

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the **THIRTY FOURTH ANNUAL REPORT** together with the Audited Accounts of the Company for the year ended 31st March 2018.

FINANCIAL HIGHLIGHTS

(Amount in ₹.)

PARTICULARS	YEAR ENDED 31.03.2018	YEAR ENDED 31.03.2017
Revenue	1,041,520	153,954,185
Other Income	0.00	0.00
Total Income	1,041,520	53,954,185
Expenditure	2,452,741	153,744,983
Gross Profit / (Loss)	(1,411,221)	209,202
Less: Depreciation	-	-
Loss for the year before tax	(1,411,221)	209,202
Income tax	-	-
Deferred Tax	-	-
Profit / (Loss) after tax	(1,411,221)	209,202

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 1,041,520 as compared to last year turnover of Rs 153,954,185 and the Net loss is Rs (1,411,221) for financial year 2017-18 when compared to a Net Profit of Rs. 209,202 during the previous year

DIVIDEND:

Due to inadequate profits your Directors do not recommend any dividend for the Financial Year 2017-18

TRANSFER TO RESERVES:

The Company did not transfer any amount to the Reserves for the Financial Year ended March 31, 2018.

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.

Mr. Sudhakar Navath was appointed as a Managing Director of the Company in the meeting of the Board of Directors held on 14th September 2017 for a period of 3 years subject to the approval of the members in the General meeting, the proposed resolution for his appointment is placed before the Members in the ensuing Annual General meeting.

For Directors seeking appointment/re-appointment in the forthcoming 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 its member and public during the Financial Year.

BOARD MEETINGS:

The Company has conducted 4 board meetings during the year on following dates with a gap not exceeding 4 months between any two meetings 06.06.2018, 30.08.2017, 14.11.2018, and 08.02.2018,

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 MallikharjunaRao	- Chairman
Mrs. Lakshmi NekkantiSatyasri	- Member
Mr. Jaya MahadevYerramsetti	- Member

Nomination and Remuneration Committee

Mr. Y MallikharjunaRao	- Chairman
Mrs. Lakshmi NekkantiSatyasri	- Member
Mr. Jaya MahadevYerramsetti	- Member

Stakeholders Relationship Committee

Mr. Y MallikharjunaRao	- Chairman
Mrs. Lakshmi NekkantiSatyasri	- Member
Mr. Jaya MahadevYerramsetti	- 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 2017-18 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 2017-18 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 2017-18 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.

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,

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 2017-2018 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: 13th August 2018