and owing to the difficulties involved in dispatching of physical copies of the Annual Report 2019-20, the Company has sent its Annual Report 2020 through email to the members (at their registered email) and the same also available on the Company's website i.e. [www.sourceindustriesindia.com](http://www.sourceindustriesindia.com), and the website of the Stock Exchanges i.e. BSE Limited.

## Source Industries (India) Limited

9. Pursuant to Sections 101 and 136 of the Companies Act, 2013 read with the Rules framed thereunder, the Notice calling the Annual General Meeting along with the Annual Report 2019-20 would be sent by electronic mode to those Members whose e-mail addresses are registered with the Depository or the Company/RTA.. Members are requested to support this Green Initiative by registering/updating their e-mail addresses with the Depository Participant (in case of Shares held in dematerialised form) or with RTA (in case of Shares held in physical form). For any communication, the Members may also send requests to the Company's email id: sourceinvestors@gmail.com
10. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their Demat accounts. Members holding shares in physical form may submit their PAN to the M/s. Bigshare Services Private Limited, Flat No. 306, right wing, 3rd floor, Amrutha Ville, Opp: Yashodha Hospital, Somajiguda, Rajbhavan Road, Hyderabad-500082.

**By order of the Board  
For Source Industries (India) Limited**

**Sd/-**

**Sudhakar Navath  
Managing Director  
(DIN: 06785232)**

**Sd/-**

**Jaya Mahadev Yerramsetti  
Director  
(DIN: 06661103)**

Place: Hyderabad  
Date: 27th August 2020

## Source Industries (India) Limited

### ADDITIONAL INFORMATION ON DIRECTOR RECOMMENDED FOR APPOINTMENT

(Pursuant To Regulation 36(3) Of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015  
Information of Directors Proposed To Be Appointed/ Re-Appointed)

<b>Name of the Director</b>	<b>Y Jaya Mahadev</b>
Date of appointment on the Board	12/06/1984
Date of birth/age	10/08/1965
Expertise in specific functional areas	FINANCE
Educational qualification	B.Com
Chairman/member of the committees of board of Directors of the company	3 (Member)
List of Directorships, Committee Chairmanship, Membership held in other companies as on date (except Pvt. Ltd. Companies)	NIL



**DIRECTORS' REPORT**

To  
The Members

Your Directors have pleasure in presenting the **THIRTY SIXTH ANNUAL REPORT** together with the Audited Accounts of the Company for the year ended 31st March 2020.

**FINANCIAL HIGHLIGHTS**

(Amount in Rs.)

PARTICULARS	YEAR ENDED 31.03.2020	YEAR ENDED 31.03.2019
Revenue	7.87	8.92
Other Income	5.16	0.37
Total Income	13.04	9.29
Expenditure	23.16	23.44
<b>Profit/Loss for the year before tax</b>	<b>(10.12)</b>	<b>(14.15)</b>
Income tax	-	-
Deferred Tax	-	-
<b>Profit / (Loss) after tax</b>	<b>(10.12)</b>	<b>(14.15)</b>

**OPERATIONS:**

During the financial year under review the overall performance of the company was Declined when compared to previous financial year; the Overall turnover of the Company was 8.92 lakhs as compared to last year turnover of Rs 7.87 Lakhs and the Net loss is Rs (14.15) Lakhs for financial year 2019-20 when compared to a Net loss of Rs. (14.15) Lakhs during the previous year

**DIVIDEND:**

Due to inadequate profits your Directors do not recommend any dividend for the Financial Year 2019-20

**TRANSFER TO RESERVES:**

The Company did not transfer any amount to the Reserves for the Financial Year ended March 31, 2020.

**SUBSIDIARIES**

The Company did not have any subsidiary or joint venture or associate company.

**DIRECTORS**

Mr. Y Jaya Mahadev , Directors of your Company retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for reappointment.

For Directors seeking appointment/re-appointment in the forth coming Annual General Meeting of the Company; the particulars as required to be disclosed in accordance with Regulations 17 to 27 and para C, D & E of Schedule V of SEBI (Listing Obligations & Disclosure Requirements) 2015, forms part of Corporate Governance Report.

The company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed both under sub-section (6) of section 149 of the companies Act, 2013 and under SEBI (LODR) 2015.

**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.

## Source Industries (India) Limited

### BOARD MEETINGS:

The Company has conducted 5 board meetings during the year on following dates with a gap not exceeding 4 months between any two meetings.

02nd April,2019	28th May, 2019	13th August,2019
14th November, 2019	10th February, 2020	

### COMPOSITION OF BOARD COMMITTEES

We have in place all the Committees of the Board which are required to be constituted under the Companies Act, 2013, and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A detailed note on the Board and its committees is provided under the Corporate Governance Report section in this Annual Report.

The Present Composition of various Committees of the Board is hereunder:

#### Audit Committee

Mr. Y Mallikarjuna Rao	-	Chairman
Mrs. Lakshmi Nekkanti Satyasri	-	Member
Mr. Jaya Mahadev Yerramsetti	-	Member

#### Nomination and Remuneration Committee

Mr. Y Mallikharjuna Rao	-	Chairman
Mrs. Lakshmi Nekkanti Satyasri	-	Member
Mr. Jaya Mahadev Yerramsetti	-	Member

#### Stakeholders Relationship Committee

Mr. Y Mallikharjuna Rao	-	Chairman
Mrs. Lakshmi Nekkanti Satyasri	-	Member
Mr. Jaya Mahadev Yerramsetti	-	Member

### BOARD EVALUATION

The performance evaluation of all the Directors and that of the Board as a whole and its committees was conducted based on the criteria and framework adopted by the board. The Nomination and Remuneration Committee carried out independent evaluation of every Director's performance. The outcome of the board evaluation for the FY 2019-20 was discussed by the said committee as well as by the Board.

The manner in which the formal annual evaluation has been made by the Board and other related details are enumerated in the Corporate Governance Report, which is annexed to the Boards' Report. None of our Independent Directors is due for reappointment.

### POLICY ON DIRECTORS' APPOINTMENT, REMUNERATION, ETC.,

The following policies are attached herewith as part of Corporate Governance as mentioned in "Annexure-D".

1. Policy for selection of Directors and determining Directors Independence; and evaluation mechanism.
2. Remuneration Policy for Directors, Key managerial Personnel and other employees.

**INTERNAL FINANCIAL CONTROL SYSTEMS**

We have adopted policies and procedures which enables implementation of appropriate internal financial controls across the organization and also ensures the orderly and efficient conduct of business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of fraud, error reporting mechanism, the accuracy and completeness of the accounting records, and timely preparation of reliable financial disclosures. Internal Financial Controls are an integrated part of the Risk Management Process, addressing financial and financial reporting risks. The Internal Financial Controls have been documented, digitized and embedded in the business process.

Assurance on the effectiveness of the Internal Financial Controls is obtained through our management reviews; control self-assessment, continuous monitoring by functional experts as well as testing of the Internal Financial Control systems by the Internal Auditor during the course of audits. We believe that these systems provide reasonable assurance that our Internal Financial Controls are commensurate with the requirements of our organization.

**POLICY ON PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORK PLACE:**

We strongly support the rights of all our employees to work in harassment - free environment. The Company has adopted a Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace as per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The policy aims to provide protection to Employees at the workplace and prevent and redress complaints of sexual harassment and for matters connected or incidental thereto, with the objective of providing a safe working environment, where Employees feel secure. The Company has also constituted an Internal Committee, known as Anti Sexual Harassment Committee to address the concerns and complaints of sexual harassment and to recommend appropriate action.

We further confirm that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

**CORPORATE SOCIAL RESPONSIBILITY**

Since our Company does not fall within any of the parameters specified under the provisions of Section 135 of the Companies Act, 2013 read with Rules made thereunder, reporting pursuant to Section 134(3) (o) is Not Applicable.

**DIRECTORS' RESPONSIBILITY STATEMENT:**

Pursuant to Section 134 (5) of the Companies Act, 2013, your Directors confirm that to the best of their knowledge and belief and according to the information and explanation obtained by them,

- i. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- ii. Such accounting policies as mentioned in the notes to the financial statements have been selected and applied consistently and judgments and estimates that are reasonable and prudent made so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2019-20 and of the profit or loss of the Company for that period;
- iii. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The annual accounts for the year 2019-20 have been prepared on a going concern basis.
- v. That proper internal financial controls were in place and that the financial controls were adequate and were operating effectively.
- vi. That system to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## Source Industries (India) Limited

### **VIGIL MECHANISM / WHISTLE BLOWER POLICY**

Pursuant to the provisions of section 177 (9) and read with all other applicable provisions of the Companies Act, 2013 and the Companies (meetings of board and its powers) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 22 of SEBI (Listing Obligations & Disclosure Requirements) 2015, The Company has a Whistle Blower Policy framed to deal with instance of fraud and mismanagement, if any in the Group. The details of the Policy are explained in the Corporate Governance Report and also posted on the website of the Company.

### **RISK MANAGEMENT**

Pursuant to the provisions of section 134 (3) (n) and read with all other applicable provisions of the Companies Act, 2013 and the Companies (Accounts) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and Regulation 21 of SEBI (Listing Obligations & Disclosure Requirements) 2015, the Risk management is Not applicable to the Company.

### **AUDITORS:**

At the Annual General Meeting (AGM) held on September 27, 2017, **M/s. Ramasamy Koteswara Rao & Co (FRN: 010396S)**, Chartered Accountants, were appointed as the Statutory Auditors of the Company to hold office from the conclusion of that AGM till the conclusion of the 38th AGM (subject to ratification of the appointment by the members at every AGM held after that AGM) at such remuneration as may be decided by the Board of Directors. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditor shall be placed for ratification at every Annual General Meeting.

Accordingly, Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013

### **RELATED PARTY TRANSACTIONS**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

All related party transactions are placed before the Audit Committee as also the Board for approval. Prior omnibus approval of the Audit Committee is obtained as per Regulation 23 of SEBI (Listing Obligations & Disclosure Requirement) 2015, for the transactions which are of a foreseen and repetitive nature. The Company has developed a Policy on Related Party Transactions for the purpose of identification and monitoring of such transactions.

The Policy on Related Party Transactions as approved by the Board is uploaded on the website of the Company. The particulars of contracts or arrangements with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 is referred in Notes to Accounts.

### **INTERNAL AUDITOR:**

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

### **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

### **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report

**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 outgoings is given as required under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is enclosed as "**Annexure A**".

**MANAGEMENT DISCUSSION & ANALYSIS**

Pursuant to the provision of Schedule V of SEBI (Listing Obligations & Disclosure Requirements) 2015, a report on Management Discussion & Analysis is set out as an "**Annexure B**".

**SECRETARIAL AUDIT**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. P.S Rao & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "**Annexure C**" to this report.

**CORPORATE GOVERNANCE:**

The Company has been making every endeavor to bring more transparency in the conduct of business. As per the requirements of Listing Agreement with the Stock Exchanges, a compliance report on corporate Governance for the year 2019-2020 and a certificate from the Auditors of the Company are furnished as a part of this Annual Report "**Annexure D**".

**EXTRACT OF ANNUAL RETURN**

The details forming part of the extract of the Annual Return in Form **MGT - 9** is annexed herewith as "**Annexure E**" to this report.

**PARTICULARS OF EMPLOYEES:**

The information required pursuant to Section 197 read with Rule 5 (1) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is herewith annexed as '**Annexure F**' to this report and Rule 5 (2) Of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, No employee of your company is in receipt of remuneration exceeding Rs. 8, 50,000 per month or Rs. 1, 02, 00,000 per annum during the Financial Year.

**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 place on record their 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 sincere appreciation for the continued contributions made by the employees at all levels.

**By order of the Board  
For Source Industries (India) Limited**

**Sd/-  
Sudhakar Navath  
Managing Director  
(DIN: 06785232)**

**Sd/-  
Jaya Mahadev Yerramsetti  
Director  
(DIN: 06661103)**

Place: Hyderabad  
Date : 27th August 2020

**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 : NIL
  - a. Technology imported :
  - b. Year of Import :
  - 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: (on receipts and payments basis)*

<b>Foreign exchange earnings and outgo:</b>	<b>2019-20</b>
<i>Foreign Exchange Earnings</i>	NIL
<i>Foreign Exchange Outgo</i>	NIL

## MANAGEMENT DISCUSSION ANALYSIS REPORT

### INFRASTRUCTURE 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 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 FY16. 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:

1. The growth in population and economy leading demand for infrastructure and its opportunity to provide better infrastructure
2. The government estimates that \$1 trillion of investments will be required for developing India's infrastructure in the 12th plan period.
3. Drawing up medium- and long-term strategies, based on expected growth in the sector

## Source Industries (India) Limited

4. Benchmarking current and expected IRRs with those projected by industry
5. Understanding the impact of the regulatory environment on business

### Threats:

1. Uncertainty, especially Mining sector due to delay in resolving environmental and social issues.
2. Demand for higher capacity equipment, in line with the global market trend.
3. High expectations of contractor segment.
4. Increasing pressure on reducing ownership costs.
5. Improved technology for operational cost to stay ahead in business.
6. Innovative marketing strategies to counter competition from MNCs by
7. Uncertainty in Defense business.
8. Attrition in skilled manpower.
9. Project imports at nil duty.
10. Opening up of Defense 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

As members are aware that the Company has entered in the infrastructure and construction business recently and has shown performance of the Company was satisfactorily for the FY 2019-2020.

**By order of the Board  
For Source Industries (India) Limited**

**Sd/-  
Sudhakar Navath  
Managing Director  
(DIN: 06785232)**

**Sd/-  
Jaya Mahadev Yerramsetti  
Director  
(DIN: 06661103)**

Place: Hyderabad  
Date: 27th August 2020



**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2020**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

**To,**  
**The Members,**  
**M/s SOURCE INDUSTRIES (INDIA) LIMITED,**  
**Hyderabad.**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s SOURCE INDUSTRIES (INDIA) LIMITED (hereinafter called the company) having its registered office at H.No.6-3-668/10/20, First Floor, Durganagar Colony Punjagutta, Near Balaji Temple Hyderabad-500082, Telangana. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under, as applicable
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; Not applicable as the company did not issue any security during the financial year under review;
  - d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; Not applicable as the company has not granted any options to its employees during the financial year under review
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; Not applicable as the company has not issued any debt securities during the financial year under review

## Source Industries (India) Limited

- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; Not applicable as the company has not delisted its equity shares from any stock exchange during the financial year under review
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (not applicable during the audit period); Not applicable as the company has not bought back any of its securities during the financial year under review and
- i) The SEBI (Listing Obligations & Disclosure Requirements) 2015, entered into by the Company with Stock Exchange; As Applicable.

The other laws, as informed and certified by the management of the Company which are specifically applicable to the Company based on the sector/industry,

We have also examined compliance with the applicable standards of the following:

- i. Secretarial Standards issued by the Institute of Company Secretaries of India; **As Applicable**. During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above

### We further report that

- \* The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that does not take place during the period under review were carried out in compliance with the provisions of the Act.
- \* Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
- \* All the decisions at the Board Meetings and Committee Meetings have been carried out unanimously as recorded in the Minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

### We further report that

- \* There are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.
- \* There were no such specific events/actions in pursuance of the above referred laws, rules, regulations, etc., having a major bearing on the Company's affairs.

**P.S. Rao & Associates**  
**Company Secretaries**

**Sd/-**  
**Jineshwar Kumar Sankhala**  
**Company Secretary**  
**M No: 21697**  
**C P No: 18365**  
**UDIN:A021697B000623309**

Place: Hyderabad  
Date : 27.08.2020

## Source Industries (India) Limited

To,  
The Members,  
M/s SOURCE INDUSTRIES (INDIA) LIMITED,  
Hyderabad.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. A Substantial portion of the audit programme was completed prior to the outbreak of the pandemic COVID-19. However, owing to the lockdown measure imposed in the country and the cascading impact thereof, for certain verifications and cross checks, we have relied on management representations and assurances, wherever required, for forming our opinion and eventual reporting.
7. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

**P.S. Rao & Associates  
Company Secretaries**

**Sd/-  
Jineshwar Kumar Sankhala  
Company Secretary  
M No: 21697  
C P No: 18365  
UDIN:A021697B000623309**

Place: Hyderabad  
Date : 27.08.2020

**CORPORATE GOVERNANCE REPORT**

(In compliance with SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.

**COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE:**

Your company believes in providing highest transparency and ethical value in Corporate Governance. Your company also believes in taking into confidence all the stakeholders viz. Shareholders, Employees, Creditors, Customers etc. Your company is committed to take the torch of Corporate Governance forward, so that every stakeholder of the company synchronizes and synergies their efforts in their growth along with the growth of their company.

**BOARD OF DIRECTORS:**

**• Composition of Board of Directors**

At present, the strength of the Board is 4 Directors. The Board comprises of 1(one) Executive, 2(two) Non-Executive Independent Directors and 1(one) Non-Executive Non Independent Director.

**• Board meeting and attendance**

The Board met 5 times in the financial year 2019-20 on the following dates, with a gap not exceeding 4 months between any two meetings:

02nd April,2019	28th May, 2019	13th August,2019
14th November, 2019	10th February, 2020	

The constitution of the Board is given below:

S. No	Director	Category	Attendance at AGM held on 26.09.2019	Attendance in Board Meeting		Other Boards Except Pvt Ltd		
				Held	Attendance	No. of Other directorships	Committee chairmanship	Committee membership
1.	Sudhakar Navath	Managing Director	Yes	5	5	Nil	Nil	Nil
2.	Sri Jaya Mahadev Yerramsetti	Non-Executive Director	Yes	5	5	Nil	Nil	Nil
3.	Y Mallikharjuna Rao	Non-Executive & Independent Director	Yes	5	5	2	3	3
4.	Smt Lakshmi Satya Nekkaanti	Non-Executive & Independent Director	Yes	5	5	1	Nil	Nil

The Directorships held by Directors in other Companies, as mentioned above do not include Directorships in Foreign Companies, Companies Registered under Section 8 of the Companies Act, 2013 and Private Limited Companies.

In accordance with Regulations of SEBI (Listing Obligations & Disclosure Regulations) 2015, memberships/ chairmanships of Audit Committees and Stakeholders Relationship Committees in all public Limited companies excluding Source Industries (India) Limited have been considered.

None of the Directors on the Board is a member on more than 10 Committees and Chairman of more than 5 Committees across all the companies in which they are Directors.

None of the Directors serve as an Independent Director in more than 7 listed companies.

### **BOARD COMMITTEE:**

Currently, there are three Board Committees - Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee. The terms of reference of the Board Committees are determined by the Board from time to time. Meetings of each Board, Committee are convened by the Chairman of the respective Committees.

The role and composition of these Committees, including the number of meetings held during the financial year and the related attendance are provided below:

### **AUDIT COMMITTEE:**

The Company has a Qualified and Independent Audit Committee comprising of 2 Non-Executive Independent Directors and 1 Non-Executive Non-Independent Director, constituted in accordance with the provisions of Regulation 18 of SEBI Listing Obligations & Disclosure Requirements) 2015 and Section 177 of the Companies Act, 2013. The Committee is empowered with the powers as prescribed under the said Regulation 18 and Section 177 of the Companies Act, 2013 and acts in terms of reference and directions if any given by the Board from time to time.

#### **Terms of reference**

The terms of reference of the Audit Committee are as per the guidelines set out in the Regulation 18 read with Part C of Schedule II of SEBI (LODR) 2015 and read with Section 177 of the Companies Act, 2013 and includes such other functions as may be assigned to it by the Board from time to time.

#### **i) Powers of the Audit Committee include:**

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.

To secure attendance of outsiders with relevant expertise, if it considers necessary.

#### **ii) Role of the Audit Committee includes:**

- Oversight of Company's financial reporting process and disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
- Recommending to the Board, the appointment, re-appointment and if required, the replacement or removal of auditors and fixation of audit fee.
- Approval of payment to statutory auditors for any other services rendered by them.
- Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

## Source Industries (India) Limited

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
- Changes, if any, in accounting policies and practices and reasons for the same
- Major accounting entries involving estimates based on the exercise of judgment by management
- Significant adjustments made in the financial statements arising out of audit findings.
- Compliance with listing and other legal requirements relating to financial statements.
- Disclosure of any related party transactions.
- Review of draft Auditors Report, in particular qualifications / remarks observations made by the
- Management Discussion and Analysis of financial conditions and results of operations.
- Review of Statement of significant related party transactions submitted by the management.
- Review of management letters/letters of internal control weaknesses issued by the statutory auditors.
- Review of internal audit reports relating to internal control weaknesses.
- Review of appointment, removal and terms of remuneration of the Chief Internal Auditor.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Review of the financial statements of subsidiary Companies
- Review and monitor the auditor's independence and performance and effectiveness of audit process.
- Approval or any subsequent modification of transactions of the Company with related parties.
- Scrutiny of inter-corporate loans and investments.
- Valuation of undertakings or assets of the Company, wherever it is necessary
- Evaluation of internal financial controls and risk management systems.
- To look into the reasons for substantial defaults in the payment to the shareholders (in case of non-payment of declared dividends) and creditors.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter.
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- Reviewing the adequacy of internal audit function, if any, 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 of any significant findings and follow up there on.
- Reviewing the risk management policies, practices and the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- To review the functioning of the Whistle Blower Mechanism
- Approval of appointment / reappointment / remuneration of CFO (or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
- Carrying out any other function as may be mentioned in the terms of reference of the Audit Committee
- The Audit Committee discharges its functions and obligations on regular basis and on the occurrence of the events.

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The Chairman of the Audit Committee shall be present at the Annual General Meeting of the Company to provide any clarification on queries from shareholders.

### COMPOSITION

The Audit Committee of the Company comprise of the following Independent Directors:

Name of the Director	Designation
Y MALLIKHARJUNA RAO	Chairman
JAYA MAHADEV YERRAMSETTI	Member
LAKSHMI NEKKANTI SATYASRI	Member

### MEETINGS AND ATTENDANCE DURING THE FINANCIAL YEAR:

#### Meetings:

The Audit committee of the Board met four times during the year, the meetings was held for approval of Un-Audited Financial Results and Audited Financial results of the Company i.e. on:

02.04.2019	28.05.2019	13.08.2019	14.11.2019	10.02.2020
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#### Attendance:

Name	No of Meetings Held	No of Meetings Attended
Y MALLIKHARJUNA RAO (Chairman)	5	5
JAYA MAHADEV YERRAMSETTI	5	5
LAKSHMI SATYASRI NEKKANTI	5	5

The un- audited financial results for each quarter are approved by the Audit Committee before passed on to the Board of Directors for approval and adoption.

### NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee has been formed in compliance of Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) 2015 and pursuant to Section 178 of the Companies Act, 2013 comprising of 3 Non Executive Director.

#### Terms of reference:

The terms of reference of the Nomination and Remuneration Committee are as under:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees.
- Formulation of criteria for evaluation of Independent Directors and the Board.
- Devising a policy on Board diversity.

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- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- To recommend/review remuneration of Key Managerial Personnel based on their performance and defined assessment criteria.
- To decide on the elements of remuneration package of all the Key Managerial Personnel i.e. salary, benefits, bonus, stock options, pensions, etc.
- Recommendation of fee / compensation if any, to be paid to Non-Executive Directors, including Independent Directors of the Board.
- Payment / revision of remuneration payable to Managerial Personnel.
- While approving the remuneration, the committee shall take into account financial position of Company, trend in the industry, qualification, experience and past performance of the appointee.
- The Committee shall be in a position to bring about objectivity in determining the remuneration package while striking the balance between the interest of the Company and shareholders.
- Any other functions / powers / duties as may be entrusted by the Board from time to time.

The Company has adopted a Policy relating to the remuneration for Directors, Key Managerial Personnel and other employees of the Company which is disclosed on the website of the Company.

### **Nomination and Remuneration Policy:**

#### **1. Introduction**

Source Industries (India) Limited, believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. Towards this, the company ensures constitution of a Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively. The Company recognizes the importance of Independent Directors in achieving the effectiveness of the Board. Source Industries (India) limited aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

The Company also recognizes the importance of aligning the business objectives with specific and measurable individual objectives and targets. The Company has therefore formulated the remuneration policy for its Directors, Key Managerial Personnel and other employees keeping in view the following objectives:

- a) Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the Company successfully.
- b) Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- c) Ensuring that remuneration involves a balance between fixed and incentive pays reflecting short and long term performance objectives appropriate to the working of the Company and its goals.

#### **2. Scope:**

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of



their appointment as independent directors of the Company and also for recommending to the Board the remuneration of the Directors, Key Managerial Personnel and other employees of the Company.

**3. Terms and References:**

In this Policy, the following terms shall have the following meanings:

- 3.1 "Director" means a Director appointed to the Board of a Company.
- 3.2 "Nomination and Remuneration Committee" means the committee constituted by Source Industries (India) Limited Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) 2015.
- 3.3 "Independent Director" means a Director referred to in sub-section (6) of Section 149 of the Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations & Disclosure Requirements) 2015.
- 3.4 "Key Managerial Personnel" means
  - (i) The Chief Executive Officer or the Managing Director or the Manager;
  - (ii) The Company Secretary;
  - (iii) The Whole-time Director;
  - (iv) The Chief Financial Officer; and
  - (v) Such other officer as may be prescribed under the Companies Act, 2013

**4. Selection of Directors and determining Directors independence:**

- 4.1 Qualifications and criteria
  - 4.1.1 The Nomination and Remuneration (NR) Committee, and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that is relevant for the Company's global operations.
  - 4.1.2 In evaluating the suitability of individual Board members, the NR Committee may take into account factors, such as:
    - 1. General understanding of the Company's business dynamics, global business and social perspective;
    - 2. Educational and professional background Standing in the profession;
    - 3. Personal and professional ethics, integrity and values;
    - 4. Willingness to devote sufficient time and energy in carrying out their duties and
    - 5. responsibilities effectively.
  - 4.1.3 The proposed appointee shall also fulfill the following requirements:
    - 1. Shall possess a Director Identification Number;
    - 2. Shall not be disqualified under the Companies Act, 2013;
    - 3. Shall give his written consent to act as a Director;
    - 4. Shall endeavor to attend all Board Meetings and wherever he is appointed as a Committee Member,  
The Committee Meetings;
    - 5. Shall abide by the Code of Conduct established by the Company for Directors and Senior Management Personnel;

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Shall disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made; Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, Equity Listing Agreements and other relevant laws.

4.1.4 The NR Committee shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

4.2 Criteria of Independence

4.2.1 The NR Committee shall assess the independence of Directors at the time of appointment / reappointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

4.2.2 The criteria of independence, as laid down in Companies Act, 2013 and Regulation 16 of SEBI (Listing Obligations & Disclosure Requirements) 2015 is as below:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director—

- i. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- ii.
  - (i) Who is or was not a promoter of the company or its holding, subsidiary or associate company;
  - (ii) Who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- iii. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- iv. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- v. who, neither himself nor any of his relatives—
  - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;
  - (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of-
    - (A) A Firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
    - (B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
  - (iii) holds together with his relatives two per cent or more of the total voting power of the company; Or

- (iv) is a Chief Executive or director, by whatever name called, of any nonprofit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
    - (v) Is a material supplier, service provider or customer or a lessor or lessee of the company?
  - vi. Shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.
  - vii. Shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013.
  - viii. Who is not less than 21 years of age
- 4.2.3 The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013
- 4.3 Other directorships / committee memberships
- 4.3.1 The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company. The NR Committee shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.
- 4.3.2 A Director shall not serve as Director in more than 20 companies of which not more than 10 shall be Public Limited Companies.
- 4.3.3 A Director shall not serve as an Independent Director in more than 7 Listed Companies and not more than 3 Listed Companies in case he is serving as a Whole-time Director in any Listed Company.
- 4.3.4 A Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he holds directorships. For the purpose of considering the limit of the Committees, Audit Committee and Stakeholders' Relationship Committee of all Public Limited Companies, whether listed or not, shall be included and all other companies including Private Limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 shall be excluded.
- 5. Remuneration to Executive Directors, Key Managerial Personnel, Non-Executive Directors and other employees:**
- 5.1.1 The Board, on the recommendation of the Nomination and Remuneration (NR) Committee, shall review and approve the remuneration payable to the Executive Directors of the Company within the overall limits approved by the shareholders.
- 5.1.2 The Board, on the recommendation of the NR Committee, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.
- 5.1.3 The remuneration structure to the Executive Directors and Key Managerial Personnel shall include the following components:
- (i) Basic Pay
  - (ii) Perquisites and Allowances

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- (iii) Commission (Applicable in case of Executive Directors)
- (iv) Retrial benefits
- (v) Annual Performance Bonus

5.1.4 The Annual Plan and Objectives for Executive Directors and Senior Executives shall be reviewed by the NR Committee and Annual Performance Bonus will be approved by the Committee based on the achievements against the Annual Plan and Objectives.

### 5.2 Remuneration to Non-Executive Directors

5.2.1 The Board, on the recommendation of the NR Committee, shall review and approve the remuneration payable to the Non- Executive Directors of the Company within the overall limits approved by the shareholders.

5.2.2 Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof. The Non- Executive Directors shall also be entitled to profit related commission in addition to the sitting fees.

### 5.3 Remuneration to other employees

5.3.1 Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

### Composition

Remuneration Committee of the Company consists of following Non-Executive & Independent Directors, which is as follows:

Name of the Director	Designation
Y MALLIKHARJUNA RAO	Chairman
JAYA MAHADEV YERRAMSETTI	Member
LAKSHMI NEKKANTI SATYASRI	Member

### STAKEHOLDER RELATION SHIP COMMITTEE:

The Stakeholders Relationship Committee has been formed in compliance of Regulation 20 of SEBI (Listing Obligations & Disclosure Requirements) 2015 and pursuant to Section 178 of the Companies Act, 2013 comprising of 2 Non - Executive independent Directors and 1 Non-Executive Non Independent.

### Composition

The Committee comprises of the following members:

Name of the Director	Designation
Y MALLIKHARJUNA RAO	Chairman
JAYA MAHADEV YERRAMSETTI	Member
LAKSHMI NEKKANTI SATYASRI	Member

The Stakeholders Relationship Committee met one time during the previous year. The said committee met on 13th August,2019

The Committee reviews the security transfers/transmissions, process of dematerialization and the investors' grievances and the systems dealing with these issues.

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In accordance with Regulation 20 of SEBI (Listing Obligations & Disclosure Requirements) 2015, the Board has authorized the Compliance Officer, to approve share transfers / transmissions and comply with other formalities in relation thereto.

There were no complaints pending for redressed during the year under review. There was no pending transfer as on 31st March, 2020.

### Terms of reference:

The terms of reference of the Stakeholders Relationship Committee are as under:

- i) Redressed of grievances of shareholders, debenture holders and other security holders
- ii) Transfer and transmission of securities.
- iii) Dealing with complaints related to transfer of shares, non-receipt of declared dividend, no receipt of Balance Sheet etc.
- iv) Issuance of duplicate shares certificates.
- v) Review of dematerialization of shares and related matters.
- vi) Performing various functions relating to the interests of shareholders/investors of the Company as may be required under the provisions of the Companies Act, 2013, Listing Agreement with the Stock Exchanges and regulations/guidelines issued by the SEBI or any other regulatory authority.

The Committee, along with the Share Transfer Agents of the Company follows the policy of attending to the complaints, if any, within seven days from the date of its receipt.

Name & Designation of the Compliance Officer	:	Garima Gangwani (Company Secretary)
No. of shareholders complaints received during the Financial Year	:	0
No. of complaints solved to the satisfaction of the share holders	:	0
No. of pending complaints	:	Nil

### VIGIL MECHANISM / WHISTLE BLOWER POLICY:

The Whistle Blower (Vigil) mechanism provides a channel to the employees to report to the management concerns about unethical behavior, actual or suspected fraud or violation of the Codes of Conduct or policy and also provides for adequate safeguards against victimization of employees by giving them direct access to the Chairman of the Audit Committee in exceptional cases.

The Policy covers malpractices and events which have taken place / suspected to have taken place, misuse or abuse of authority, fraud or suspected fraud, violation of Company rules, manipulations, negligence causing danger to public health and safety, misappropriation of monies, and other matters or activity on account of which the interest of the Company is affected and formally reported by whistle blowers concerning its employees.

The Whistle Blower Policy of the Company is also posted on the website of the Company.

### MEETING OF INDEPENDENT DIRECTORS:

During the year under review, the Independent Directors met on 10th February, 2020, inter alia, to discuss:

1. Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;
2. Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.

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3. Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All the Independent Directors were present at the Meeting.

### **FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS:**

During the year, the Independent Directors were regularly apprised with the Company's overview and its operations by the Senior Management team. Further, the business unit heads make presentation to the Board during the Board meeting on a quarterly basis pertaining to the performance and future strategy of their respective business units. The Board was also regularly apprised of all regulatory and policy changes. Our Familiarization Programme may be accessed on our Website.

### **PERFORMANCE EVALUATION:**

Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees.

A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

### **LOCATION AND TIME WHERE THE LAST THREE AGMS HELD:**

Year	Date	Location	Time
2018-2019	26.09.2019	Madhav Reddy Community Hall, Near Victoria Anglo School, Chaitanayapuri, Hyderabad	11.00 AM
2017-2018	27.09.2018	Madhav Reddy Community Hall, Near Victoria Anglo School, Chaitanayapuri, Hyderabad	11.00 AM
2016-2017	28.09.2017	Madhav Reddy Community Hall, Near Victoria Anglo School, Chaitanayapuri, Hyderabad	11.00 AM

Special resolutions moved at the AGM conducted on 28th September, 2017 were passed through e-voting and poll, and Special resolution moved at the AGM conducted on 27th September, 2018 were passed through e-voting and poll. Special resolution moved at the AGMs conducted on 26th September, 2019 were passed through e-voting and poll

**DISCLOSURES:**

- a. a. 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** -
- b. 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** -
- c. The Company has posted the Code of Conduct for Directors and Senior Management on its website.
- d. The Company has complied with the mandatory requirements of SEBI (Listing Obligations & Disclosure Requirements) 2015.

**MEANS OF COMMUNICATION:**

The Quarterly results are usually published in the (in English) and (in regional language) dailies.

**GENERAL SHAREHOLDER INFORMATION:**

AGM	The 36 <sup>th</sup> Annual General Meeting of the Company will be held on Wednesday, 30 <sup>th</sup> September 2020 at the Hotel Inner Circle Raj Bhavan Rd, Somajiguda, Hyderabad, Telangana 500082.
Financial Year	<b>1st April 2019 to 31st March 2020</b>
Book Closure Date	<b>From Saturday 24th September, 2020 to Wednesday, 30th September, 2020</b> (both days inclusive)
Listing on Stock Exchanges	The shares of the Company are listed at BSE Limited (The company has paid the listing fees to the above Stock Exchange)
Dividend Payment Date	<b>NA</b>
Scrip Code	<b>521036</b>
Demat ISIN Number	Under the Depository System the International Securities Identification Number (ISIN) allotted to the Company's Equity Shares by NSDL & CDSL <b>INE695C01015</b>
Registrar and Transfer Agents	M/s. Bigshare Services Private Limited, Flat No. 306, right wing 3rd floor, Amrutha Ville, Opp: Yashodha Hospital, Somajiguda, Rajbhavan Road, Hyderabad-500082
Share Transfer System	All the physical share transfers received are processed by the Share Transfer Agents <b>M/s. Bigshare Services Private Limited</b> , Hyderabad. The Company's shares are being traded in compulsory Demat form. 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.

## Source Industries (India) Limited

➤ **MARKET PRICE DATA:** During the financial year 2019-2020

Financial Year 2019-2020	BSE Limited		
	High (in .Rs)	Low (in .Rs)	Volume (No. of Shares)
April 2019	-	-	-
May 2019	0.87	0.79	400
June 2019	0.76	0.70	300
July 2019	0.67	0.61	300
August 2019	0.58	0.56	200
September 2019	0.54	0.54	100
October 2019	0.52	0.42	512
November 2019	0.40	0.37	340
December 2019	0.36	0.35	200
January 2020	0.34	0.33	315
February 2020	0.35	0.32	3984
March 2020	-	-	-

➤ **DISTRIBUTION OF SHAREHOLDING AS ON 31.03.2020:**

Sl. No.	Category From - To	No. of Holders	% of Holders	No. of Shares	% of Shares
1	Upto - 5000	29030	99.69	3748622	32.87
2	5001 - 10000	32	0.11	251117	2.20
3	10001 - 20000	14	0.05	198900	1.74
4	20001 - 30000	9	0.03	239530	2.10
5	30001 - 40000	4	0.01	153000	1.34
6	40001 - 50000	8	0.03	379900	3.33
7	50001 - 100000	8	0.03	612045	5.37
8	100001 - 500000	15	0.05	5819996	51.05
	<b>TOTAL</b>	<b>29120</b>	<b>100.00</b>	<b>11403110</b>	<b>100.00</b>



**Source Industries (India) Limited**

➤ **SHAREHOLDING PATTERN AS ON 31ST MARCH 2020:**

Sl. No	Category	No. of Shares Held	%of Shareholding
<b>A1</b>	<b>SHAREHOLDING OF PROMOTERS &amp; PROMOTER GROUP</b>		
	<b>INDIAN</b>		
	Individuals/Hindu Undivided Family	14,86,210	13.03
	Central Government /State Government(s)	-	-
	Bodies Corporate	-	-
	Financial Institutions/Banks	-	-
	<b>Sub Total of A1</b>	<b>14,86,210</b>	<b>13.03</b>
<b>A2</b>	<b>FOREIGN</b>		
	Individuals (Non-Residents)	-	-
	Bodies Corporate	-	-
	Institutions	-	-
	Any Other (Specify)	-	-
	Sub Total of A2	-	-
	<b>TOTAL PROMOTERS SHAREHOLDING ( A1 +A2)</b>	<b>14,86,210</b>	<b>13.03</b>
<b>B</b>	<b>PUBLIC SHAREHOLDINGS</b>		
	1Institutions		
	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)	-	-
	<b>Sub Total B1</b>	-	-
	<b>Non Institutions</b>		<b>10.61</b>
	Bodies Corporate	<b>1210409</b>	
<b>B</b>	<b>Individuals</b>		<b>33.98</b>
2	Individuals share holders holdings nominal share capital upto Rs. 2 Lakhs	3875127	42.35
	Individual Shareholding holding nominal share capital in excess of Rs. 2 Lakhs	4828823	
	Any Other (Specify)		
	NRIs/OCBs	400	0.00
	Clearing Members	300	0.00
	HUF	1825	
	<b>Sub Total B2</b>	<b>9916900</b>	<b>86.97</b>
	<b>TOTAL OF PUBLIC SHAREHOLDING (B1+B2)</b>	<b>9916900</b>	<b>86.97</b>
C	Shares held by Custodian and against which Depository Receipts have been issued	-	-
	<b>TOTAL A+B+C</b>	<b>11403110</b>	<b>100</b>

## Source Industries (India) Limited

**The extent to which the discretionary requirements as specified in Part E of Schedule II have been adopted:**

• **Discretionary Requirements:**

The Company has adopted / complied with the discretionary requirements specified in Part E of Schedule II as detailed below:

i. **The Board:**

Maintenance of Office to the Non-Executive Chairperson at the Company's expense: This is not applicable as the Chairperson of the Company is an Executive Director.

ii. **Shareholders' rights:**

All the quarterly financial results are placed on the Company's website.  
apart from publishing the same in the Newspapers.

iii. **Modified opinion(s) in audit report:**

There are no modified opinions in the Audit Reports.

iv. **Reporting of Internal Auditor:**

The Internal Auditor reports to the Chairman of the Audit Committee directly.

- 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 : **NIL**
- Securities suspended from trading: **Not applicable**
- Share Transfer System: The Share transfers are effected within 15 days from the date of lodgment for transfer, Transmission sub-division, Consolidation, renewal etc., if the documents are in order in all respects, in line with Schedule VII to the Listing Regulations and such modified share Certificates are delivered to the shareholders immediately.
- Compliance Certificate: Certificate from P S Rao & Associates, Company Secretaries, confirming compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 is attached to the Directors' Report and forms part of this 36<sup>th</sup> Annual Report
- **Address for correspondence : Mr. N.Sudhakar**  
Managing Director  
**Source Industries (India) Limited**  
H.No.6-3-668/10/20, First Floor, Durganagar Colony,  
Punjagutta, Near Balaji Temple Hyderabad-500082  
Phone: 040 – 42014389  
Email Id: source.investors@gmail.com  
Website: www.sourceindustriesindia.com
- **CEO & CFO certification :** The Executive Director of the Company gives annual certificates on financial reporting and internal controls to the board in accordance with Part B Schedule II of SEBI (Listing Obligations & Disclosure Requirements) 2015.

**Secretarial Audit:**

- a) M/s P S Rao & Associates, Practicing Company Secretaries have conducted a Secretarial Audit of the Company for the year 2019-20. Their Audit Report confirms that the Company has complied with the applicable provisions of the Companies Act and the Rules made there under, SEBI Listing

## Source Industries (India) Limited

Regulations and other laws applicable to the Company. The Secretarial Audit Report forms part of the Directors' Report.

- b) Pursuant to Regulation 40(9) of the SEBI Listing Regulations, certificates have been issued on a half yearly basis, by M/s P S Rao & Associates, Practicing Company Secretaries, certifying due compliance of share transfer formalities by the Company.
- c) M/s P S Rao & Associates, Practicing Company Secretaries carry out a quarterly Reconciliation of Share Capital Audit, to reconcile the total admitted capital with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the total issued and listed capital. The audit confirms that the total issued/ paid-up capital is in agreement with the aggregate of the total number of shares in physical form and the total number of shares in dematerialized form (held with NSDL and CDSL).
- d) The Company has complied with the Corporate Governance requirements specified in Regulations 17 to 27 and Regulation 46 (2) (b) to (i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details follow:

Regulation	Particulars of regulations	Compliance status (Yes/No)
17	Board of directors	Yes
18	Audit committee	Yes
19	Nomination and Remuneration committee	Yes
20	Stakeholders Relationship committee	Yes
21	Risk Management committee	NA
22	Vigil mechanism	Yes
23	Related party transactions	Yes
24	Corporate Governance requirements with respect to Subsidiary of listed entity	Yes
25	Obligations with respect to Independent directors	Yes
26	Obligation with respect to Directors and Senior Management	Yes
27	Other Corporate Governance requirements	Yes
46(2) (b) to (i)	Website	Yes

### 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 hereby certify that the Board members and senior management personnel of SOURCE INDUSTRIES (INDIA) LIMITED have affirmed compliance with the Code for the Financial Year 2019-2020.

**Sd/-**  
**N.Sudhakar**  
**Managing Director**  
**DIN: 06785232**

Place: Hyderabad  
Date: 27.08.2020

## Source Industries (India) Limited

### CHIEF EXECUTIVE OFFICER AND CHIEF FINANCE OFFICER OR MANAGING DIRECTOR CERTIFICATE:

I, N.Sudhakar, 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 31.03.2018.
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 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 violate of the Company's code of conduct.
4. We 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.

**Sd/-**  
**N.Sudhakar**  
**Managing Director**  
**DIN: 06785232**

Place: Hyderabad  
Date: 27.08.2020

**CERTIFICATE**

**(Pursuant to clause 10 of Part C of Schedule V of LODR)**

In pursuance of sub clause (i) of clause 10 of Part C of Schedule V of the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015; (LODR) in respect of Source Industries (India) Limited, having CIN: L45400TG1984PLC004777), we hereby certify that:

On the basis of the written representation/declaration received from the Directors and taken on record by the Board of Directors, as on 31<sup>st</sup> March, 2019, none of the Directors on the Board of the Company has been debarred or disqualified from being appointed or continuing as director of Companies by the SEBI / Ministry of Corporate Affairs or any such statutory authority.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on the basis of our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For P.S.Rao & Associates  
Company Secretaries**

**Sd/-  
Jineshwar Kumar Sankhala  
Company secretary  
M. No.:21697  
CP No.:18365  
UDIN:A021697B000623311**

**Place : Hyderabad  
Date: 27.08.2020**

## **Source Industries (India) Limited**

### **CERTIFICATE ON CORPORATE GOVERNANCE**

**To  
The Members,  
Source Industries (India) Limited**

We have examined the compliance of conditions of Corporate Governance by Source Industries (India) Limited ('the Company') for the year ended 31st March, 2019 as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') as referred to in Regulation 15 (2) of the Listing Regulations.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring 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 abovementioned Listing Regulations.

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 P.S.Rao & Associates  
Company Secretaries**

**Sd/-  
Jineshwar Kumar Sankhala  
Company secretary  
M. No.:21697  
CP No.:18365  
UDIN:A021697B000623311**

**Place : Hyderabad  
Date: 27.08.2020**

**Form No. MGT- 9**  
**EXTRACT OF ANNUAL RETURN AS**  
**ON THE FINANCIAL YEAR ENDED ON 31st MARCH 2020**  
[Pursuant to section 92 (3) of the Companies Act, 2013 and rule 12 (1) of the  
Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

<b>CIN</b>	L45400TG1984PLC004777
<b>Registration Date</b>	12-06-1984
<b>Name of the Company</b>	SOURCE INDUSTRIE (INDIA) LIMITED
<b>Category/Sub-Category of the Company</b>	Public Company/ Limited by Shares
<b>Address of the Registered office and contact details</b>	H.No.6-3-668/10/20, First Floor, Durganagar Colony Punjagutta, Near Balaji Temple Hyderabad-500082, Telangana
<b>Whether listed company</b>	Yes
<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	M/s. Bigshare Services Private Limited, Flat No. 306, right wing, 3rd floor, Amrutha Ville, Opp: Yashodha Hospital, Somajiguda, Rajbhavan Road, Hyderabad-500082

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

<b>Sr.No.</b>	<b>Name and Description of main products/ services</b>	<b>NIC Code of the product/ service</b>	<b>% to total turnover of the company</b>
1	Manufacturing of Textile	131	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES - NIL**

<b>Sr. No.</b>	<b>Name And Address of The Company</b>	<b>CIN/GLN</b>	<b>Holding/ Subsidiary /Associate</b>	<b>% of shares held</b>	<b>Applicable Section</b>
-	-	-	-	-	-

## Source Industries (India) Limited

<b>IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)</b>									
<b>A. Category-wise Share Holding</b>									
Category of	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Promoter									
Indian									
Individual/ HUF	0	1486210	1486210	13.03	0	1486210	1486210	13.03	0
Central Govt									
State Govt (s)									
Bodies Corp									
Banks / FI									
Any Other									
Sub-total(A)(1):-	0	1486210	1486210	13.03	0	1486210	1486210	13.03	0
Foreign									
NRIs-Individuals									
Other-Individuals									
Bodies Corp.									
Banks / FI									
Any Others	0	0	0	0	0	0	0	0	0
<b>Sub-total(B)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Public Shareholding									
Institutions									
Mutual Funds									
Banks / FI									
Central Govt									
State Govt(s)									
Venture Capital Funds									
Insurance Companies									
FIs									
Foreign Venture Capital Funds									
Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-total(B)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>2. Non Institutions</b>									
Bodies Corp.	23909	1186700	1210609	10.62	23709	1186700	1210409	10.62	0
Individual									
(i) Individual shareholders holding nominal share capital upto Rs. 2 lakh	357367	3519401	3876768	34.00	364926	3510201	3875127	33.98	(0.02)
(ii) Individual shareholders holding nominal share capital in excess of Rs 2 lakh	3178823	1650000	4828823	42.35	3178823	1650000	4828823	42.35	0
<b>Others (NRI)</b>	<b>300</b>	<b>100</b>	<b>400</b>	<b>0</b>	<b>300</b>	<b>100</b>	<b>400</b>	<b>0.00</b>	<b>0</b>
HUF	0	0	0	0	1825	0	1825	0	0
Clearing Member	300	0	300	0.00	316	0	316	0.00	0
<b>Sub-total(B)(2)</b>	<b>3560699</b>	<b>6356201</b>	<b>9916900</b>	<b>86.97</b>	<b>3569899</b>	<b>6347001</b>	<b>9336900</b>	<b>86.97</b>	<b>0</b>
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>									
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>1724999</b>	<b>9678111</b>	<b>11403110</b>	<b>100</b>	<b>3560699</b>	<b>7852611</b>	<b>11403110</b>	<b>100</b>	<b>0</b>



**Source Industries (India) Limited**

<b>B. Shareholdings of Promoters:</b>								
SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	%of total Shares of the company	% of Shares Pledges/ encumbered to total shares	No of Shares	%of total Shares of the company	% of Shares Pledges/ encumbered to total shares	
1	Lalit Kumar Gupta	156100	1.37	0	156100	1.37	0	0
2	Ritesh Kumar Gupta	380310	3.34	0	380310	3.34	0	0
3	Lakshmi Gupta	325300	2.85	0	325300	2.85	0	0
4	Akshay Kumar Gupta	315400	2.77	0	315400	2.77	0	0
5	Adarsh Kumar Gupta	309100	2.71	0	309100	2.71	0	0
<b>C) Change in Promoters' Shareholding (please specify, if there is no change)</b>								
Sl. No	Particulars	Shareholding at the beginning of the Year		Cumulative Shareholding during the year				
		No. of Shares	% of total Shares of the Company	No. of Shares	% of total Shares of the Company			
1	At the beginning of the year	1486210	13.03	1486210	13.03			
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc.):	NO CHANGE DURING THE YEAR						
3	At the end of the year	1486210	13.03	1486210	13.03			

## Source Industries (India) Limited

### *D. Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):*

S.No	Name	Share Holding		Date	Increase / Decrease in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2019 to 31.03.2020)	
		No. of Shares at the Beginning (01.04.2019) / end of the year (31.03.2020)	% of total Shares of the Company				No. of Shares	% of total Shares of the Company
1	SAINAREN PROPERTIES PRIVATE LIMITED	1180000	10.35	01.04.2019		Nil movement during the year		
					0			
		1180000	10.35	31.03.2020				
2	D V V PRASAD CHADALAWADA	646425	5.67	01.04.2019		Purchase		
					0			
		646425	5.67	31.03.2020				
3	Y V KRISHNA RAO	524400	4.60	01.04.2020		Nil movement during the year		
					0			
		524400	4.60	31.03.2020				
4	G. RAVISHANKAR	497600	4.36	01.04.2019		Nil movement during the year		
					0			
		497600	4.36	31.03.2020				
5	MEENA JAIN	400000	3.51	01.04.2019		Nil movement during the year		
					0			
		400000	3.51	31.03.2020				
6	PRASADA RAO KALLURI	400000	3.51	01.04.2019		Nil movement during the year		
					0			
		400000	3.51	31.03.2020				
7	NITIN SIDDAMSETTY	381471	3.35	01.04.2019		Nil movement during the year		
					0			
		381471	3.35	31.03.2020				
8	KANCHARLA LAKSHMINARAYANA	240000	2.10	01.04.2019		Nil movement during the year		
		240000	2.10	31.03.2020				

**Source Industries (India) Limited**

9	LAKSHMI SATYASRI NEKKANTI	200000	1.75	01.04.2019		Nil movement during the year		
					0			
		200000	1.75	31.03.2020				
10	N VERA VANKATA LAKSHMI	200000	1.75	01.04.2019		Nil movement during the year		
					0			
		200000	1.75	31.03.2020				
11	SATISH KUMAR TONDAPU	200000	1.75	01.04.2019		Nil movement during the year		
					0			
		200000	1.75	31.03.2020				
12	GRANDHI VITTAL	200000	1.75	01.04.2019		Nil movement during the year		
					0			
		200000	1.75	31.03.2020				

**E. Shareholding of Directors and Key Managerial Personnel:**

Sl. No	Name	Shareholding		Cumulative Shareholding during the year (01-04-19 to 31-03-20)	
		No. of Shares at the beginning (01-04-19)/ end of the year (31-03-20)	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	N. SUDHAKAR	0	0	0	0
2	LAKSHMI NEKKANTI SATYASRI	200000	1.75	200000	1.75
3	JAYMAHADEV YERRAMSHETTI	0	0	0	0
4	MALLIKARJUNA RAO YERAPPAGADDA	0	0	0	0
5	venu babu	0	0	0	0
6	GARIMA GANGWANI	0	0	0	0

## Source Industries (India) Limited

### V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Amount in Rs.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total ( i + ii + iii )</b>				
<b>Change in Indebtedness during the financial year</b>				
• Addition				
• Reduction				
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total ( i + ii + iii )</b>				

NIL

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SNo	Particulars of Remuneration	Name of Managing Director	Total Amount
1.	Gross Salary	Executive Director	
	( a ) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961		
	( b ) Value of perquisites u/s 17(2) Income Tax Act, 1961		
	( c ) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission		
	• As a % of profit		
	• Others, specify		
5.	Others please specify (Performance Pay)		
	<b>Total A</b>		
	Ceiling as per the Act		

NIL

**Source Industries (India) Limited**

**B. Remuneration to other directors**

SNo	Particulars of Remuneration	Name of Directors	Total Amount
<b>1.</b>	<b>Independent Directors</b>		
	Fee for attending Board Committee Meetings Commission Others please specify		
	<b>Total ( 1 )</b>		
<b>2.</b>	<b>Others Non Executive Directors</b>		
	Fee for attending Board Committee Meetings Commission Others please specify	<b>NIL</b>	
	<b>Total ( 2 )</b>		
	<b>Total (B) = (1 + 2)</b>		
	Total Managerial Remuneration		
	Overall Ceiling as per the Act		

**C. Remuneration to key managerial personnel other than MD/Manager/WTD**

SNo	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1.	Gross Salary		1,05,000		1,05,000
	( a ) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961				
	( b ) Value of perquisites u/s 17(2) Income Tax Act, 1961				
	( c ) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - As a % of profit - Others, specify ...				
5.	Others please specify				
	<b>Total</b>		1,05,000		1,05,000

**Source Industries (India) Limited**

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act.	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority (RD/ NCLT/ Court)	Appeal made if any (give details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			<b>NIL</b>		
Compounding					
<b>C. OTHERS OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

**Information pursuant to Section 197 of the Act Read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.**

- A. **The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary during the financial year 2019-20 and Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2019-20:**

Name of the Director/ Key Managerial Personnel	Remuneration of Director KMP for the financial year 2019-20	% increase in Remuneration in the financial remuneration of	Ratio of the remuneration to the median the employees
Sangita Bastawadi	75000	-	1.25
Garima Gangwani	30000		

Note: The median remuneration of employees of the Company during the financial year was Rs.60000/-

- B. The percentage increase in the median remuneration of employees in the financial year: 20%
- C. The number of permanent employees on the rolls of company: 5
- D. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average decrease in the salaries of employees other than the managerial personnel in 2019-20 was 10.58%. The Percentage increase in the managerial remuneration for the same financial year was Nil.

- E. Affirmation that the remuneration is as per the remuneration policy of the company.

It is hereby affirmed that the remuneration paid to the Directors and Key Managerial Personnel are as per the Nomination and Remuneration Policy of the Company.

**By order of the Board  
For Source Industries (India) Limited**

**Sd/-  
Sudhakar Navath**  
Managing Director  
(DIN: 06785232)

**Sd/-  
Jaya Mahadev Yerramsetti**  
Director  
(DIN: 06661103)

Place: Hyderabad  
Date: 27th August 2020

## Source Industries (India) Limited

### INDEPENDENT AUDITOR'S REPORT

**To**  
**The Members of**  
**Source Industries (India) Limited**

#### **Report on the Audit of the Ind AS Financial Statements**

#### **Opinion**

We have audited the accompanying financial statements of Source Industries (India) Limited ("the Company"), which comprise the Balance Sheet as on 31st March, 2020 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, and its Loss, its total comprehensive Loss, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### **Information Other than the Financial Statements and Auditor's Report thereon**

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report, but does not include the financial statements and our auditor's report thereon.
- Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.



- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

## Source Industries (India) Limited

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197 of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

## Source Industries (India) Limited

- i. The Company does not have any pending litigations to which would have an impact on its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Ramasamy Koteswara Rao and Co LLP,**  
Chartered Accountants  
Firm Registration Number: 010396S/S200084

**(Murali Krishna Reddy Telluri)**  
Partner  
Membership No.223022  
UDIN: 20223022AAAAII4685

Place: Hyderabad  
Date: 25-06-2020

## Source Industries (India) Limited

### **Annexure-A to the Auditors' Report (referred to in paragraph 1 of our Report of even date to the Members of "Source Industries (India) Limited" for the year ended 31<sup>st</sup> March, 2020)**

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that;

- i. The Company doesn't have Fixed Assets. Thus, paragraph 3(i) of the Order is not applicable to the company.
- ii. The Company does not hold any physical inventory. Thus, paragraph 3(ii) of the Order is not applicable to the company.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- iv. The Company has neither granted loans nor made any investment. Hence provisions of sec 185 & 186 of Companies Act, 2013 are not applicable.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- vi. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the operations of the Company.
- vii. (a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally irregular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Duty of Excise, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2020 for a period of more than six months from the date on when they become payable.  
  
(b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, Goods and Service Tax outstanding on account of dispute.
- viii. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.
- ix. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or on the company by the officers and employees of the Company has been noticed or reported during the year.

## Source Industries (India) Limited

- xi. Based upon the audit procedures performed and the information and explanations given by the management, the provisions of section 197 read with Schedule V to the Companies Act are complied.
- xii. In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and hence not commented upon.
- xv. According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company and hence not commented upon.

**For Ramasamy Koteswara Rao and Co LLP,**  
Chartered Accountants  
Firm Registration Number: 010396S/S200084

**(Murali Krishna Reddy Telluri)**  
Partner  
Membership No.223022  
UDIN: 20223022AAAAII4685

Place: Hyderabad  
Date: 25-06-2020

## **Source Industries (India) Limited**

### **ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF SOURCE INDUSTRIES (INDIA) LIMITED**

#### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

To the Members of **Source Industries (India) Limited**

We have audited the internal financial controls over financial reporting of Source Industries (India) Limited ("the Company") as of 31<sup>st</sup> March, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

## Source Industries (India) Limited

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For Ramasamy Koteswara Rao and Co LLP,**  
Chartered Accountants  
Firm Registration Number: 010396S/S200084

**(Murali Krishna Reddy Telluri)**  
Partner  
Membership No.223022  
UDIN: 20223022AAAAII4685

Place: Hyderabad  
Date: 25-06-2020

## Source Industries (India) Limited

<b>Balance Sheet as at 31st March 2020</b>			
			(Amount in ₹)
Particulars	Notes	March 31, 2020	March 31, 2019
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, Plant and Equipment		-	-
(b) Capital work-in-progress		-	-
(c) Other assets		-	-
(d) Financial Assets			
(i) Investments		-	-
(e) Deferred tax assets (net)		-	-
(f) Other non-current assets		-	-
<b>Total non current assets</b>		<b>-</b>	<b>-</b>
<b>(2) Current Assets</b>			
(a) Financial Assets			
(i) Trade receivables	2	1,50,00,000	1,50,00,000
(ii) Cash and cash equivalents	3	3,77,068	20,36,930
(iii) Loans and advances	4	1,90,80,000	1,90,80,000
(b) Other current assets	5	1,62,04,413	1,59,67,774
<b>Total current assets</b>		<b>5,06,61,481</b>	<b>5,20,84,704</b>
<b>TOTAL ASSETS</b>		<b>5,06,61,481</b>	<b>5,20,84,704</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>(1) Equity</b>			
(a) Equity share capital	6	11,40,31,100	11,40,31,100
(b) Other equity	7	(6,58,41,566)	(6,44,25,843)
<b>Total equity</b>		<b>4,81,89,534</b>	<b>4,96,05,257</b>
<b>(3) Non current liabilities</b>			
(a) Financial liabilities			
(i) Other financial liabilities		-	-
(b) Deferred tax liability		-	-
(c) Provisions		-	-
(d) Other liabilities		-	-
<b>Total Non Current Liabilities</b>		<b>-</b>	<b>-</b>
<b>(4) Current liabilities</b>			
(a) Financial liabilities			
(i) Trade payables	8	30,000	60,000
(ii) Other financial liabilities	9	20,00,000	20,00,000
(b) Other current liabilities	10	4,41,947	4,19,447
(c) Short-term provisions		-	-
(d) Liabilities for current tax (net)		-	-
<b>Total Current liabilities</b>		<b>24,71,947</b>	<b>24,79,447</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>5,06,61,481</b>	<b>5,20,84,704</b>
Notes forming part of the financial statements		1 - 17	
As per our report of even date attached			
<b>For Ramasamy Koteswara Rao and Co LLP</b>		<b>For and on behalf of the Board of Directors</b>	
Chartered Accountants			
Firm Regn. No. 010396S/S200084			
<b>Sd/-</b>	<b>Sd/-</b>	<b>Sd/-</b>	
<b>Murali Krishna Reddy Telluri</b>	<b>Sudhakar Navath</b>	<b>Jaya Mahadev Yerramsetti</b>	
Partner	Managing Director	Director	
Membership No. 223022	DIN 06785232	(DIN: 06661103)	
UDIN:20223022AAAAI14685			
Place: Hyderabad		<b>Sd/-</b>	
Date : 25-06-2020		<b>Garima Gangwani</b>	
		Company Secretary	



**Source Industries (India) Limited**

<b>Statement of Profit and Loss for the year ended 31st March 2020</b>			
			(Amount in ₹)
<b>Particulars</b>	<b>Notes</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>Revenue</b>			
I. Revenue from Operations	11	8,92,490	7,87,440
II. Other income	12	36,639	5,16,375
<b>III. Total Income (I+II)</b>		<b>9,29,129</b>	<b>13,03,815</b>
<b>IV. Expenses</b>			
Cost of raw materials consumed		-	-
Employee Benefits Expenses	13	3,15,000	4,20,000
Depreciation and Amortization Expenses		-	-
Finance costs	14	16,341	13,523
Other Expenses	15	20,13,511	18,82,130
<b>Total Expenses (IV)</b>		<b>23,44,852</b>	<b>23,15,653</b>
<b>V. Profit/(loss) before Tax (III - IV)</b>		<b>(14,15,723)</b>	<b>(10,11,838)</b>
<b>VI. Tax expense:</b>			
1. Current tax			-
2. Deferred tax		-	-
3. MAT credit			-
<b>VII. Profit/(Loss) for the year</b>		<b>(14,15,723)</b>	<b>(10,11,838)</b>
<b>VIII. Other comprehensive income</b>			
A. (i) Items that will not be reclassified to profit or loss			
Remeasurement of Investments		-	-
Remeasurements of leave encashment on employee benefits		-	-
(ii) Items that will be reclassified to profit or loss			
Foreign currency translation differences		-	-
B (i) Income tax relating to items that will not be reclassified to profit or loss		-	-
Total other comprehensive income net of taxes		-	-
<b>IX. Total comprehensive income for the period</b>		<b>(14,15,723)</b>	<b>(10,11,838)</b>
<b>X. Earnings per equity share</b>			
1. Basic		(0.13)	(0.09)
2. Diluted		(0.13)	(0.09)
Notes forming part of the financial statements	1-17		
As per our report of even date attached			
<b>For Ramasamy Koteswara Rao and Co LLP</b>		<b>For and on behalf of the Board of Directors</b>	
Chartered Accountants			
Firm Regn. No. 010396S/S200084			
<b>Murali Krishna Reddy Telluri</b>	<b>Sd/-</b>	<b>Sd/-</b>	<b>Sd/-</b>
Partner	<b>Sudhakar Navath</b>	<b>Jaya Mahadev Yerramsetti</b>	Director
Membership No. 223022	Managing Director	Director	(DIN: 06661103)
UDIN:20223022AAAAII4685	DIN 06785232		
Place: Hyderabad	<b>Sd/-</b>	<b>Sd/-</b>	
Date : 25-06-2020	<b>Garima Gangwani</b>	<b>Garima Gangwani</b>	
		Company Secretary	

## Source Industries (India) Limited

<b>Cash Flow Statement For The Year Ended 31-03-2020</b>		(Amount in ₹)
<b>Particulars</b>	<b>March 31, 2020</b>	<b>March 31, 2019</b>
<b>A. Cash Flows From Operating Activities:</b>		
Net Profit before tax	(14,15,723)	(10,11,838)
Adjustments for:		
Less: 1. Depreciation(Net)	-	-
2. Raw Material written off	-	-
<b>Changes in current assets and liabilities</b>	<b>(14,15,723)</b>	<b>(10,11,838)</b>
Adjustments for Working Capital		
Inventories		
Debtors	-	-
Loans & Advances	-	20,20,000
Other Current Assets	(2,36,639)	(23,75,000)
Short term Borrowings	-	-
Trade Payables	(30,000)	(1,20,000)
Other Current Liabilities	22,500	8,484
<b>Cash used(-)/(+)generated from operating activities (a)</b>	<b>(16,59,862)</b>	<b>(14,78,354)</b>
<b>B. Cash Flows From Investing Activities:</b>		
Investment in Shares of Leo Meridean	-	-
<b>Cash used(-)/(+)generated in investing activities (b)</b>	<b>-</b>	<b>-</b>
<b>C. Cash Flows From Financing Activities:</b>		
Increase in Investments		
<b>Cash used(-)/(+)generated in financing activities (c)</b>	<b>-</b>	<b>-</b>
<b>D. Net increase(+)/decrease (-) in cash and cash equivalents (d=a+b+c)</b>	<b>(30,75,585)</b>	<b>(24,90,192)</b>
<b>E. Cash &amp; Equivalent at the beginning of the year (e)</b>	<b>20,36,930</b>	<b>35,15,284</b>
<b>F. Cash &amp; Equivalent at the end of the year (f = d+e)</b>	<b>3,77,068</b>	<b>20,36,930</b>
<b>Cash &amp; Cash Equivalents comprise:</b>		
Cash in Hand	2,06,350	3,72,596
Balance with Banks in Current A/c	1,70,718	16,64,334
Balance with Banks in Deposit A/c	-	-
<b>Total Cash &amp; Cash Equivalents :</b>	<b>3,77,068</b>	<b>20,36,930</b>
As per our Report of even date		
<b>For Ramasamy Koteswara Rao and Co LLP</b>		<b>For and on behalf of the Board of Directors</b>
Chartered Accountants		
Firm Regn. No. 010396S/S200084		
<b>Sd/-</b>	<b>Sd/-</b>	<b>Sd/-</b>
<b>Murali Krishna Reddy Telluri</b>	<b>Sudhakar Navath</b>	<b>Jaya Mahadev Yerramsetti</b>
Partner	Managing Director	Director
Membership No. 223022	DIN 06785232	(DIN: 06661103)
UDIN:20223022AAAAI4685		
Place: Hyderabad	<b>Sd/-</b>	
Date : 25-06-2020	<b>Garima Gangwani</b>	
	Company Secretary	

**Statement of changes in equity**

**A. Equity share capital**

<b>Particulars</b>	<b>Number</b>	<b>in Rs.</b>
Balance as on 1 April 2018	1,14,03,110	11,40,31,100
Changes in equity share capital during the year	-	-
Balance as on 31 March 2019	1,14,03,110	11,40,31,100
Changes in equity share capital during the year	-	-
Balance as on 31 March 2020	1,14,03,110	11,40,31,100

**B. Other Equity**

Particulars	General Reserve	Investment subsidy	Securities Premium Reserve	Retained Earnings	Total Other Equity attributable to Equity holders
<b>Opening Balance as at 1 April 2018</b>	<b>42,80,000</b>	-	<b>57,02,700</b>	<b>(7,33,96,705)</b>	<b>(6,34,14,005)</b>
Profit for the Year	-	-	-	(10,11,838)	(10,11,838)
Other Comprehensive income	-	-	-	-	-
Dividend tax and Interim Dividend	-	-	-	-	-
<b>Closing Balance as at 31 March 2019</b>	<b>42,80,000</b>	-	<b>57,02,700</b>	<b>(7,44,08,543)</b>	<b>(6,44,25,843)</b>
Balance as at 1 April 2018	42,80,000	-	57,02,700	(7,44,08,543)	(6,44,25,843)
Profit for the Year	-	-	-	(14,15,723)	(14,15,723)
Other Comprehensive income	-	-	-	-	-
Dividend tax and Interim Dividend	-	-	-	-	-
<b>Ind AS Closing Balance as at 31 March 2020</b>	<b>42,80,000</b>	-	<b>57,02,700</b>	<b>(7,58,24,266)</b>	<b>(6,58,41,566)</b>

**For Ramasamy Koteswara Rao and Co LLP**Chartered Accountants  
Firm Regn. No. 010396S/S200084**For and on behalf of the Board of Directors****Murali Krishna Reddy Telluri**  
Partner  
Membership No. 223022  
UDIN:20223022AAAAII4685**Sd/-**  
**Sudhakar Navath**  
Managing Director  
DIN 06785232**Sd/-**  
**Jaya Mahadev Yerramsetti**  
Director  
(DIN: 06661103)Place: Hyderabad  
Date : 25-06-2020**Sd/-**  
**Garima Gangwani**  
Company Secretary

**Source Industries (India) Limited**

<b>Notes forming part of financials statements</b>		
<b>Note 2</b>		(Amount in ₹)
Particulars	As at March 31, 2020	As at March 31, 2019
<b>Trade Receivables Unsecured</b>		
Considered good	1,50,00,000	1,50,00,000
Considered doubtful	1,50,00,000	1,50,00,000
Less: Allowances for doubtful debts	-	-
<b>Total</b>	<b>1,50,00,000</b>	<b>1,50,00,000</b>
<b>Note 3</b>		(Amount in ₹)
Particulars	As at March 31, 2020	As at March 31, 2019
<b>Cash and cash equivalents</b>		
(a) Balances with Banks		
- Current Accounts	1,70,718	16,64,334
- Deposit Accounts	-	-
- Cash on Hand	2,06,350	3,72,596
<b>Total</b>	<b>3,77,068</b>	<b>20,36,930</b>
<b>Note 4</b>		(Amount in ₹)
Particulars	As at March 31, 2020	As at March 31, 2019
<b>Financial Assets - Current Loans and Advances Unsecured, Considered Good</b>		
(i) Loans to employees	-	-
(ii) Advance for capital goods	1,90,80,000	1,90,80,000
<b>Total</b>	<b>1,90,80,000</b>	<b>1,90,80,000</b>
<b>Note 5</b>		(Amount in ₹)
Particulars	As at March 31, 2020	As at March 31, 2019
<b>Other current assets</b>		
Other receivables	1,62,00,749	1,59,67,774
TDS Receivable	3,664	
<b>Total</b>	<b>1,62,04,413</b>	<b>1,59,67,774</b>

## Source Industries (India) Limited

<b>Note 6</b>		(Amount in ₹)		
<b>Particulars</b>	<b>As at March 31, 2020</b>		<b>As at March 31, 2019</b>	
<b>Equity Share Capital</b>				
(i) Authorised 1,20,00,000 Equity shares of Rs 10 each		12,00,00,000		12,00,00,000
(ii) Issued Subscribed and fully paid up: 1,14,03,110 Equity Shares of Rs 10 each fully paid-up		11,40,31,100		11,40,31,100
<b>Total</b>		<b>11,40,31,100</b>		<b>11,40,31,100</b>
<b>i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:</b>				
<b>Particulars</b>	31-03- 2020		31-03- 2019	
	Number of Shares	Value of shares	Number of Shares	Value of shares
Equity Shares:				
Shares outstanding at the beginning of the year	1,11,40,311	11,14,03,110	1,11,40,311	11,14,03,110
Add: Issued and allotted during the year	-	-	-	-
Less: Shares bought back during the year	-	-	-	-
<b>Shares outstanding at the end of the year</b>	<b>1,11,40,311</b>	<b>11,14,03,110</b>	<b>1,11,40,311</b>	<b>11,14,03,110</b>
ii) Terms/Rights and restrictions attached to the equity shares:				
The Company has only one class of equity shares having a face value of Rs. 10/-. Each share holder is eligible for one vote per share held.				
<b>iii) The details of shareholder holding more than 5% shares in the Company:</b>				
<b>Particulars</b>	As at March 31, 2020		As at March 31, 2019	
	No. of Shares	in %	No. of Shares	in %
D V V Prasad Chandalawada	6,46,425	5.67%	6,46,425	5.67%
Sainaren Properties Private Limited	11,80,000	10.35%	11,80,000	10.35%
PGC Hydro Power Private Limited	6,70,000	5.88%	6,70,000	5.88%

**Source Industries (India) Limited**

<b>Note 7</b> (Amount in ₹)		
<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>Other Equity</b>		
(i) Capital Reserve	-	-
(ii) General Reserve	-	-
Opening balance	42,80,000	42,80,000
Transferred from retained earnings	-	-
<b>Total General Reserve</b>	<b>42,80,000</b>	<b>42,80,000</b>
(iii) Investment subsidy	-	-
(iv) Securities Premium Reserve	57,02,700	57,02,700
(v) Reserve for forfeited shares	-	-
(v) Other Reserves - Investment allowance Reserve	-	-
(vi) Retained Earnings		
Opening	(7,44,08,543)	(7,33,96,705)
Profit for the year	(14,15,723)	(10,11,838)
Less: Interim dividend for the year	-	-
Dividend tax	-	-
	(7,58,24,266)	(7,44,08,543)
<b>Total</b>	<b>(6,58,41,566)</b>	<b>(6,44,25,843)</b>
<b>Note 8</b> (Amount in ₹)		
<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>Trade and other payables</b>		
Trade Payables	-	-
Outstanding expenses	30,000	60,000
<b>Total</b>	<b>30,000</b>	<b>60,000</b>
<b>Note 9</b> (Amount in ₹)		
<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>Other financial liabilities</b>		
Loans & Advances	20,00,000	20,00,000
<b>Total</b>	<b>20,00,000</b>	<b>20,00,000</b>
<b>Note 10</b> (Amount in ₹)		
<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
<b>Other current liabilities</b>		
Statutory Liabilities	3,60,947	3,38,447
Audit fees payable	81,000	81,000
Other Liabilities	-	-
<b>Total</b>	<b>4,41,947</b>	<b>4,19,447</b>

## Source Industries (India) Limited

<b>Note 11</b> (Amount in ₹)		
<b>Particulars</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
<b>Revenue from Operations</b>		
Sale of Services	8,92,490	7,87,440
<b>Total</b>	<b>8,92,490</b>	<b>7,87,440</b>
<b>Note 12</b> (Amount in ₹)		
<b>Particulars</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
<b>Other Income</b>		
Interest Income	36,639	5,16,375
<b>Total</b>	<b>36,639</b>	<b>5,16,375</b>
<b>Note 13</b> (Amount in ₹)		
<b>Particulars</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
<b>Employee benefit expense</b>		
Salaries & Wages	3,15,000	4,20,000
Contribution to Provident and Other Funds	-	-
Managerial Remuneration	-	-
<b>Total</b>	<b>3,15,000</b>	<b>4,20,000</b>
<b>Note 14</b> (Amount in ₹)		
<b>Particulars</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
<b>Finance costs</b>		
Bank Charges	16,341	13,523
<b>Total</b>	<b>16,341</b>	<b>13,523</b>



**Source Industries (India) Limited**

<b>Note 15</b>			(Amount in ₹)
<b>Particulars</b>	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>	
<b>Other Expenses</b>			
Listing fee	5,66,096	4,95,612	
Secretarial charges	8,78,389	9,09,200	
Printing & Stationery	7,950	9,290	
Legal and Professional	3,25,000	2,22,222	
Office Maintenance	14,695	16,835	
Audit Fees	88,500	1,06,500	
Conveyance Exp	65,000	56,000	
Advertisement Charges	33,030	30,891	
Miscellaneous Expenses	14,291	21,545	
Postage & Telegram Expenses	4,975	6,560	
Professional Fees	-	-	
Registration & Filing Charges	-	-	
Telephone Expenses	-	7,475	
Website Maintenance Charges	15,000	-	
Provision for Tax defaults	585	-	
<b>Total</b>	<b>20,13,511</b>	<b>18,82,130</b>	

**Note 16 Related Party transactions**

<b>Sr. No.</b>	<b>Name of the Related Party</b>	<b>Relationship</b>
1	Mr. Sudhakar Navath	Chairman and Whole Time Director (Key Managerial Person)
2	Mr. Venubabu Munduri	Chief Financial Officer (Key Managerial Person)
3	Mrs. Jaya Mahadev Yerramsetti	Non Independent Director
4	Mr. Yerrapragada Mallikarjuna Rao	Independent Director
5	Mr. Lakshmi Satyasri Nekkanti	Independent Director
6	Mr. Sangita Bhupal Khidrapure	Company Secretary (Key Managerial Person)
7	Garima Gangwani	Company Secretary (Key Managerial Person)

**B. Related party Transactions for the year ended March 31, 2020:**

Amount In Rs.

<b>S.No.</b>	<b>Nature of transaction/ relationship/ major parties</b>	<b>Transactions</b>		<b>Balance Outstanding</b>	
		<b>2019-2020</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>2018-2019</b>
		<b>Amount</b>	<b>Amount</b>	<b>Amount</b>	<b>Amount</b>
1	Nil	-	-	-	-

## Source Industries (India) Limited

<b>C. List of Transactions with directors and key management personnel:</b>				
Sl. No	Particulars	Nature of transaction	Amount	
			FY 2019-20	FY 2018-19
1.	Sangita Bhupal Khidrapure	Remuneration	75000	1,80,000
2.	Sudhakar Navath	Conveyance	25000	-
3.	Garima Gangwani	Remuneration	30,000	-
<b>Remuneration paid to non-executive directors and independent directors</b>				
Sl. No	Particulars	Nature of transaction	Amount	
			FY 2019-20	FY 2018-19
1.	Yerrapragada Mallikarjuna Rao	Conveyance	20000	-
2.	Lakshmi Satyasri Nekkanti	Conveyance	20000	-
<b>Note 17 Earning per share</b> (Amount in ₹)				
Particulars		2019-20	2018-19	
Profit (Loss) for the year		(14,15,723)	(10,11,838)	
Weighted average no.of Equity shares		1,11,40,311	1,11,40,311	
Basic earning per share		(0.13)	(0.09)	
Diluted earning per share		(0.13)	(0.09)	
Notes forming part of the financial statements 1-17 As per our report of even date attached				
<b>For Ramasamy Koteswara Rao and Co LLP</b> Chartered Accountants Firm Regn. No. 010396S/S200084		<b>For and on behalf of the Board of Directors</b>		
<b>Murali Krishna Reddy Telluri</b> Partner Membership No. 223022 UDIN:20223022AAAAII4685		<b>Sd/-</b> <b>Sudhakar Navath</b> Managing Director DIN 06785232	<b>Sd/-</b> <b>Jaya Mahadev Yerramsetti</b> Director (DIN: 06661103)	
Place: Hyderabad Date : 25-06-2020		<b>Sd/-</b> <b>Garima Gangwani</b> Company Secretary		

**Corporate information**

Source Industries (India) Limited ('the company') is having the business of Textile. The Company was incorporated on 12th June, 1984 in Hyderabad and listed on BSE dated 22nd January, 2001.

The Financial statements for the year ended March 31, 2020 were approved by the Board of Directors and authorised for issue on 25th June, 2020.

**1 Significant Accounting Policies**

**1.1 Basis of preparation of financial statements**

These Financial statements have been prepared in accordance Indian Accounting Standards (Ind As) according to the notification issued by the Ministry of Corporate Affairs under section 133 of the Companies Act, 2013 ('the act') read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

**1.2 Use of Accounting Estimates**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of financial Statements, the reported amount of revenues and expenses during the reported period and disclosure of contingent liabilities. Management believes that the estimates used in the preparation of financial statements are prudent and reasonable. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in the current and future periods.

**1.3 Revenue recognition**

Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection.

Interest Income is recognised on an accrual basis.

**1.4 Property, plant and equipment & Capital work-in-progress**

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures directly attributable to the acquisition of the asset.

Capital work-in-progress comprises the cost of the fixed assets that are not yet ready for their intended use at the balance sheet date.

**1.5 Depreciation and Goodwill**

Depreciation is provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

The useful lives of assets are periodically reviewed and re-determined and the unamortised depreciable amount is charged over the remaining useful life of such assets. Assets costing Rs. 5,000/-and below are depreciated over a period of one year.

## Source Industries (India) Limited

### 1.6 Foreign Currency Transactions

The company translates all foreign currency transactions at Exchange Rates prevailing on the date of transactions. Exchange rate differences resulting from foreign exchange transactions settled during the year are recognized as income or expenses in the period in which they arise.

Monetary current assets and monetary current liabilities that are denominated in foreign currency are translated at the exchange rate prevalent at the date of the balance sheet. The resulting difference is also recorded in the income or expenses.

### 1.7 Taxes on Income

Income tax comprises current income tax and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

**a) Current income tax:** Current income tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities based on the taxable income for the period. The tax rates and tax laws used to compute the current tax amount are those that are enacted or substantively enacted by the reporting date and applicable for the period. The Company off sets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis or to realize the asset and liability simultaneously.

**b) Deferred tax:** Deferred tax asset and liabilities are measured at the tax rates that are expected to apply to the period when the asset / liability is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred Tax assets are recognized and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

### 1.8 Earning Per Share (EPS)

In determining earnings per share, the company considers the net profit after tax expense. The number of shares used in computing basic earnings per share is the weighted average shares used in outstanding during the period.

### 1.9 Investments

Long term unquoted investments are stated at cost & all other investments are carried at lower of cost or fair value.

### 1.10 Impairment of non-financial assets

The Company assess at each reporting date whether there is any indication that the carrying amount from non financial assets may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or Cash generating unit (CGU) exceeds its estimated recoverable amount in the statement of profit and loss.

Goodwill is tested annually for impairment. For the purpose of impairment testing, goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

**1.11 Provisions and Contingent Liabilities**

A Provision is recognized if, as a result of past event, the Company has a present legal or constructive obligation that is reasonably estimable, and it is probable that an outflow of economic benefits will be required to settle the present obligation. Provisions are determined by the best estimate of the outflow of economic benefits required to settle the obligation at the reporting date. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

**1.12 Financial Instruments**

A financial instrument is any contract that give rise to a financial asset of one entity and a financial liability or equity of another entity.

**Initial Recognition**

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

**Subsequent Measurement**

**Financial assets at fair value through other comprehensive income**

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved both by collection contractual cash flows on specified dates to cash flows that are solely payments of principal and interest on the amount outstanding and selling financial assets.

**Financial assets at fair value through Profit and Loss**

Financial assets are measured at fair value through profit and loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs that are directly attributable to the acquisition of financial assets and liabilities at fair value through profit and loss are immediately recognised in statement of profit and loss.

**Financial liabilities**

Financial liabilities are classified as measured at amortised cost or Fair Value Through Profit and Loss Account (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in statement of profit and loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit and loss. Any gain or loss on DE recognition is also recognised in statement of profit and loss.

## Source Industries (India) Limited

### **De-recognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for DE recognition as per Ind AS 109. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires.

### **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above are considered an integral part of the Company's cash management.

### **1.13 Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the company are segregated.

**E-VOTING**

**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 From 09.00 Hours Sunday, 27th September, 2020 to 17.00 Hours on Tuesday, 29th September, 2020. 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 23rd September 2020, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com) during the voting period
- (iii) Click on “Shareholders” tab.
- (iv) Now, select the “SOURCE INDUSTRIES (INDIA) LIMITED” from the drop down menu and click on “SUBMIT”
- (v) 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.
- (vi) Next enter the Image Verification as displayed and Click on Login.
- (vii) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (viii) If you are a first time user follow the steps given below:

<b>for Members holding shares in Demat Form and Physical Form</b>	
PAN	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• 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. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field</li> </ul>
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.
Bank	Dividend Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.
Details	<ul style="list-style-type: none"> <li>• 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 as mentioned in instruction (v).</li> </ul>

## Source Industries (India) Limited

- (ix) After entering these details appropriately, click on “**SUBMIT**” tab.
- (x) Members holding shares in physical form will then directly reach 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.
- (xi) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xii) Click on the **EVSN** for the relevant <Company Name> on which you choose to vote.
- (xiii) 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.
- (xiv) Click on the “**RESOLUTIONS FILE LINK**” if you wish to view the entire Resolution details.
- (xv) 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.
- (xvi) Once you “**CONFIRM**” your vote on the resolution, you will not be allowed to modify your vote.
- (xvii) You can also take out print of the voting done by you by clicking on “**Click here to print**” option on the Voting page.
- (xviii) If Demat account holder has forgotten the password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xix) Note for Institutional Shareholders
- 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 Corporate.
  - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- (xx) 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](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
14. 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.
15. The Company has appointed Mr. Jineshwar Kumar Sankhala, Practicing Company Secretary Hyderabad as Scrutinizer for conducting the e-voting process for the Annual General Meeting



**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 M/s. Source Industries (India) Limited.

I hereby record my presence at the 36th Annual General Meeting of the shareholders of M/s. Source Industries (India) Limited on Wednesday 30th September, 2020 at 10.00 A.M at Hotel Inner Circle, Raj Bhavan Rd, Somajiguda, Hyderabad, Telangana 500082, Telangana.

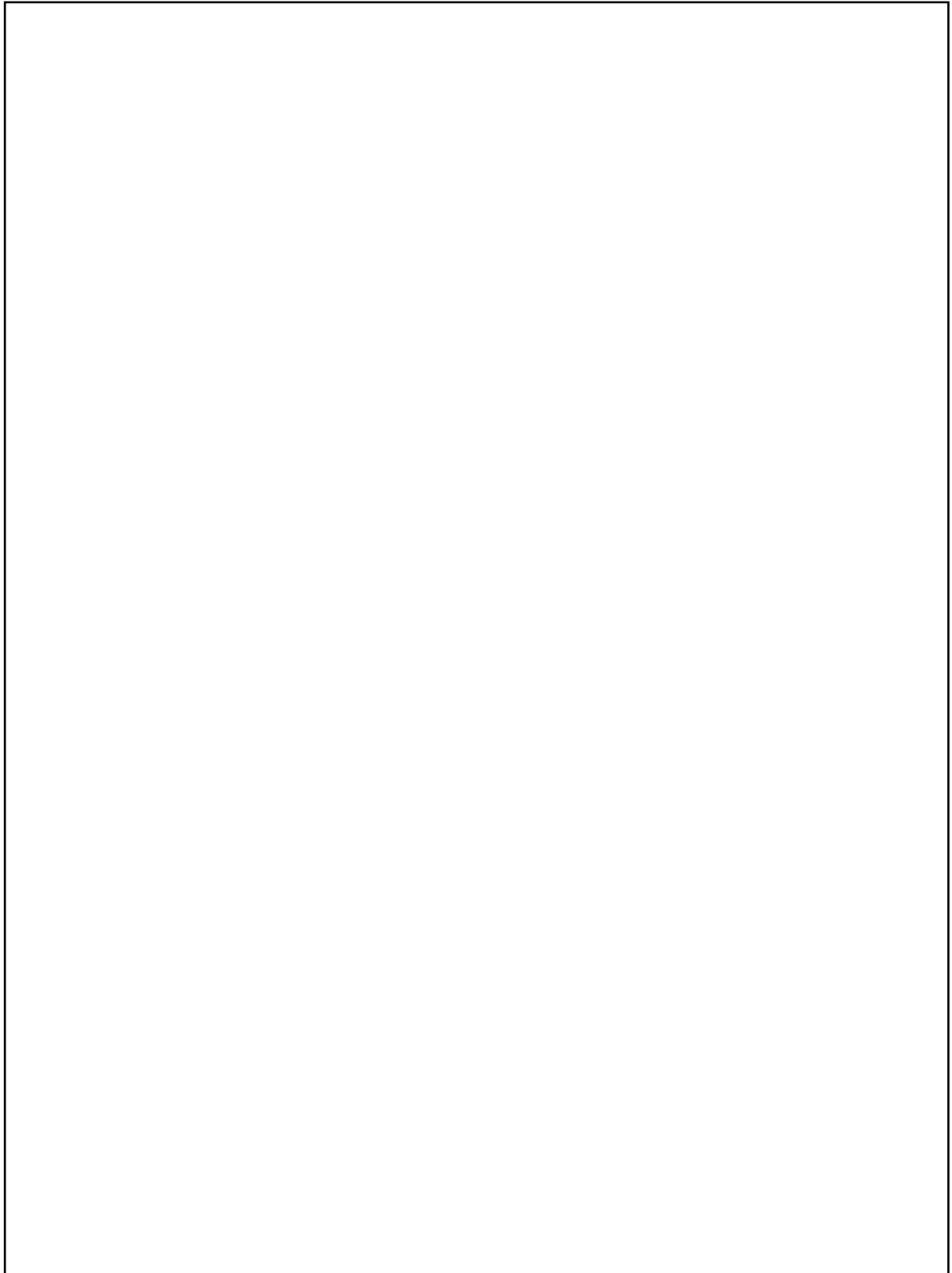
DP ID*	REG.FOLIO NO.
CLIENT ID*	NO OF SHARES

\*Applicable if shares are held in electronic form

Name and Address of Member

\_\_\_\_\_  
Signature of Shareholder  
Representative (Please Specify)

**Source Industries (India) Limited**



**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	H.No.6-3-668/10/20, First Floor, Durganagar Colony Punjagutta, Near Balaji Temple Hyderabad-500082		
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 36th 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:

Sl. No	Resolutions	For	Against
1	To receive, consider, approve and adopt the Audited Balance Sheet of the Company as at 31st March, 2020 and the Profit and Loss account for the year ended on that date and the Report of Directors' and the Auditors thereon.		
2.	To appoint a Director in place of Mr. Y Jaya Mahadev (DIN - 06661103) who retires by rotation, being eligible offers himself for re-appointment.		

Affix  
Revenue  
Stamp

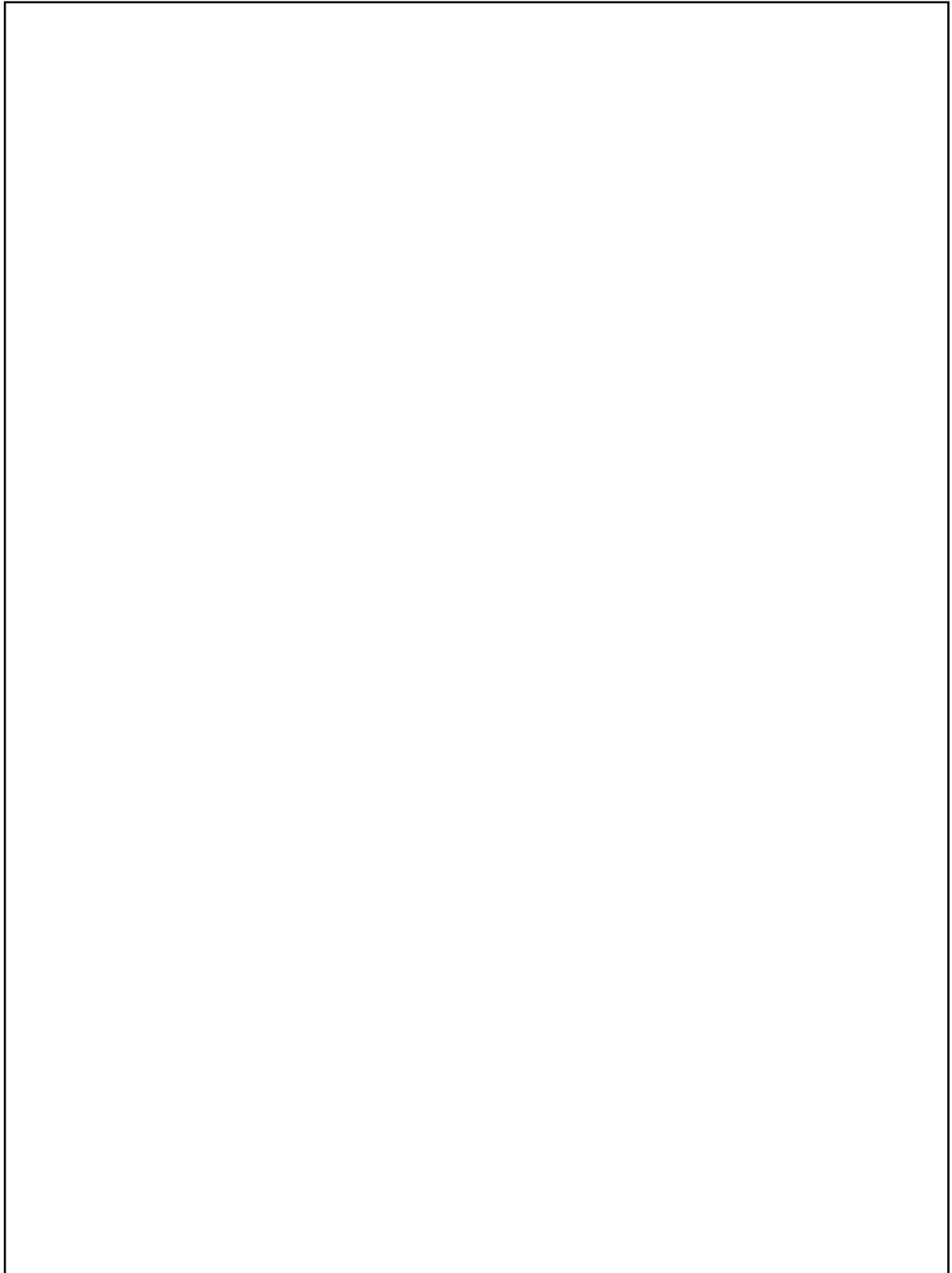
Signed this \_\_\_\_ day of \_\_\_\_\_ 2020.

Signature of shareholder:

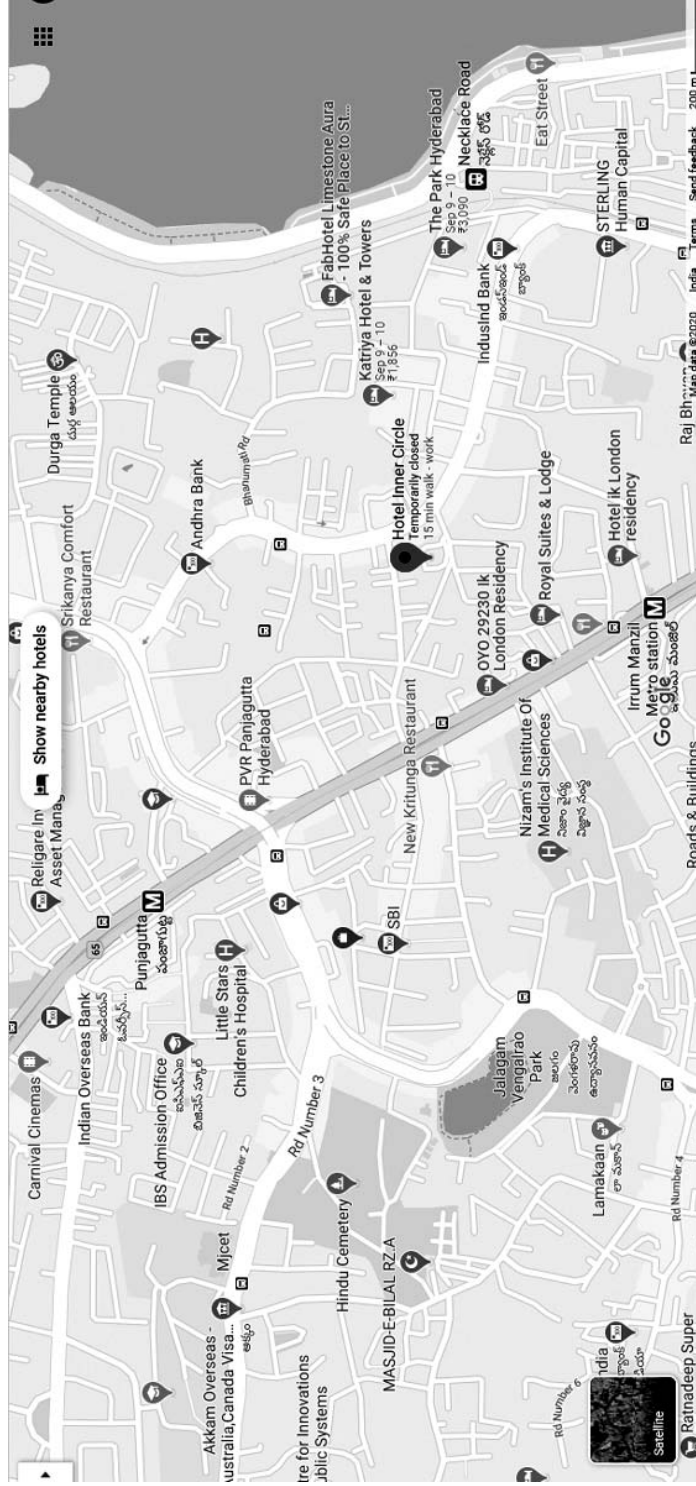
Signature of Proxy holder(s):

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**



# ROUTE MAP



**SOURCE INDUSTRIES (INDIA) LIMITED**

Registered Office

H.No. 6-3-668/10/20, First Floor,

Durganagar Colony, Punjagutta,

Near Balaji Temple, Hyderabad-500082