Date: September 7, 2026

To,
Department of Corporate Services
BSE LIMITED,
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai – 400 001

Sub: Submission of Annual Report for the Financial Year 2025-26
Ref: Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015
Scrip Code: 521036

Dear Sir/Madam,

Pursuant to Regulation 34(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby enclose herewith the **42nd Annual Report of the Company for the Financial Year 2025-26**, along with the **Notice convening the 42nd Annual General Meeting** of the Members of the Company.

The Annual Report, along with the Notice of the 42nd Annual General Meeting, is also available on the Company's website at **www.sourceindustriesindia.com**.

This is for your information and necessary records.

Thanking you,

Yours truly,

For ARKA DEFENCE & LOCOMOTIVES LIMITED
(Formerly Source Industries (India) Limited)

Sudhir Reddy Posireddy
Digitally signed by Sudhir Reddy Posireddy
Date: 2026.09.07 13:15:54 +05'30'

Sudhir Reddy Posireddy
Chairman and Managing Director
(DIN: 02813098)

ARKA DEFENCE & LOCOMOTIVES LIMITED

(FORMERLY SOURCE INDUSTRIES (INDIA) LIMITED)

ON TRACK FOR A STRONGER TOMORROW

RAILS
POWER
PEOPLE
PROGRESS

42nd

ANNUAL REPORT

2025 - 2026


GPS Map Camera
Rourkela, Odisha, भारत
306/2, Railway Colony, Rourkela, Odisha
769013, भारत
Lat 22.228216° Long 84.856992°
शुक्रवार, 17/07/2026 08:17 AM GMT +05:30
Google

42nd Annual General Meeting

Wednesday 30th September, 2026
at 05.00 P.M
through Video Conferencing ("VC") /
Other Audio Visual Means
("OAVM")

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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Sudhir Reddy Posireddy	:	Chairman and Managing Director
Mr. Naraharisetty Mohan Krishna	:	Whole-time Director
Mrs. Ramreddy Swathi	:	Whole-time Director
Mr. Raja Suman Karingula	:	Independent Director
Mr. Raju Koyyala	:	Independent Director
Mr. Venkata Srinivasan Kodakalla	:	Independent Director
Mr. Vishweshwara Rao Kothapalli	:	Chief Financial Officer
Ms. Tulika Srivastav	:	Company Secretary (till 31.12.2025)*

CIN

CIN-L45400TG1984PLC004777

LISTED AT

BSE Limited

REGISTERED OFFICE

1B, Meenakshi Tech Park, 11th Floor Block C,
Phase 2, OppositeDeloitte, Gachibowli,
Hyderabad, Telangana 500032
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

M/s. MMRS and CO
Chartered Accountants Hyderabad

STATUTORY AUDITORS

M/s PRSV & Co. LLP
Chartered Accountants
Hyderabad

BOARD OF COMMITTEES

AUDIT COMMITTEE:

Mr. RAJU KOYYALA (Chairman)
Mr. RAJA SUMAN KARINGULA
Mr. SUDHIR REDDY POSIREDDY

STAKEHOLDERS RELATIONSHIP COMMITTEE:

Mr. RAJU KOYYALA (Chairman)
Mr. RAJA SUMAN KARINGULA
Mr. VENKATA SRINIVASAN KODAKALLA

NOMINATION AND REMUNERATION COMMITTEE:

Mr. RAJU KOYYALA (Chairman)
Mr. RAJA SUMAN KARINGULA
Mr. VENKATA SRINIVASAN KODAKALLA

NOTICE

Notice is hereby given that the 42nd Annual General Meeting of the members of the Company will be held on Wednesday 30th September 2026 at 5:00 P.M through Video Conferencing (“VC”) / Other Audio-Visual Means (“OAVM”) facility 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, 2026 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. Sudhir Reddy Posireddy (DIN- 02813098), who retires by rotation, being eligible offers himself for re-appointment .

3. **APPOINTMENT OF NEW STATUTORY AUDITORS TO FILL THE CASUAL VACANCY**

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

   “RESOLVED THAT pursuant to the provisions of Section 139(8) and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), and as recommended by the Audit Committee and the Board of Directors of the Company, M/s. Suresh Surana & Associates LLP, Chartered Accountants (121750W/W100010), Chartered Accountants be and are hereby appointed as the Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s. P R S V & Co. LLP, Chartered Accountants "

   “RESOLVED FURTHER THAT M/s. Suresh Surana & Associates LLP,Chartered Accountants shall hold office as the Statutory Auditors of the Company from the conclusion of this Annual General Meeting until the conclusion of 47th Annual General Meeting of the Company, at such remuneration as may be mutually agreed between the Board of Directors and the Statutory Auditors, plus applicable taxes and reimbursement of out-of-pocket expenses in connection with Audit."

   “RESOLVED FURTHER THAT the Board of Directors of the Company (including any Committee thereof authorized for this purpose) be and is hereby authorized to do all such acts, deeds, matters, and things as may be necessary, expedient, or desirable to give effect to this resolution, including filing the necessary electronic form (Form ADT-1) with the Registrar of Companies (ROC), Hyderabad.”

By order of the Board
For Arka Defence & Locomotives Limited
(Formerly Source Industries (India) Limited)

Sd/-
Sudhir Reddy Posireddy
Chairman and Managing Director
(DIN: 02813098)

Place: Hyderabad
Date: 05.09.2026

NOTES FOR MEMBERS:

1. In continuation to the General Circular No. 14/2020 dated 08.04.2020, General Circular No. 03/2022 dated 05.05.2022 and General Circular No. 11/2022 dated 28.12.2022, General Circular No. 09/2023 dated 25.09.2023, General Circular No. 09/2024 dated 19.09.2024 and after due examination the Ministry of Corporate Affairs vide General Circular No. 03/2025 dated 22.09.2025 has allowed Companies to conduct their Annual General Meetings (AGM) through Video Conference (VC) or Other Audio Visual Means (OAVM) in accordance with the framework provided in the aforesaid Circulars, till further orders. All other requirements provided in the said Circulars remain unchanged.

   The forthcoming Annual General Meeting ("AGM") of the Company will thus be held through Video Conferencing (VC) or Other Audio-Visual Means (OAVM). Hence, Members can attend and participate in the ensuing e-AGM through VC/OAVM. The deemed venue of the Annual General Meeting shall be the Registered office of the Company i.e., 1B, Meenakshi Tech Park, 11th Floor Block C, Phase 2, Opposite Deloitte, Gachibowli, Hyderabad, Telangana 500032.

   Members may address all the correspondences relating to Physical Shares, unclaimed shares, change of address, share transfer, transmission, nomination etc. to the Company/ RTA at the below mentioned addresses:

   (i) **Registrar & Transfer Agents: M/s. Bigshare Services Pvt. Ltd.,** 306, Right Wing, Amrutha Ville, Opp. Yashodha Hospital, Somajiguda, Raj Bhavan Road, Hyderabad - 500082, Tel.: 040 4014 4967, Email Id.: bsshyd@bigshareonline.com.

   (ii) **Registered office of the Company: M/s. Arka Defence & Locomotives Limited** (Formerly Source Industries (India) Limited), 1B, Meenakshi Tech Park, 11th Floor Block C, Phase 2, Opposite Deloitte, Gachibowli, Hyderabad, Telangana 500032, Email: sourceinvestors@gmail.com.

2. The Company has enabled the Members to participate at the e-AGM through VC/OAVM. The Company has appointed **CDSL** to provide VC/OAVM facility for the e-AGM. The instructions for participation by Members are given in the subsequent paragraphs. Participation at the e-AGM through VC/OAVM shall be allowed up to 1000 members on a first-come-first-served basis.

3. No restrictions on account of first-come-first-served entry into e-AGM in respect of large shareholders (shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc.

4. As per the provisions under the MCA Circulars, Members attending the e-AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

5. For receiving all communications from the Company electronically, members are requested to follow the below instructions:

   a) Shareholders holding shares in physical mode are hereby notified that based on SEBI Circular No. SEBI/HO/MIRSD/MIRSD-PoD-1/P/CIR/2023/37 dated March 16, 2023, all holders of physical securities in listed companies shall register the postal address along with PIN for their corresponding folio numbers. It shall be mandatory for the security holders to provide mobile number. Moreover, to avail online services, the security holders can register their email IDs. Shareholders can register/update the contact details through submitting the requisite Form ISR-1 along with the supporting documents. Form ISR-1 can be obtained by clicking on the link https://www.bigshareonline.com/ for_investers.aspx Form ISR-1 and the supporting documents to RTA.

b) Shareholders holding shares in electronic mode may reach out to the respective Depository Participant(s), where the DEMAT account is being held for updating the email IDs and mobile number.

c) Shareholders are requested to support this Green Initiative effort of the Company and get their email ID registered to enable the Company to send documents such as notices, annual reports, and other documents in electronic form. Those shareholders who have already registered their email addresses are requested to keep their email addresses validated with their Depository Participants / RTA to enable servicing of notice, annual reports, other documents in electronic form.

d) Please note that as a valued shareholder of the Company, you are always entitled to request and receive all such communication in physical form free of cost.

We urge Members to support this Green Initiative effort of the Company and get their email ID registered.

6. In accordance with the provisions of the MCA and SEBI Circulars, the AGM Notice is being sent through email only to the Members whose email IDs are registered with RTA; National Securities Depository Limited ("NSDL") and/or Central Depository Services (India) Limited ("CDSL") (collectively referred to as Depositories or NSDL/CDSL).

7. The AGM Notice is available on the Company's website: www.sourceindustriesindia.com and on, the website of Stock Exchange BSE Limited at www.bseindia.com.

8. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the e-AGM.

9. The Company has provided the facility to the Members to exercise their right to vote by electronic means both through remote e-voting and e-voting during the e-AGM. The instructions for remote e-voting is given in the subsequent paragraphs. Such remote e-voting facility is in addition to the voting that will take place at the e-AGM being held through VC/OAVM. The instructions for e-voting at the e-AGM (Insta Poll) is given in the subsequent paragraphs.

10. Members joining the e-AGM through VC/OAVM, who have not already cast their vote by means of remote e-voting, shall be able to exercise their right to vote through e-voting at the AGM. The Members who have cast their vote by remote e-voting prior to the e-AGM may also join the e-AGM through VC/OAVM but shall not be entitled to cast their vote again.

11. The Company has appointed Mr. Jineshwar Kumar Sankhala, Practicing Company Secretary, as the Scrutinizer to scrutinize the remote e-voting and the Insta Poll process in a fair and transparent manner.

12. Since the AGM is being held through VC/OAVM as per the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the

Members will not be made available for the e-AGM and hence the Proxy Form, Attendance Slip and the Route Map are not annexed to this Notice.

13. Corporate Members intending to authorise their representatives to attend the meeting pursuant to Section 113 of the Act, are requested to email certified copy of the board/governing body resolution/ authorisation etc., authorising their representatives to attend and vote on their behalf. The documents shall be emailed to sourceinvestors@gmail.com and a copy marked to investor@bigshareonline.com with the subject line Company.

14. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.

15. A statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the special businesses to be transacted at the e-AGM is annexed hereto. Special businesses which are considered to be unavoidable by the Board, are being transacted at the e-AGM. All documents referred to in the accompanying Notice and the Explanatory Statement shall be available for inspection electronically. Members seeking to inspect such documents can send an email to – sourceinvestors@gmail.com.

16. Members who hold shares in dematerialized form and want to provide/change/correct the bank account details should send the same immediately to their concerned Depository Participant and not to the Company. Members are also requested to give the MICR Code of their bank to their Depository Participants. The Company will not entertain any direct request from such Members for change of address, transposition of names, deletion of name of deceased joint holder and change in the bank account details.

17. Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its Registrar and Share Transfer Agent or the concerned Depository Participant, as the case may be : -

    a) the change in the residential status on return to India for permanent settlement, and

    b) the particulars of the NRE account with a Bank in India, if not furnished earlier.

18. In case of any queries, the Members may write to sourceinvestors@gmail.com to receive an email response.

19. In compliance with the provisions of Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, and SEBI circular issued in this regard, the Company is pleased to provide the facility of voting through electronic means (remote e-voting) to its members provided by **CDSL**. Members of the Company can transact all the items of business with the facility of voting through electronic means.

20. Further, the facility of electronic voting system will also be made available during the Meeting ("Insta Poll") and members attending the Meeting who have not cast their vote(s) by remote e-voting will be able to vote at the Meeting through Insta Poll.

21. The remote e-voting shall commence at 9:00 AM on 27th September 2026 and will end at 5:00 PM on 29th September 2026. The remote e-voting module shall be disabled by **CDSL** for voting

thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently or cast the vote again.

22. Voting rights shall be reckoned on the paid up value of shares registered in the name of the member/beneficial owner (in case of electronic shareholding) as on the cutoff date i.e. Wednesday, 23rd September, 2026.

23. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date, only shall be entitled to avail the facility of remote e-voting as well as voting at the meeting.

24. Members are requested to take note that, in compliance with the MCA Circulars, the Notice of the e-AGM is being sent to all the Members of the Company only in electronic mode to those members whose email address is registered with the Company/Depository Participant(s)/Registrar and Transfer agents. The requirements of sending physical copy of aforesaid documents has been dispensed with vide MCA Circulars. The aforesaid documents will also be available on the Company's website at www.sourceindustriesindia.com under the section "INVESTORS", and on the website of the BSE Limited at www.bseindia.com.

VOTING THROUGH ELECTRONIC MEANS:

The e-voting period will commence on Sunday, 27th September 2026 at 09:00 a.m. (IST) and will end on Tuesday, 29th September, 2026 at 05:00 p.m. (IST). During this period, members of the company, holding shares either in Physical form or in Dematerialized form, as on **Cut-Off Date** i.e., **Wednesday, 23rd September 2026**, may cast their vote electronically. The Remote E-Voting shall not be allowed beyond **29th September 2026 at 05:00 p.m. (IST)** and the e-voting module shall be disabled by **CDSL** for voting thereafter.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

(i) The voting period (remote e-voting) begins on Sunday, September 27, 2026 at 09:00 A.M and ends on Tuesday, September 29, 2026 at 05.00 P.M. During this period shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e., Wednesday, September 23, 2026 (cut-off date) may cast their vote electronically. The Remote e-voting module shall be disabled by CDSL for voting thereafter. However, the e-voting module shall be enabled for voting by the members during the AGM which shall continue till 15 minutes upon conclusion of the Meeting.

(ii) The Board of Directors has appointed Mr. Jineshwar Kumar Sankhala, Practising Company Secretary, to act as Scrutinizer to conduct and scrutinize the electronic voting process in connection with the ensuing Annual General Meeting in a fair and transparent manner. The members desiring to vote through electronic mode may refer to the detailed procedure on e-voting given hereunder.

(iii) Shareholders who have already voted prior to the meeting date would not be entitled to vote during the AGM.

(iv) Pursuant to SEBI Circular No. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020,** under Regulation 44 of the Listing Regulations, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to **all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants.** Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

(v) In terms of SEBI circular no. **SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020** on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in demat mode CDSL/NSDL is given below:**

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with **CDSL Depository**	1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The users to login to Easi / Easiest are requested to visit cdsl website www.cdslindia.com and click on login icon & My Easi New (Token) Tab. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at cdsl website www.cdslindia.com and click on login & My Easi New (Token) 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from e-Voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile and Email as recorded in the demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Providers.
Individual Shareholders holding securities in demat mode with **NSDL Depository**	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting and voting during the meeting.

	4) For OTP based login you can click on https://eservices.nsdl.com/SecureWeb/evoting/evotinglogin.jsp. You will have to enter your 8-digit DP ID,8-digit Client Id, PAN No., Verification code and generate OTP. Enter the OTP received on registered email id/mobile number and click on login. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
Individual Shareholders (holding securities in demat mode) login through their **Depository Participants (DP)**	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL depository site after successful authentication, wherein you can see e-Voting feature. Click on the company name or e-Voting service provider name and you will be redirected to e-Voting service

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with **CDSL**	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 21 09911
Individual Shareholders holding securities in Demat mode with **NSDL**	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at : 022 - 4886 7000 and 022 - 2499 7000

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

(v) Login method for e-Voting and joining virtual meetings for**Physical shareholders and shareholders other than individual holding in Demat form.**

1) The shareholders should log on to the e-voting website www.evotingindia.com.
2) Click on “Shareholders” module.
3) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
4) Next enter the Image Verification as displayed and Click on Login.
5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
6) If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)· • Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(viii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.

(ix) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(x) Click on the EVSN for the relevant Company, i.e., Source industries (India) Limited on which you choose to vote.

(xi) 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.

(xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiii) 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.

(xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xv) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvi) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

(xvii) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.

(xviii) **Additional Facility for Non - Individual Shareholders and Custodians -For Remote Voting only.**

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a 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 linked in the login will be mapped automatically and can be delink in case of any wrong mapping.
- It is Mandatory that, 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.
- Alternatively, non-individual shareholders are required mandatory to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; sourceinvestors@gmail.com, if they have voted from individual tab and not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting and e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / iPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
7. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance atleast **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at sourceinvestors@gmail.com. The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance **7 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at sourceinvestors@gmail.com. These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
10. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company/RTA email id.
2. For Demat shareholders - Please update your email id and mobile no. with your respective Depository Participant (DP)

3. For Individual Demat shareholders - Please update your email id and mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting and joining virtual meetings through Depository.

   If you have any queries or issues regarding attending AGM and e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 21 09911.

   All grievances connected with the facility for voting by electronic means may be addressed to Sri Rakesh Dalvi, AVP, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 21 09911.

General Instructions

i. The voting rights of Members shall be in proportion to the shares held by them in the paid-up equity share capital of the Company as on Wednesday, September 23, 2026.

ii. The scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the AGM, thereafter unlock the votes through remote e-voting in the presence of at least two witnesses, not in the employment of the Company and make, not later than 2 working days from the conclusion of the Meeting, a consolidated scrutinizer's report and submit the same to the Chairman. The results declared along with the consolidated scrutinizer's report shall be placed on the website of the Company www.sourceindustriesindia.com and on the website of CDSL www.cdslindia.com. The results shall simultaneously be communicated to the Stock Exchanges. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed on the date of the Meeting, i.e., Wednesday, September 30, 2026

iii. The voting result will be announced by the Chairman or any other person authorized by him within two days of the AGM. A copy the same shall be submitted to BSE and also placed on the web site of the Company.

By order of the Board
For Arka Defence & Locomotives Limited
(Formerly Source Industries (India) Limited)

	Sd/-	**Sd/-**
	Mohan Krishna Naraharisetty	**Sudhir Reddy Posireddy**
	Whole-timedirector	**Chairman and Managing Director**
Place: Hyderabad	**(DIN: 07126524)**	**(DIN: 02813098)**
Date: 13.08.2026		

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

Item No.3

M/s. P R S V & Co. LLP, Chartered Accountants, tendered their resignation from the office of Statutory Auditors of the Company with effect from August 14, 2026, resulting in a casual vacancy in the office of Statutory Auditors under Section 139(8) of the Act.

Under Section 139(8) of the Act, any casual vacancy caused by the resignation of an auditor must be recommended by the Board within 30 days and subsequently approved by the shareholders within 3 months.

The Audit Committee and the Board of Directors evaluated profiles and recommended the appointment of M/s. Suresh Surana & Associates LLP, Chartered Accountants, to step into the role. The company has received their formal written consent and eligibility certificate under Section 141 of the Act confirming they are fully qualified to take up the appointment.

None of the Directors, Key Managerial Personnel (KMP) of the Company, or their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

The Board recommends the Ordinary Resolution set forth in Item No. 3 of the Notice for approval by the members.

By order of the Board
For Arka Defence & Locomotives Limited
(Formerly Source Industries (India) Limited)

Sd/-
Sudhir Reddy Posireddy
Chairman and Managing Director
(DIN: 02813098)

Place: Hyderabad
Date: 05.09.2026

ADDITONAL INFORMATION ON DIRECTOR RECOMMENDED FOR APPOINTMENT /RE-APPOINTMENT

Details of Directors seeking appointment / re-appointment at the Annual General Meeting (Pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standards on General Meetings)

Annexure to the Notice Details of Directors seeking appointment/re-appointment at the ensuing Annual General Meeting on Wednesday, 30th September, 2026. [Pursuant to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2 on General Meetings issued by the Institute of Company Secretaries of India]	
Name of the Director	Mr. Sudhir Reddy Posireddy
DIN	02813098
Date of first appointment	28/07/2025
Date of birth/age	02/04/1985
Nature of Appointment	Chairman and Managing Director
Expertise in specific functional areas	Expertise in the design, engineering, and manufacturing of complex, task-specific industry robotics and advanced automation systems.
Educational qualification	Masters
Chairman/member of the committees of Board of Directors of company	Member in Audit Committee.
List of Directorships Committee Chairmanship, Membership held in other companies as on date	Nil
Details of Remuneration sought to be paid and the remuneration last drawn by such person	Nil
Shareholding in the Company as on 31.03.2026	29,81,783 Shares
Relationship between Directors inter-se/ Manager and KMPs	No relationship between the Directors of the Company.
Number of Meetings of the Board attended during the year	2 out of 2

DIRECTORS' REPORT

To
The Members

Your Directors have pleasure in presenting the **FORTY-SECOND ANNUAL REPORT** together with the Audited Accounts of the Company for the year ended 31st March 2026.

FINANCIAL HIGHLIGHTS **(Amount in Lakhs)**

PARTICULARS	YEAR ENDED 31.03.2026	YEAR ENDED 31.03.2025
Revenue	54.27	13.72
Other Income	3.38	0
Total Income	57.65	13.72
Expenditure	45.47	12.94
Profit/Loss for the year before tax	**12.18**	**0.78**
Income tax	-	-
Deferred Tax	-	-
Profit / (Loss) after tax	**12.18**	**0.78**

SUMMARY OF OPERATIONS:

During the financial year under review the overall performance of the company has shown significant improvement in its turnover when compared to previous financial year; the Overall turnover of the Company is 54. 27 lakhs as compared to last year turnover of Rs 13.72 Lakhs and the Net Profit of Rs. 12.18 Lakhs for financial year 2025-26 when compared to a Net Profit of Rs. 0.78 Lakhs during the previous year.

DIVIDEND DECLARATION:

Due to inadequate profits your Directors do not recommend any dividend for the Financial Year 2025-26.

TRANSFER TO RESERVES:

The Company did not transfer any amount to the Reserves for the Financial Year ended March 31, 2026.

DETAILS OF SUBSIDIARIES, JOINT VENTURES, OR ASSOCIATE COMPANIES:

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

BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

During the year under review, certain changes took place in the composition of Board of Directors or Key Managerial Personnel ("KMP"), the details of which are provided below:

- Mr. Sudhir Reddy Posireddy (DIN: 02813098) was initially appointed as an 'Additional Director' ('Chairman and Managing Director') of the Company with effect from July 28, 2025, and was subsequently regularized by the Members at their 41st Annual General Meeting held on September 27, 2025.
- Mr. Naraharisetty Mohan Krishna (DIN: 07126524) was initially appointed as an 'Additional Director' ('Whole-Time Director') of the Company with effect from July 28, 2025, and was subsequently regularized by the Members at their 41st Annual General Meeting held on September 27, 2025.
- Mrs. Ramreddy Swathi (DIN: 07199226) was initially appointed as an 'Additional Director' ('Whole-Time Director') of the Company with effect from July 28, 2025, and was subsequently regularized by the Members at their 41st Annual General Meeting held on September 27, 2025
- Mr. Raju Koyyala (DIN: 10734973) was initially appointed as an 'Additional Director' ('Non-Executive Independent Director')of the Company with effect from July 28, 2025, and was subsequently regularized, by the Members at their 41st Annual General Meeting held on September 27, 2025.

- Mr. Raja Suman Karingula (DIN: 11183097) was initially appointed as an 'Additional Director' ('Non-Executive Independent Director') of the Company with effect from July 28, 2025, and was subsequently regularized by the Members at their 41st Annual General Meeting held on September 27, 2025 .
- Mr. Sudhakar Navath (DIN: 06785232) has tendered his resignation from the position of Managing Director with effect from July 28, 2025.
- Mr. Jaya Mahadev Yerramsetti (DIN: 06661103) has tendered his resignation from the position of Independent Director with effect from July 28, 2025.
- Mrs. Lakshmi Satyasri Nekkanti (DIN: 07223878) has tendered her resignation from the position of Non Executive Director with effect from July 28, 2025.
- Ms. Tulika Srivastav, the Company Secretary and Compliance Officer of the Company has tendered her resignation with effect from December 31, 2025.

LISTING OF EQUITY SHARES:

The equity shares of the Company are listed on the trading platform of BSE Limited, a recognized stock exchange having a nationwide trading terminal.

SHARE CAPITAL:

The Authorized Share Capital of the Company as on March 31, 2026, is Rs.12,00,00,000/- (Rupees Twelve Crores only) divided into 1,20,00,000 One Crore Twenty Lakhs Only Equity Shares of Rs.10/- (Rupees Ten Only) each.

The Paid-up Share Capital of the Company as on March 31, 2026, is Rs. 11,40,31,100/-(Rupees Eleven Crores Forty Lakhs Thirty One Thousand and One Hundred) divided into 1,14,03,110 (One Crore Fourteen Lakhs Three Thousand One Hundred and Ten) equity shares of Rs.10/- (Rupees Ten Only) each fully paid up.

During the year under review:

- The company has not bought back any of its securities.
- The Company has not issued any Sweat Equity Shares.
- No Bonus shares were issued during the year.
- Company has not issued any Preference shares/Debentures.
- Has not provided any Stock Option Scheme.

VARIATIONS IN NETWORTH:

The Standalone Net worth of the Company for the Financial Year ended March 31, 2026, is Rs. 442.22 Lakhs as compared to Rs. 430.00 Lakhs for the previous financial year ended March 31, 2025.

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.

NUMBER OF BOARD MEETINGS:

The Company has conducted 4 board meetings during the year on following dates with a gap not exceeding 120 days between any two meetings.

30.05.2025	**28.07.2025**	**14.11.2025**	**13.02.2026**

BOARD COMMITTEES AND THEIR COMPOSITION

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 here under:

Audit Committee

Mr. Raju Koyyala	-	Chairman
Mr. Raja Suman Karingula	-	Member
Mr. Sudhir Reddy Posireddy	-	Member

Nomination and Remuneration Committee

Mr. Raju Koyyala	-	Chairman
Mr. Raja Suman Karingula	-	Member
Mr. Venkata Srinivasan Kodakalla	-	Member

Stakeholders Relationship Committee

Mr. Raju Koyyala	-	Chairman
Mr. Raja Suman Karingula	-	Member
Mr. Venkata Srinivasan Kodakalla	-	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 2025-26 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.

STATEMENT OF DECLARATION BY INDEPENDENT DIRECTORS:

"Pursuant to the provisions of the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, the Company has received necessary declarations from all Independent Directors confirming that they meet the criteria of independence as laid down under the said regulations. Further, in the opinion of the Board, all Independent Directors fulfill the conditions specified in the Act and LODR Regulations and are independent of the management."

POLICY ON APPOINTMENT, REMUNERATION OF DIRECTORS

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

The Company has adopted comprehensive policies and procedures which enable the implementation of appropriate internal financial controls across the organization and ensure the orderly and efficient conduct of its business. This includes strict adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of fraud, structured error reporting mechanisms, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures.

Internal Financial Controls are an integrated part of the Risk Management Process, addressing financial and financial reporting risks. In line with the Company's strategic transition into the Defence and Locomotive component manufacturing sectors during the fiscal year under review, these control parameters and operational risk matrices have been rigorously evaluated and realigned to mitigate industry-specific engineering and regulatory risks. The Internal Financial Controls remain fully documented, digitized, and embedded in the business processes.

Assurance on the effectiveness of the Internal Financial Controls is obtained through ongoing management reviews, control self-assessments, continuous monitoring by functional experts, as well as testing of the systems by the Internal Auditor during the course of regular audits. The oversight framework was actively supervised throughout the year by the newly reconstituted Audit Committee. We believe that these systems provide reasonable assurance that our Internal Financial Controls are effectively operating and remain fully commensurate with the expanded scale and 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 2025-26 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 2025- 26 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.

REMUNERATION POLICY:

The Board of Directors, on recommendation of the Nomination and Remuneration Committee framed a Nomination and Remuneration policy for selection, appointment and remuneration of Directors, KMP and Senior Management and matters covered u/s 178(3) of the Companies Act 2013.

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) of the Companies Act, 2013, the Company has developed and implemented a comprehensive Risk Management Policy. This framework is designed to proactively identify, assess, prioritize, and mitigate strategic, financial, operational, and legal risks.

Consequent to the Company's strategic restructuring and expansion into the Defence and Locomotive component manufacturing sectors, the Board has thoroughly updated its risk matrix. The management has implemented rigorous monitoring protocols to manage industry-specific challenges, including stringent engineering compliance frameworks, raw material inventory dependencies, and long-term regulatory approval cycles.

The newly reconstituted Audit Committee periodically reviews the risk mitigation strategies to ensure controls remain effective and commensurate with the company's evolving operations. In the opinion of the Board, there are currently no elements of risk identified that threaten the immediate survival or existence of the Company.

STATUTORY AUDITORS:

At the 41st Annual General Meeting (AGM) held on September 27, 2025, the shareholders approved the appointment of M/s. P R S V & Co. LLP, Chartered Accountants, as the Statutory Auditors of the Company, replacing the retiring auditors, M/s. M N Rao Associates. Accordingly, M/s. P R S V & Co. LLP have conducted the statutory audit of the financial accounts of the Company for the financial year ended March 31, 2026.

The Auditors' Report issued by them for the financial year under review does not contain any qualifications, reservations, adverse remarks, or disclaimers. The notes on financial statements referred to in the Auditors' Report are self-explanatory and do not call for any further comments from the Board.

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

Pursuant to the provisions of Section 138 of the Companies Act, 2013, read with Rule 13 of the Companies (Accounts) Rules, 2014, the Board of Directors at its meeting held on May 30, 2025, approved the appointment of M/s. M M R S AND CO, Chartered Accountants, as the Internal Auditors of the Company for the financial year 2025-26.

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 between the end of the financial year (March 31, 2026) and the date of this report, except as disclosed below:

1. **Fresh Certificate of Incorporation:** Following the unanimous passing of a Special Resolution by shareholders at the EGM held on March 30, 2026, the Registrar of Companies (ROC), Hyderabad, officially issued a fresh Certificate of Incorporation on August 8, 2026 confirming the change of name to M/s. Arka Defence & Locomotives Limited.

2. **Alteration of Name and Main Object Clauses of the Memorandum of Association:** To counter capacity underutilization and stagnant operating margins in the legacy textile sector, the Board proposed a complete structural shift into high-precision heavy engineering, indigenous defense infrastructure engineering, and locomotive component manufacturing. The shareholders unanimously approved this operational overhaul via a Special Resolution passed at the Extraordinary General Meeting (EGM) held on March 30, 2026. Consequent to this approval, the Registrar of Companies (ROC), Hyderabad, officially issued a fresh Certificate of Incorporation on August 8, 2026, confirming the corporate name change from Source Industries (India) Limited to M/s. Arka Defence & Locomotives Limited.

3. Relocation of Registered Office: The Board of Directors at its meeting held on August 13, 2026, approved the relocation of the Registered Office within local limits to 1B, Meenakshi Tech Park, 11th Floor, Block C, Phase 2, Gachibowli , Hyderabad, Telangana, 500032, to optimize administrative and manufacturing oversight.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as 'Annexure A' to this report.

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 2025-2026 and a certificate from the Secretarial Auditors of the Company are furnished as a part of this Annual Report "Annexure D".

ANNUAL RETURN

In accordance with Section 134 (3) (a) of the Companies Act, 2013, a copy of Annual Return in the prescribed format i.e. Form MGT-7 is placed on the website of the Company and may be accessed at Link: www.sourceindustriesindia.com

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.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

During the year under review, the Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

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.

DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (31 OF 2016) DURING THE YEAR ALONG WITH THEIR STATUS AS AT THE END OF THE FINANCIAL YEAR:

No application was made or any proceedings pending under the IBC, 2016 during the year ended on 31st March, 2026.

DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE-TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF:

Not Applicable

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 Arka Defence & Locomotives Limited
(Formerly Source Industries (India) Limited)

Sd/-	**Sd/-**
Mohan Krishna Naraharisetty	**Sudhir Reddy Posireddy**
Whole-timedirector	**Chairman and Managing Director**
(DIN: 07126524)	**(DIN: 02813098)**

Place: Hyderabad
Date: 13.08.2026

Annexure - A

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

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

A. CONSERVATION OF ENERGY:

a) Energy conservation measures taken:

The Company's current operations consume minimal energy. However, in line with the strategic transition into heavy engineering, the management has initiated steps to deploy optimized energy-efficient LED systems and star-rated instrumentation at its corporate facility to ensure minimal electricity waste.

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:

The Company is laying the initial groundwork for technical evaluations and prototyping frameworks related to specialized defensive equipment systems and locomotive component engineering.

2. **Benefits derived as a result of the above R&D:**

Positioned the company to structurally realign its business activities and tap into upcoming high-margin industrial procurement supply chains.

3. **Future plans of action:**

To systematically expand engineering capabilities and establish associations for indigenous manufacturing setups.

4. **Expenditure on R&D: NIL**

Capital	:
Recurring	:
Total	:
Total R&D Expenditure as % of total turnover	:

Technology Absorption, Adaptation and Innovation : NIL

1.	Efforts made towards technology absorption adaptation and innovation	:
2.	Benefits derived as a result of above efforts	:
3.	Information about imported technology	:
	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: NIL

Foreign Exchange earnings and outgo: (on receipts and payments basis)

Foreign exchange earnings and outgo:	2025-26
Foreign Exchange Earnings	NIL
Foreign Exchange Outgo	NIL

By order of the Board
For Arka Defence & Locomotives Limited
(Formerly Source Industries (India) Limited)

Sd/-
Mohan Krishna Naraharisetty
Whole-timedirector
(DIN: 07126524)

Sd/-
Sudhir Reddy Posireddy
Chairman and Managing Director
(DIN: 02813098)

Place: Hyderabad
Date: 13.08.2026

MANAGEMENT DISCUSSION & ANALYSIS

1. CORPORATE BACKGROUND

Arka Defence & Locomotives Limited ("ADLL" or "the Company"), formerly Source Industries (India) Limited, is a company listed on BSE Limited (CIN: L45400TG1984PLC004777) with a 42-year operating history. During FY 2025-26, the Company underwent a change in control, followed by a comprehensive redefinition of its business purpose, corporate name, and registered office. These changes were effected through due shareholder and regulatory approvals, and the Registrar of Companies, Hyderabad, issued a fresh Certificate confirming the Company's name change to Arka Defence & Locomotives Limited. The registered office was subsequently relocated to 1B, Meenakshi Tech Park, 11th Floor, Block C, Phase 2, Gachibowli, Hyderabad, to support the Company's engineering and administrative operations.

The controlling stake in the Company was acquired progressively through FY 2024-25 and FY 2025-26 by Mr. Sudhir Reddy Posireddy, Mr. Naraharisetty Mohan Krishna, Mrs. Ramreddy Swathi and Arka Defence Private Limited, with formal Board appointments effected on 28 July 2025 and regularised by shareholders at the 41st Annual General Meeting held on 27th September 2025.

2. STRATEGIC REPOSITIONING

The Company's incoming promoters - Mr. Sudhir Reddy Posireddy, Mr. Naraharisetty Mohan Krishna and Mrs. Ramreddy Swathi, together with Arka Defence Private Limited - bring established, multi-year execution experience in railway signalling, safety systems and defence engineering, developed through affiliated group companies operating in these sectors. This pre-existing sectoral track record forms the basis for the Company's new strategic direction.

The incoming promoters have accordingly chosen to build and grow this business through the Company, with a clear focus on the railways and defence sectors, which they view as high-potential areas for long-term growth, following the discontinuation of the Company's erstwhile textile manufacturing business in conjunction with the change in control.

Accordingly, the objects clause of the Memorandum of Association was amended, with the approval of shareholders and regulators, to reflect the Company's business as one centred on railway and defence technology, and the Company's name was correspondingly changed to Arka Defence & Locomotives Limited.

3. STRATEGIC FOCUS AREAS

The Company's stated technology and business focus is organised around two verticals:

Railway Technologies: Rail Safety and Critical Sub-systems; design-automation for RFID and Kavach; application tools for signalling and rolling-stock engineering; yard management and yard safety systems; safety-critical systems engineering; high-speed rail technologies; and the application of artificial intelligence and machine learning to design, verification and validation processes in railway engineering.

Defence Technologies: Tactical systems and military applications, with a primary emphasis on indigenisation and the development of homegrown defence technologies. Building on the promoter group's prior work in target simulation and mortar systems engineering and drawing on the promoters' combined experience of over 15 years in this domain, the Company is currently engaged in exploring and packaging products for evaluation by the Indian Army, with the objective of establishing a portfolio of indigenised defence products over the coming years.

The Company's ambition is to establish itself as an intellectual-property-driven technology enterprise within these two sectors, rather than operate solely as a project-execution contractor.

4. LEADERSHIP AND MANAGEMENT EXPERIENCE

Mr. Sudhir Reddy Posireddy, Chairman and Managing Director: Holds a Master's degree from Florida International University, USA, in mechanical engineering with a specialisation extending into robotics. He has over 15 years of experience in the design, development and deployment of robotics and automation systems across the defence, railway and educational-robotics sectors, over a technology career spanning close to two decades. His experience spans the commercialisation of railway and defence technologies, including working within the certification and regulatory frameworks applicable to safety-critical railway systems and defence-grade equipment, and he has built and led technology development teams responsible for taking these systems from design through to field deployment. His role on the Board is centred on technology strategy and research and development leadership. Holds a 26.15% shareholding in the Company.

Mr. Naraharisetty Mohan Krishna, Whole-Time Director: A multi-venture entrepreneur with experience founding and scaling technology-led businesses across the education, railway and defence sectors. Holds a Bachelor's degree in Electrical and Electronics Engineering from SASTRA University, with approximately two decades of experience in technology-led business development, with particular emphasis on the commercialisation of railway and defence technologies — translating engineering capability into biddable, certifiable and field-ready programmes. His experience includes working within the certification and regulatory frameworks governing railway safety systems and defence procurement, and building and leading technology development teams engaged in the design, development and deployment of robotics and automation systems across railway, defence and educational applications. His mandate on the Board covers technology commercialisation, market alignment and business development. Holds a 9.03% shareholding in the Company.

Mrs. Ramreddy Swathi, Whole-Time Director: Holds a Bachelor's degree in Computer Science and Engineering from Jawaharlal Nehru Technological University, Hyderabad, and is an enrolled Advocate with experience in legal consulting and administration. Also serves as director of Arka Defence Private Limited and Sterling Corporate Consultants Private Limited. Holds a 23.59% shareholding in the Company.

The Board is further supported by independent oversight through Mr. Raja Suman Karingula and Mr. Raju Koyyala (Independent Directors) and Mr. Venkata Srinivasan Kodakalla, together with a dedicated Chief Financial Officer, Mr. Vishweshwara Rao Kothapalli.

5. BUSINESS MODEL

The Company's business model is structured around five components:

- **Technology and IP development** — creation and ownership of proprietary tools, software, hardware and intellectual property in railway and defence engineering.
- **Project acquisition** — competitive bidding for railway and defence technology contracts, the Integrated Infantry Mortar System, and the Multi-Mode Target Simulator.
- **Services to railway administrations and OEMs** — provision of engineering and technology services to railway operators and original equipment manufacturers, both domestically and internationally.
- **Bottleneck-resolution positioning** — establishing the Company as a preferred technology partner for solutions that address specific, recurring operational and engineering constraints within railway and defence programmes.
- **Recurring revenue development** — sustained investment in incremental research and design intended to convert project-based engagements into longer-duration, annuity-like revenue streams.

6. FIVE-YEAR STRATEGIC VISION (FY 2026-27 TO FY 2029-30)

The Company's vision over the five-year period to FY 2029-30 is to evolve into a technology-led railway and defence enterprise with a growing international footprint, anchored around the following areas:

Foreign Partnerships and Global Presence: The Company intends to pursue strategic partnerships, technology-licensing arrangements and joint ventures with international railway signalling and defence technology companies, with the objective of accessing global best practices, co-developing technologies, and establishing a presence in select international railway and defence markets over time.

Digital Twin Systems: The Company intends to build digital-twin capability for railway assets, signalling networks and safety-critical systems, enabling simulation-based design validation, predictive maintenance and lifecycle management — extending and reinforcing the design-automation and AI/ML capability referred to elsewhere in this Report.

High-Speed Rail Technology: As India's high-speed rail programme advances, the Company intends to build engineering and technology capability relevant to high-speed rail signalling, safety and control systems, with a view to participating in this segment as opportunities emerge.

Agentic AI Applications: The Company intends to extend its AI/ML capability toward agentic AI applications — autonomous, decision-capable software systems — for use in railway design verification, safety monitoring, defect detection and operational decision support, building on the foundational AI/ML tools being developed for design, verification and validation.

Across this period, the Company's acquisition strategy is expected to remain an important lever for accelerating capability development in these areas, consistent with its objective of consolidating complementary technologies within the railway and defence technology space. This five-year vision reflects the Company's current strategic intent and remains subject to the availability of capital, regulatory approvals, technology readiness and commercial viability, as set out in the Cautionary Statement to this Report.

7. MARKET OPPORTUNITY

Railways Safety: The Railways Safety Critical Systems mandate covers the entire Indian Railways broad-gauge network of approximately 81,000 route-km, together with a further 3,300 route-km on the Dedicated Freight Corridor, taking the total addressable network to approximately 84,300 route-km. As of FY26, orders covering approximately 24,000 route-km had been awarded across the network — under 30% of the total addressable base — of which only around 2,569 route-km had actually been commissioned, indicating that a substantial share of execution remains pending even on contracts already placed. A further approximately 41,000 route-km of new turnkey (EPC) Railways Safety Critical Systems tenders are expected to be floated over FY27-29 (approximately 10,000 km in FY27, 15,000 km in FY28 and 16,000 km in FY29), with a residual opportunity of approximately 16,000 route-km projected beyond FY29.

Defence. India's domestic defence production reached a record ₹ 1.78 lakh crore in FY 2025-26, representing 15.6% growth over the prior year, while defence exports rose 62.66% to a record ₹ 38,424 crore over the same period. The Government of India has articulated a target of ₹ 3 lakh crore in annual defence production by 2029, with a substantial associated increase in the exports component, under its broader defence indigenisation (Atmanirbhar Bharat) policy framework. This policy environment continues to favour domestic developers of tactical systems, simulation and training equipment, and specialised military applications.

These figures describe the Railway Safety and defence opportunities at an industry and national-network level, sourced from the Indian Railways website and government disclosures cited in Annexure I; they are general market data, not specific to any single vendor, and are not projections of the Company's own future revenue, market share or valuation. ADLL's own participation in, and revenue from, these opportunities will depend on its technology qualification, certification status (including RDSO approval) and competitive positioning.

8. FINANCIAL PERFORMANCE

(Standalone financials as per the Audited Financial Statements of the Company for the year ended 31 March 2026, forming part of the 42nd Annual Report)

Particulars (₹ Lakhs)	FY 2025-26	FY 2024-25
Revenue	54.27	13.72
Other Income	3.38	-
Total Income	**57.65**	**13.72**
Total Expenditure	**45.47**	**12.94**
Profit/(Loss) before Tax	**12.18**	**0.78**
Tax	-	-
Profit/(Loss) after Tax	**12.18**	**0.78**

The Company reported a net profit of ₹ 12.18 lakhs for FY 2025-26, against a Profit of ₹ 0.78 Lakhs in the preceding year, with revenue increasing approximately four-fold over the prior year. Standalone net worth increased to ₹ 442.22 lakhs as at 31 March 2026, from ₹ 430.00 lakhs as at 31 March 2025. The Company's paid-up share capital as at 31 March 2026 stood at ₹ 11,40,31,100, comprising 1,14,03,110 equity shares of ₹ 10 each, against an authorised share capital of ₹ 12,00,00,000. In view of the early stage of the Company's return to profitability, the Board has not recommended a dividend for the year, and no amount has been transferred to reserves.

The financial results for FY 2025-26 substantially reflect the residual operations of the Company's legacy business and the initial phase of the strategic transition described in this Report. The railway- and defence-focused business lines are expected to contribute more meaningfully to reported financial performance from FY 2026-27 onward, contingent on contract execution and capital deployment.

9. OPPORTUNITIES AND RISK FACTORS

Opportunities

- An estimated 41,000 route-km of new railway safety EPC tenders expected over FY27-29, against an awarded book of only ~24,000 route-km to date — a large pipeline for subsystems development is required.
- A recurring, non-discretionary on-board railway safety requirement created by the ~1,900 new locomotives Indian Railways commissions each year, independent of the pace of trackside rollout.
- Early-stage adoption of moving-block signalling and Yard Safety Management Systems on Indian Railways, where deployment is still limited relative to the scale of the network.
- Use of the Company's listed equity as currency to acquire niche, RDSO-qualified railway-technology companies, shortening the time to a certified, field-proven product portfolio.
- Government indigenisation targets for defence production creating sustained demand for home-grown tactical and simulation systems, an area where the promoter group has prior product experience.
- Multi-decadal recurring revenue potential from AMCs, software upgrades and modification mandates on railway safety systems once initial installations are commissioned.

Risk Factors

- RDSO approval and other certification processes for new products can take considerable time; delays would directly affect the pace at which the Company can bid for and execute railway technologies.
- Large railway and defence contracts are typically awarded to a limited panel of pre-qualified vendors; as a newly repositioned entrant, the Company will need to build a completed-project track record before it can bid competitively for the largest tenders.
- EPC and turnkey execution is working-capital intensive and often requires performance bank guarantees; the Company's ability to scale delivery will depend on continued access to growth and working capital.

- Acquisitions undertaken to build technology capability carry integration risk and require careful commercial and technical due diligence before completion.
- Revenue from newer initiatives — indigenised defence products, digital twin systems, high-speed rail technology and agentic AI applications — depends on successful technology development and customer or government acceptance and may take longer to materialise than currently anticipated.
- Dependence on the Company's ability to raise growth capital on acceptable terms to execute its stated strategy.

10. RISK MANAGEMENT FRAMEWORK

The Board has updated the Company's risk matrix to address engineering-specific; regulatory-compliance and extended-approval-cycle risks associated with the transition into defence and locomotive-component engineering. Risk-mitigation protocols are reviewed periodically by the reconstituted Audit Committee. As the business scales, the Company's risk-management framework is expected to evolve toward greater programme- and contract-level specificity, incorporating counterparty evaluation, technology-readiness assessment, certification timelines and capital-allocation discipline.

11. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has in place internal financial control policies governing financial reporting, fraud prevention and detection, and the integrity of accounting records, with M/s. MMRS & Co, Chartered Accountants engaged in this regard. Given the Company's transition into engineering-intensive and safety-critical domains, management intends to progressively strengthen internal controls relating to technology procurement, intellectual-property protection, contract and programme management, and capital allocation, in line with the scale of operations envisaged.

12. HUMAN CAPITAL

The Company's transition requires the progressive build-out of engineering, systems-design, programme-management and business-development capability commensurate with its stated technology strategy. Leadership responsibility under the current management structure is divided between technology and research and development, and business development and commercial execution, and the Company intends to expand its operating team in line with contract wins and the pace of technology development.

13. OUTLOOK

FY 2025-26 represents the year in which the Company's control, name, registered office and stated business purpose were formally changed, and in which the Company returned to profitability on a substantially expanded revenue base. The principal objective for FY 2026-27 is execution: pursuing Railway Safety Technologies, moving-block signalling and Yard Safety Management System opportunities, evaluating and, where appropriate, completing acquisitions of complementary railway-technology companies, and developing AI/ML-based design, verification and validation capability. The pace and scale of this execution will depend on the Company's ability to secure growth capital, win qualifying contracts, and integrate any acquisitions on commercially sound terms.

14. CAUTIONARY STATEMENT

Statements in this Management Discussion & Analysis relating to the Company's objectives, strategies, expectations, proposed initiatives, potential acquisitions and outlook may constitute forward-looking statements within the meaning of applicable securities laws and regulations. Such statements are based on current expectations and assumptions and are subject to risks and uncertainties that could cause actual results to differ materially, including the pace and outcome of government and defence-sector procurement processes, availability and cost of capital, execution risk associated with the Company's business transition, technology-development timelines, competitive conditions, and regulatory or policy changes affecting the railways and defence sectors. Nothing in this Report should be construed as a projection, forecast, or assurance regarding the Company's future financial performance, market capitalisation or share value. The Company undertakes no obligation to publicly update or revise any forward-looking statement, except as required under applicable law.

15. Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanation are described in notes to financial statements in this report.

ANNEXURE I - SOURCES FOR MARKET-OPPORTUNITY DATA

- Railway Safety network coverage, orders awarded, commissioning status and EPC pipeline (FY27-29) - Indian Railways website and industry disclosures
- Locomotive addition rate and 100% on-board Railway Safety fitment mandate for newly manufactured rolling stock - Indian Railways/industry disclosures
- Estimated value of the Railway safety opportunity across Indian Railways and the Dedicated Freight Corridor - industry investor disclosures
- Defence production reaches record ₹ 1.78 lakh crore in FY 2025-26 - Press Information Bureau, Government of India
- Defence exports reach record ₹ 38,424 crore in FY 2025-26 - Press Information Bureau, Government of India
- Government target of ₹ 3 lakh crore in annual defence production by 2029 - currentaffairs.adda247.com

By order of the Board
For Arka Defence & Locomotives Limited
(Formerly Source Industries (India) Limited)

Sd/-
Mohan Krishna Naraharisetty
Whole-timedirector
(DIN: 07126524)

Sd/-
Sudhir Reddy Posireddy
Chairman and Managing Director
(DIN: 02813098)

Place: Hyderabad
Date: 13.08.2026

Annexure - C

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2026

[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,
ARKA DEFENCE & LOCOMOTIVES LIMITED
(Formerly known as 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. Arka Defence & Locomotives Limited (formerly known as Source Industries (India) Limited) (hereinafter called the Company)having its registered office at 1B, Meenakshi Tech Park, 11th Floor Block C, Phase 2, Opposite Deloitte, Gachibowli, Hyderabad, Telangana 500032. 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, 2026 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, 2026 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

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, 2021; 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 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, are:

1. Shops and Establishment Act

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.

ii. Standard Local Industrial Safety and Environmental clearances relevant to newly expanding segments.

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. Significant changes in the composition of the Board of Directors and its core Committees (Audit, Nomination & Remuneration, and Stakeholders' Relationship Committees) took place on July 28, 2025, which were carried out in compliance with the provisions of the Act and SEBI (LODR) Regulations, 2015.

- dequate 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.

P.S. Rao & Associates
Company Secretaries

Sd/-
Jineshwar Kumar Sankhala
Company Secretary
M No: 21697
C P No: 18365
UDIN: A021697H001109509

Place: Hyderabad
Date : 13.08.2026

[This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.]

ANNEXURE-A

To
The Members,
ARKA DEFENCE & LOCOMOTIVES LIMITED
(Formerly known as 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. 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: A021697H001109509

Place: Hyderabad
Date : 13.08.2026

ANNEXURE-D

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 6 Directors. The Board comprises of 3(Three) Executive, 3(Three) Non- Executive Independent Directors

- **Board meeting and attendance**

  The Board met 4 times in the financial year 2025-26 on the following dates, with a gap not exceeding 4 months between any two meetings:

30.05.2025	**28.07.2025**	**14.11.2025**	**13.02.2026**

The constitution of the Board is given below:

S. No	Director	Category	Attendance at AGM held on 27.09.2025	Attendance in Board Meeting		Other Boards Except Pvt Ltd		
				Held	Atten-dance	No. of Other director ships	Commit-tee chairman-ship	Commit-tee member-ship
1.	Sudhir Reddy Posireddy (w.e.f 28.07.2025)	Chairman and Managing Director	Yes	4	2	Nil	Nil	Nil
2.	Mohan Krishna Naraharisetty (w.e.f 28.07.2025)	Whole time Director	Yes	4	2	Nil	Nil	Nil
3.	Swathi Ram Reddy (w.e.f 28.07.2025)	Whole time Yes Director	Yes	4	2	Nil	Nil	Nil
4.	Raju Koyyala (w.e.f 28.07.2025)	Non-Executive & Independent Director	Yes	4	2	1	1	Nil
5.	Raja Suman Karingula (w.e.f 28.07.2025)	Non-Executive & Independent Director	Yes	4	2	Nil	Nil	Nil
6.	Sudhakar Navath (Upto 28.07.2025)	Managing Director	No	4	2	Nil	Nil	Nil
7.	Jaya Mahadev Yerramsetti (Upto 28.07.2025)	Non-Executive & Independent Director	No	4	2	Nil	Nil	Nil
8.	Venkata Srinivasan Kodakalla Director	Non-Executive & Independent	Yes	4	1	1	Nil	Nil
9.	Smt Lakshmi Satya Nekkanti (Upto 28.07.2025)	Non-Executive & Non-Independent Director	No	4	2	3	3	1

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 Arka Defence & Locomotives 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.

Disclosure of relationships between directors inter-se:

The Directors are not related to each other in terms of the definition of "Relative" under Section 2(77) of the Companies Act, 2013 and Rules framed there under. Board of the Company who are not related to the other Board members. Hence, there is no inter-se relationship existing between the Directors of the Company.

Number of shares and convertible instruments held by Non-Executive Directors:

None of the non-Executive Directors hold any equity shares in the Company.

Number of shares held by directors

The maximum time-gap between any two consecutive meetings did not exceed four months.

Disclosure of relationships between directors inter-se:

The Directors are not related to each other in terms of the definition of "Relative" under Section 2(77) of the Companies Act, 2013 and Rules framed there under. There are no Promoter Directors on the Board of the Company who are not related to the other Board members. Hence, there is no inter-se relationship existing between the Directors of the Company.

Number of shares and convertible instruments held by Non-Executive Directors:

Except Mrs. Lakshmi Nekkanti Satyasri holds 2,00,000/- Equity Shares, none of the non-Executive Directors hold any equity shares in the Company

Number of shares held by directors

Name of the Director	Designation	No. of Shares held	No of Convertible instrument
SUDHIR REDDY POSIREDDY	Chairman and Managing Director	2981783	Nil
RAM REDDY SWATHI	Whole Time Director	2690110	Nil
MOHAN NARAHARISETTY KRISHNA	Whole Time Director	1029800	Nil

Web link where details of familiarization programmes imparted to Independent directors:

Familiarization Programme for Independent Directors:

Regulation 25(7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Schedule IV of the Companies Act, 2013 mandates the Company to familiarize the Independent Directors with the Company by conducting training programmes.

The Familiarisation Programme is posted on the company's website and can be accessed at on the Company's Website at the link: www.sourceindustriesindia.com

List of core Skills / expertise / competencies of the board of Directors

The following is the list of core skills / expertise /competencies identified by the Board of Directors that are required in the context of the Company's business and that the said skills are available with the Board Members:

- **Mr. Sudhir Reddy Posireddy**- Expertise in the design, engineering, and manufacturing of complex, task-specific industry robotics and advanced automation systems.
- **Mr. Naraharisetty Mohan Krishna** - Expertise in the design and manufacturing of complex, task-specific industrial robots, coupled with a proven track record in strategic business development and executing high-value technology projects.

- **Mrs. Ramreddy Swathi**-Extensive experience as a legal consultant and corporate administration specialist, providing deep insight into regulatory compliance, statutory corporate frameworks, and administrative risk mitigation.
- **Mr. Raja Suman Karingula**- Rich experience with leading multinational technology enterprises and tech ventures, specializing in AI-driven transformation, ethical automation, systems thinking, and delivering scalable digital solutions across diverse commercial sectors.
- **Mr. Raju Koyyala**-Practical expertise in financial analysis, internal control tracking, and secretarial auditing, providing balanced oversight to protect stakeholder and minority shareholder interests.Comprehensive, long-standing experience as a qualified finance professional specializing in strategic financial management, corporate valuations, comprehensive risk-based auditing, and navigating complex statutory tax frameworks.
- **Mr. Venkata Srinivasan Kodakalla**- Possesses cross-functional management credentials including an advanced degree in business administration and long-standing corporate experience across recognized media, infrastructure, and financial enterprises. He brings a proven track record in strategic sales management, corporate finance operations, tactical asset liquidation, and structural business development, driving scalable solutions and robust fiscal oversight across diverse commercial markets.

CONFIRMATION THAT IN THE OPINION OF THE BOARD, THE INDEPENDENT DIRECTORS FULFIL THE CONDITIONS SPECIFIED IN THESE REGULATIONS AND ARE INDEPENDENT OF THE MANAGEMENT:

The Board of Directors hereby confirm that in the opinion of the Board, the Independent Directors fulfil the conditions specified by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and they are independent of the management.

DURING THE F.Y 2025-26, Mr. Jaya Mahadev Yerramsetti has ceased to be Independent Director of the Company with effect from July 28, 2025, due to the successful completion of the takeover and change in the management of the Company as per SEBI Takeover Regulations.

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 Executive 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:
- 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.
- The Audit Committee discharges its functions and obligations on regular basis and on the occurrence of the events.

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
Raju Koyyala	Chairman
Raja Suman Karingula	Member
Sudhir Reddy Posireddy	Member

MEETINGS AND ATTENDANCE DURING THE FINANCIAL YEAR:

Meetings:

The Audit committee of the Board met 4 (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:

30-05-2025	**28-07-2025**	**14-11-2025**	**13-02-2026**

Attendance:

Name	Position in	Category Committee	No of Meetings Held	No of Meetings Attended
Raju Koyyala	Chairman	Non-Executive - Independent Director	4	2
Raja Suman Karingula	Member	Non-Executive - Independent Director	4	2
Sudhir Reddy Posireddy	Member	Executive Director	4	2
*Venkata Srinivasan Kodakalla	Former Chairman	Non-Executive - Independent Director	4	2
*Jaya Mahadev Yerramsetti	Former Member	Non-Executive - Independent Director	4	2
*Lakshmi Nekkanti Satyasri	Former Member	Non-Executive - Non Independent Director	4	2

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.
- 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

Arka Defence and Locomotives Limited (Formerly 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 measureable 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 Company 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 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;

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;

(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;

ii. 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;

iii. 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;

iv. 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?

v. 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.

vi. Shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013.

vii. 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

(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
Raju Koyyala	Chairman
Raja Suman Karingula	Member
Venkata Srinivasan Kodakalla	Member

MEETINGS AND ATTENDANCE DURING THE FINANCIAL YEAR:

Meetings:

The Remuneration Committee of the Board met 3(Three) times during the year, i.e. on:

30.05.2025	28.07.2025	14.11.2025

Attendance:

Name	Position in	Category Committee	No of Meetings Held	No of Meetings Attended
Raju Koyyala	Chairman	Non-Executive - Independent Director	3	1
Raja Suman Karingula	Member	Non-Executive - Independent Director	3	1
*Venkata Srinivasan Kodakalla	Member	Non-Executive - Independent Director	3	3
*Venkata Srinivasan Kodakalla	Former Chairman	Non-Executive - Independent Director	3	3
*Jaya Mahadev Yerramsetti	Former Member	Non-Executive - Independent Director	3	2
*Lakshmi Nekkanti Satyasri	Former Member	Non-Executive - Non Independent Director	3	2

MEETING OF INDEPENDENT DIRECTORS:

During the year under review, the Independent Directors met on 1**2th February 2026**, 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.
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.

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.

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 3 Non - Executive independent Directors.

Composition

The Committee comprises of the following members:

Name of the Director	Designation
Raju Koyyala	Chairman
Raja Suman Karingula	Member
Venkata Srinivasan Kodakalla	Member

The Stakeholders Relationship Committee met 4 times during the previous year. The said committee meeting.

30-05-2025	28-07-2025	14-11-2025	13-02-2026

Attendance:

Name	Position in	Category Committee	No of Meetings Held	No of Meetings Attended
Raju Koyyala	Chairman	Non-Executive - Independent Director	4	2
Raja Suman Karingula	Member	Non-Executive - Independent Director	4	2
*Venkata Srinivasan Kodakalla	Member	Non-Executive - Independent Director	4	4
*Jaya Mahadev Yerramsetti	Former Member	Non-Executive - Independent Director	4	2
*Lakshmi Nekkanti Satyasri	Former Member	Non-Executive - Non Independent Director	4	2

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

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, 2026.

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.

REMUNERATION OF DIRECTORS

(a) All pecuniary relationship or transactions of the non-executive directors

Non-Executive Directors including Independent Directors are entitled to sitting fee for the Board and Committee meetings attended by them and Commission not exceeding 1% of of the net profits of your Company computed in the manner laid down in Section 198 of the Companies Act, 2013, which is approved by the shareholders.

(b) Criteria of making payments to non-executive directors

Keeping in view the size, scale and complexity of the Company's operations and the level of involvement of the non-executive directors in the supervision and control of your Company and their guidance for the growth of the Company as members of the Board and also as Chairman or Members of the relevant Committees of the Board, the Board and Shareholders decided that such remuneration/ commission should be commensurate with their roles which have undergone significant qualitative changes.

(c) Disclosures with respect to remuneration (in addition to disclosures required under the Companies Act, 2013):

(i) All elements of remuneration package of individual directors summarized under major groups, such as salary, benefits, bonuses, stock options, pension etc for the FY 2024-25: Nil

(ii) Details of fixed component and performance linked incentives, along with the performance criteria: No Director is paid any fixed component nor performance linked incentives.

(iii) Service contracts, notice period, severance fees: A separate contract of employment was entered with each of the Executive Directors with terms and conditions of appointment as per the HR Policy of the Company and approved by the Board.

(iv) Stock option details, if any including issue at a discount as well as the period over which accrued and over which exercisable: The Company has not issued any stock options

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	:	Sudhir Reddy Posireddy (Chairman and Managing Director)
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 is of the Company is also posted on the website of the Company.

LOCATION AND TIME WHERE THE LAST THREE AGMS HELD:

Year	Day, Date and Time	Location	Special Resolution
2024-25	Saturday, 27.09.2025 At 10:30. AM	Hotel Inner Circle, Raj Bhavan Rd, Somajiguda, Hyderabad, Telangana 500082	1. To consider the appointment of Mr. Sudhir Reddy Posireddy (DIN:02813098) as Director of the Company 2. To consider the appointment of Mr. Sudhir Reddy Posireddy (DIN:02813098) as Chairman and Managing Director of the Company 3. To consider the appointment of Mr. Naraharisetty Mohan Krishna (DIN: 07126524) as Director of the Company 4. To consider the appointment of Mr. Naraharisetty Mohan Krishna (DIN: 07126524) as Whole Time Director of the Company 5. To consider the appointment of Mrs. Ramreddy Swathi (DIN: 07199226) as Director of the Company. 6. To consider the appointment of Mrs. Ramreddy Swathi (DIN: 07199226) as Whole Time Director of the Company 7. To consider the appointment of Mr. Raja Suman Karingula (DIN: 11183097) as an Independent Director of the Company. 8 To consider the appointment of Mr. Raju Koyyala (DIN: 10734973) as an Independent Director of the Company. 9. Increase in the Borrowing Powers of the Company 10. To create charges on the movable and immovable properties of the Company, both present and future, in respect to borrowings under Section 180 (1)(a) of the Companies Act, 2013. 11. Alteration of Objects Clause

Year	Day, Date and Time	Location	Special Resolution
2023-24	Monday, 30.09.2024 At 10:30. AM	Hotel Inner Circle, Raj Bhavan Rd, Somajiguda, Hyderabad, Telangana 500082	1. To consider the appointment of Mr. Venkata Srinivasan Kodakalla (DIN:10254552) as an Independent Director of the Company.
2022-2023	Wednesday, 27.09.2023 At 10:30. AM	Hotel Inner Circle, Raj Bhavan Rd, Somajiguda, Hyderabad, Telangana 500082	1. Re-Appointment of Mr. Sudhakar Navath as Managing Director of the Company.

Mr. Jineshwar Kumar Sankhala, Company Secretary in Practice (M/s. P. S. Rao & Associates), conducted the remote e-voting and e-voting process during the previous Annual General Meeting.

The Company had not conducted any postal ballot during the previous 3 financial years.

There are 11 Special Resolutions Moved in the 2024-2025

MEANS OF COMMUNICATION:commitments

The quarterly, half yearly and annual results are generally published in widely circulating national and local dailies such as Business standard and Nava Telangana from time to time within 48 Hours from time of Board Meeting. These are not sent individually to the shareholders.

The financial results are displayed on the website of the Company - **www.sourceindustriesindia.com** and also in the websites of BSE Limited. The Company's website also displays official press releases and other disclosures submitted to stock exchanges.

The Company has not made any presentation to institutional investors or to analysts

GENERAL SHAREHOLDER INFORMATION:

AGM	The 42nd Annual General Meeting of the Company will be held on Wednesday, 30th September 2026 at 05:00 P.M through VC/OVAM
Financial Year	**1st April 2025 to 31st March 2026**
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	**NA**
Scrip Code	**521036**
Demat ISIN Number	Under the Depository System the International Securities Identification Number (ISIN) allotted to the Company's Equity Shares by NSDL & **CDSL INE695C01015**
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 M/s. Bigshare Services Private Limited, 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.
Performance in comparison to broad-based indicies such as BSE sensex, CRISIL index etc	NA
Commodity Price Risk and Commodity Hedging Risk	NA
List of Credit Rating obtained during the year for all debt instrument	NA

Market Price Data: High, Low (Based on the closing prices) and number of shares traded during each month in the last financial year on the BSE Limited: -

Month	BSE Limited		
	High (Rs.)	Low (Rs.)	Total No. of Shares Traded
Apr-25	3.80	3.45	501
May-25	3.80	3.80	20
Jun-25	3.99	3.80	104
Jul-25	4.18	3.99	9
Aug-25	4.18	4.18	500
Sep-25	4.38	4.18	824
Oct-25	4.38	4.38	400
Nov-25	4.59	4.38	655
Dec-25	4.81	4.59	200
Jan-26	4.81	4.81	694
Feb-26	5.05	4.81	465
Mar-26	7.07	5.05	907

The securities of the Company are not suspended from trading during the financial year ended March 31,2026.

Distribution of Shareholding (as on March 31, 2026):

Sl No	Category No. of Shares	No. of share-holders	% to Capital	Share Amount (In Rs)	% of Total Accounts
1	1 - 5000	28363	98.3972	32047740	28.1044
2	5001 - 10000	301	1.0442	2464430	2.1612
3	10001 - 20000	96	0.3330	1411420	1.2378
4	20001 - 30000	16	0.0555	390360	0.3423
5	30001 - 40000	9	0.0312	302960	0.2657
6	40001 - 50000	12	0.0416	572620	0.5022
7	50001 -100000	16	0.0555	1156070	1.0138
8	100001 999999999	12	0.0416	75685500	66.3727
	TOTAL:	**28825**	**100.00**	**114031100**	**100**

➢ **SHAREHOLDING PATTERN AS ON 31st MARCH 2026:**

Sl. No	Category	No. of Shares Held	%of Shareholding
A1	**SHAREHOLDING OF PROMOTERS & PROMOTER GROUP**		
	INDIAN		
	Individuals/Hindu Undivided Family	67,01,693	58.77
	Central Government /State Government(s)	-	-
	Bodies Corporate	5,06,100	4.44
	Financial Institutions/Banks	-	-
	Sub Total of A1	**72,07,793**	**63.21**
A2	**FOREIGN**		
	Individuals (Non-Residents)	-	-
	Bodies Corporate	-	-
	Institutions	-	-
	Any Other (Specify)	-	-
	Sub Total of A2	-	-
	TOTAL PROMOTERS SHAREHOLDING (A1 +A2)	**72,07,793**	**63.21**
B	**PUBLIC SHAREHOLDINGS**	-	-
	Institutions	-	-
	Mutual Funds and UTI	-	-
	Banks/Financial Institutions	-	-
	Central Government/State Government	-	-
	Venture Capital Funds	-	-
	Insurance Companies	-	-
	Foreign Institution Investor	-	-
	Foreign Venture Capital Investors	-	-
	Any Other (Specify)	-	-
	Sub Total B1	-	-
	Non Institutions		
	Bodies Corporate	-	-
	Individuals		
B2	Individual Shareholders holdings nominal share capital upto Rs. 2 Lakhs	38,74,261	33.98
	Individual Shareholding holding nominal share capital in excess of Rs. 2 Lakhs	2,87,530	2.52
	Non Resident Indians (NRI's)	1,200	0.01
	Bodies Corporate	30,124	.26
	Any Other (Specify)	2,202	0.02
	Sub Total B2	**41,95,317**	**36.79**
	TOTAL OF PUBLIC SHAREHOLDING (B1+B2)	**41,95,317**	**36.79**
C	Shares held by Custodian and against which Depository **Receipts have been issued**	-	-
	TOTAL	**1,14,03,110**	**100**

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 from 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 Goverance as stipulated under SEBI (Listing Obligations and Disclosure requirements) Regulations, 2015 is attached to the Directors' Report and forms part of this 42nd Annual Report
- **Address for correspondence** : **Mr. Sudhir Reddy Posireddy**
Chairman and Managing Director
1B, Meenakshi Tech Park, 11th Floor Block C, Phase 2,
Opposite Deloitte, Gachibowli, Hyderabad,
Telangana 500032 Email Id: sourceinvestors@gmail.com
Website: www.sourceindustriesindia.com
- **Registrar and Transfer Agents** : **Bigshare Services Pvt. Ltd,**
306, Right Wing, Amrutha Ville,
Opp. Yashoda Hospital, Somajiguda,
Raj Bhavan Road, Hyderabad-500082
E-mail: bsshyd@bigshareonline.com
- **Contact Person** : **Contact Person Name: Mr. Sudhir Reddy Posireddy**
Tel: 91·49·2337 4967, 23370295
Fax: 91-40-23370295

DISCLOSURES:

a. The particulars of transactions between the Company and its related parties are set out at Notes to financial statements. However these transactions are not likely to have any conflict with the Company's interest. The Policy on Related Party Transactions as approved by the Board is uploaded on the website of the Company and the weblink.

b. Disclosure Under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011:

During the financial year under review, the Company underwent a structural management transition following a successful open offer and takeover process by the incoming promoters led by Mr. Sudhir Reddy Posireddy. In compliance with SEBI (SAST) norms, the aggregate promoter shareholding increased to 63.21% (comprising 72,07793 Equity Shares). Consequent to the completion of all statutory takeover obligations and the absolute transition of corporate control, the outgoing management team stepped down on July 28, 2025, and the Board of Directors was reconstituted to match the incoming corporate architecture.

c. There are no non-compliances in the last three years by the Company on any matter related to Capital Market and there were no penalties imposed nor strictures passed on the Company by any Stock Exchange, SEBI or any other Statutory Authority during the year.

d. 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. No person has been denied access to the Chairman of the Audit Committee. 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.

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

f. The Company has posted the Code of Conduct for Directors and Senior Management on its website.

g. The Company has complied with the mandatory requirements of SEBI (Listing Obligations & Disclosure Requirements) 2015.

h. The Company has complied with the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The status of compliance with the discretionary requirements under Regulation 27(1) of SEBI Listing Regulations.

i. Disclosure of commodity price risks and commodity hedging activities- NA

j. Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) - The Company has not raised any funds during the year under review

k. Policy on dealing with Related Party Transactions and Policy for determining material subsidiaries may be accessed on our website.

l. A certificate from a company secretary in practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/Ministry of Corporate Affairs or any such statutory authority has been enclosed as separately to this report.

m. Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year- There are no such instances during the year and the Board considered and accepted the recommendations of all the Committees.

n. Total fees for all services paid by the listed entity to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part- Rs. 50, 000/-

o. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:

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. The Company has not received any complaint on sexual harassment during the year

p. **Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount:**

No Loans and Advances given/taken Loans and advances in the nature of loans to firms/ companies in which directors are interested.

q. Disclosure with respect to demat suspense account/ unclaimed suspense account: N.A

r. The Company has complied with all the mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Company has also adopted the discretionary requirements as specified in Part E of Schedule II of the Regulations and the same may be referred at point no. 10 hereunder.

s. Non-compliance of any requirement of corporate governance report, with reasons thereof:

All the corporate governance requirements are complied with.

t. **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, : i.e www.sourceindustries india.com 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.

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 42nd Annual Report.

- **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 2025-26. 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 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	NA
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

ARKA DEFENCE & LOCOMOTIVES LIMITED (Formerly 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.

In accordance with the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, I, Sudhir Reddy Posireddy, Managing Director of the company, hereby declare that the board members and the Senior Management personal have affirmed compliance with the code of Conduct of the Company for the year ended March 31, 2026.

MEETING OF INDEPENDENT DIRECTORS :

During the year under review, the Independent Directors met on 12th February 2026, inter alia, to discuss:

Evaluation of the performance of Non-Independent Directors and the Board of Directors as a whole;

Evaluation of the performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.

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.

POLICY FOR DETERMINING MATERIALITY OF AN EVENT OR INFORMATION AND FOR MAKING DISCLOSURES TO STOCK EXCHANGES:

As required under Regulation 30 of the Listing Regulations, the Board of directors of the Company approved the Policy for determining materiality of an event or information and for making disclosures to Stock Exchanges effective from December 1, 2015 and has been hosted on the website of the Company www.sourceindustriesindia.com

PRESERVATION OF DOCUMENTS:

The Company adopted the policy on preservation of documents in accordance with the Regulation 9 of the Listing Regulations, which was placed on the Website of the Company www.sourceindustriesindia.com

CORPORATE GOVERNANCE REQUIREMENTS WITH REFERENCE TO SUBSIDIARY COMPANIES:

Your company does not have any material subsidiary as per the SEBI(LODR) Regulations, 2015. However, your company does not have any subsidiary company.

PROHIBITION OF INSIDER TRADING:

In compliance with the provisions of Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (as amended from time to time) and to preserve the confidentiality and prevent misuse of unpublished price sensitive information, the Company has adopted a Code of Conduct for regulating, monitoring and reporting of trading by insiders. This Code also provides for periodical disclosures from the designated Persons and their immediate Relatives as well as pre-clearance of transactions by such persons as per the thresholds mentioned in the code

The code is applicable to Designated Persons and their Immediate relatives who are likely or may reasonably be expected to have access to the unpublished price sensitive information relating to the Company and the same is being implemented as a self-regulatory mechanism

- Compliance under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pertaining to mandatory requirements and Auditors Certificate on Corporate Governance: As required under SEBI Listing Regulations, the Auditor's Certificate on compliance of the Corporate Governance norms is attached.
- Particulars about Directors proposed for appointment as well as the Directors who retire by rotation and are eligible for re-appointment indicating their shareholding in the Company have been given in the annexure attached to the Notice of the Annual General Meeting.
- The Chief executive officer and Chief Financial Officer have certified to the Board in accordance with Regulation 33(2)(a) of SEBI Listing Regulations pertaining to CEO and CFO certification for the Financial Year ended 31st March, 2026 and the same is annexed herewith.
- Disclosure of certain types of agreements binding listed companies (Information disclosed under clause 5A of paragraph A of Part A of Schedule III of Listing regulations): Not Applicable
- Disclosures with respect to demat suspense account/ unclaimed suspense account: Not Applicable

DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT

In terms of SEBI (LODR) Regulations, 2015, I hereby confirm that all the Board members and Senior Management Personnel of the Company have affirmed compliance with the respective Codes of Conduct, as applicable to them for the year ended 31st March, 2026.

By order of the Board
For Arka Defence & Locomotives Limited
(Formerly Source Industries (India) Limited)

Sd/-
Mohan Krishna Naraharisetty
Whole-timedirector
(DIN: 07126524)

Sd/-
Sudhir Reddy Posireddy
Chairman and Managing Director
(DIN: 02813098)

Place: Hyderabad
Date: 13.08.2026

MANAGING DIRECTOR AND CHIEF FINANCE OFFICER CERTIFICATE:

To,
The Board of Directors,
Source Industries (India) Limited

We, the undersigned to the best of our knowledge and on behalf, certify that:

1. We 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 31.03.2026 and that to the best of our knowledge and belief:
   a. These statements do not contain any materially 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.
2. 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 volatile of the Company's code of conduct.
3. 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.
4. We have indicated to the Auditors and the Audit Committee:
   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.

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

Sd/-	**Sd/-**
Sudhir Reddy Posireddy	**K. Vishweshwara Rao**
Chairman and Managing Director	**CFO**
(DIN: 02813098)	

Place: Hyderabad
Date : 25.05.2026

CERTIFICATE REGARDING CORPORATE GOVERNANCE

To
The Members,
ARKA DEFENCE & LOCOMOTIVES LIMITED
(Formerly Source Industries (India) Limited)
Hyderabad

We have examined the compliance of the conditions of Corporate Governance by ARKA DEFENCE & LOCOMOTIVES LIMITED (Formerly Source Industries (India) Limited) (hereinafter referred to as "the Company") for the year ended March 31, 2026, as stipulated in Chapter IV of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("Listing Regulations").

The compliance of the conditions of Corporate Governance is the responsibility of the management. Our examination was limited to a review of the 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.

We conducted our examination of the Corporate Governance Report in accordance with the established systems and procedures selected by us depending on our judgment, including assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. The procedures include, but are not limited to, verification of secretarial records and other information of the Company, as we deem necessary to arrive at an opinion.

Based on the procedures performed by us as mentioned above and according to the information and explanations provided to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations as applicable for the year ended March 31, 2026.

We further state that such compliance is neither an assurance as to the financial 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 Sankahala
Company Secretary
MP no. 21697
CP no. 18365
UDIN: A021697H001109531

Place: Hyderabad
Date : 13.08.2026

CERTIFICATE ON NON-DISQUALIFICATION OF DIRECTORS

[Pursuant to Regulation 34(3) and Schedule V Para C Clause 10(i) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015]

To
ThThe Members,
ARKA DEFENCE & LOCOMOTIVES LIMITED
(Formerly Source Industries (India) Limited)
Hyderabad

We have examined the relevant records, forms, returns and disclosures received from the directors of **ARKA DEFENCE & LOCOMOTIVES LIMITED (Formerly Source Industries (India)** Limited) having CIN:L45400TG1984PLC004777and having registered office at 1B, Meenakshi Tech Park, 11th Floor Block C, Phase 2, Opposite Deloitte, Gachibowli, Hyderabad, Telangana 500032; (hereinafter referred to as "the Company") produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with sub-clause 10(i) of Para C of Schedule V to the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and the explanations furnished to us by the Company & its officers, we hereby certify that none of the directors on the Board of the Company for the financial year ended March 31, 2026 have been debarred or disqualified from being appointed or continuing as directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any other statutory authority.

Sr. No.	Name of Director	Nature/ Category of Directorship	DIN	Date of Appointment
1	Sudhakar Navath (till 28.07.2025)*	Former Managing Director	06785232	14.11.2017
2	Lakshmi Satyasri Nekkanti (till 28.07.2025)*	Former Non-Executive Non Independent Director	07223878	30.06.2015
3	Jaya Mahadev Yerramsetti (till 28.07.2025)*	Former Independent Director	06661103	14.08.2013
4	Sudhir Reddy Posireddy	Chairman and Managing Director	02813098	28.07.2025
5	Naraharisetty Mohan Krishna	Whole-time Director	07126524	28.07.2025
6	Ramreddy Swathi	Whole-time Director	07199226	28.07.2025
7	Raju Koyyala	Independent Director	10734973	28.07.2025
8	Raja Suman Karingula	Independent Director	11183097	28.07.2025
9	Venkata Srinivasan Kodakalla	Independent Director	10254552	05.09.2024

Ensuring 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 these based on our verification. This certificate 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 Sankahala
Company Secretary
MP no. 21697, CP no. 18365
UDIN: A021697H001109520

Place: Hyderabad
Date : 13.08.2026

Annexure F

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. **A.The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary during the financial year 2025-26 and Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year 2025-26:**

Name of the Director/ Key Managerial Personnel	Remuneration of Director KMP for the financial year 2025-26	% increase in Remuneration in the financial year of 2025-26	Ratio of the remuneration to the median the employees
Tulika Srivatsava	2,15,000	-	-

Note: The median remuneration of employees of the Company during the financial year was Rs. 30000/-

B. The percentage increase in the median remuneration of employees in the financial year: Nil

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 2025-26 was 8.63%. 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 Arka Defence & Locomotives Limited
(Formerly Source Industries (India) Limited)

Sd/-
Mohan Krishna Naraharisetty
Whole-timedirector
(DIN: 07126524)

Sd/-
Sudhir Reddy Posireddy
Chairman and Managing Director
(DIN: 02813098)

Place: Hyderabad
Date: 13.08.2026

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 at 31 March 2026 and the statement of profit and loss including other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material 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 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2026, its profit and other comprehensive income, changes in equity and its cashflows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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 communicate the matter to those charged with governance under SA720 "The Auditor's responsibilities relating to Other Information".

Responsibility of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 Responsibilities 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 it 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, 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 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.

- 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.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, 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 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 statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

e) On the basis of the written representations received from the directors as on 31 March 2026 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2026 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".

g) 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, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position except those disclosed in financial statements;

   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.

iv. a) the management has represented that, to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

b) the management has represented that, to the best of their knowledge and belief, no funds have been received by the Company to or in any other person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly lend or invest in other person or entity identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) based on our audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that that has caused us to believe that the representations under above sub-clause (a) and (b) contain any material misstatement.

v. The Company has not declared or paid any dividend during the year.

vi. Based on our examination which included test checks the Company has used accounting software for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with and the audit trail has been preserved by the Company as per the statutory requirements for record retention.

3. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the Company did not pay remuneration to its directors during the current year.

For PRSV & Co.LLP
Chartered Accountants
FRN No: S200016

Sd/-
Y. Venkateswarlu
Partner
Membership No: 222068
UDIN: 26222068YQXBLO2082

Place: Hyderabad
Date: 25 May 2026

Annexure 'A' to the Independent Auditor's Report of Source Industries (India) Limited for the Year ended as on 31 March 2026

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date: -

i. The Company does not have property, plant and equipment, intangibles and immovable property as on 31 March 2026 and the provisions of the clause 3(i) of the order are not applicable to the Company.

ii. (a) The Company has no inventory. Hence, the provisions of the clause 3 (ii)(a) of the Order are not applicable to the Company

(b) Company has not been sanctioned working capital limits in excess of Rs. five crores in aggregate from banks during the year on the basis of security of current assets of the Company. Accordingly, the provisions of clause 3(ii) of the Order is not applicable to the company.

iii. The Company has not made investments in, has not provided any guarantee or security and has not granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the provisions of clause 3(iii) of the Order is not applicable to the company.

iv. The Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of sections 185 and 186 of the Companies Act, 2013. Accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the company.

v. The Company has neither accepted any deposits from the public nor accepted any amount which are deemed to be deposits within the meaning of Sections 73 to 76 of the Act and rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

vi. The maintenance of cost records specified by the Central Government under sub-section 148(1) of the Companies Act, 2013 are not applicable to the Company. Accordingly, the requirement to report on clause 3(vi) of the order is not applicable to the Company.

vii. a. According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company is regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employee state insurance, income tax, duty of customs, goods and services tax and other statutory dues applicable to it. The provisions relating to sales tax, duty of excise, value added tax and cess are not applicable to the Company. According to the information and explanations given to us, no undisputed amounts payable in respect of goods and services tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

b. According to the information and explanation given to us, there are no dues of income tax, goods and service tax, sales tax, provided fund, employee' state insurance, duty of customs, cess and other statutory dues which have not been deposited on account of dispute.

viii. The Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

ix. (a) The Company has not availed any loans and accordingly, the requirement to report on clause 3(ix)(a) of the Order is not applicable to the Company

b) The Company has not been declared willful defaulter by any bank or financial institution or government or any government authority.

c) The Company has not availed any loans during the current year and the previous year, accordingly the requirement to report on cluse 3(ix) (c) of the Order is not applicable to the Company.

d) The Company has not availed any loans during the current year and the previous year, accordingly the requirement to report on cluse 3(ix) (d) of the Order is not applicable to the Company.

e) On an overall examination of the financial statements of the Company, the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.

f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Hence, the requirement to report on clause (ix) (f) of the Order is not applicable to the Company.

x. a) The Company has not raised any monies during the year by way of initial public offer in the nature of equity shares.

b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit. Accordingly, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.

xi. a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit.

b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT - 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

xii. The Company is not a Nidhi Company and hence clause 3 (xii) of the Companies (Auditor's Report) Order 2020 is not applicable.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. a) The Company has an internal audit system commensurate with the size and nature of its business.

b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the requirements to report on clause 3(xv) of the Order is not applicable.

xvi. a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

b) The Company has not conducted any Non-Banking Financial or Housing Finance activities during the year. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.

c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company.

xvii. The Company has not incurred cash loss during the current year and in the preceding financial year and accordingly clause 3(xvii) of the Order is not applicable to the Company.

xviii. There has been resignation of the statutory auditors during the year and there are no issues, objections or concerns raised by the outgoing auditors.

xix. On the basis of the financial ratios disclosed in note no. 27 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. The provisions of section 135 of the Companies Act are not applicable to the Company. Accordingly, the requirement to report under clause 3(xx) of the order is not applicable to the Company.

For PRSV & Co.LLP
Chartered Accountants
FRN No: S200016

Sd/-
Y. Venkateswarlu
Partner
Membership No: 222068
UDIN: 26222068YQXBLO2082

Place: Hyderabad
Date: 25 May 2026

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT
(Referred to in our Report of even date)

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

We have audited the internal financial controls over financial reporting of Source Industries (India) Limited ("the Company") as of 31 March 2026 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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 March 2026, 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.

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 (the "Guidance Note"). 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 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.

Auditors' 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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 judgement, 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 Company's 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 (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.

For PRSV & Co.LLP
Chartered Accountants
FRN No: S200016

Sd/-
Y. Venkateswarlu
Partner
Membership No: 222068
UDIN: 26222068YQXBLO2082

Place: Hyderabad
Date: 25 May 2026


STOP
Latitude: 22.341586
Longitude: 87.332129
Elevation: 56.26±41.9 m
Accuracy: 3.513 m
Time: 15-09-2025 10:46
Note: TPKR-JGM-Base-23
Powered by NoteCam

Balance Sheet as at 31st March 2026

Amount in Rs. Lakhs

Particulars	Notes	March 31, 2026	March 31, 2025
I. ASSETS			
Non-current assets			
Other non current assets	3	157.30	157.30
Total non-current assets		**157.30**	**157.30**
Current assets			
Financial assets			
Trade receivables	4	208.97	159.50
Cash and cash equivalents	5	5.80	11.13
Other current assets	6	120.39	129.80
Total current assets		**335.16**	**300.43**
Total assets		**492.46**	**457.73**
II. EQUITY AND LIABILITIES			
Equity			
Equity share capital	7	1,140.31	1,140.31
Other equity	8	(698.09)	(710.31)
Total equity		**442.22**	**430.00**
Liabilities			
Current liabilities			
Financial liabilities			
Borrowings	9	20.00	20.00
Trade payables	10		
- Dues of micro enterprises and - small enterprises		-	-
- Dues of creditors other than micro enterprises- and small enterprises		1.93	-
Other financial liabilities	11	22.01	4.25
Other current liabilities	12	6.30	3.48
Total Current liabilities		**50.24**	**27.73**
Total Equity & Liabilities		**492.46**	**457.73**

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For PRSV & Co.LLP
Chartered Accountants
FRN No: S200016

For and on behalf of the Board of Directors
Source Industries (India) Limited
CIN: L45400TG1984PLC004777

Sd/-
Y.Venkateswarlu
Partner
M.No. 222068

Sd/-
Naraharisetty Mohan Krishna
Wholetime Director
DIN: 07126524

Sd/-
Sudhir Reddy Posireddy
Chairman and Managing Director
DIN: 02813098

Place: Hyderabad
Date : 25 May 2026

Sd/-
Visweswara Rao Kothapalli
Chief Financial Officer

Statement of Profit and Loss for the year ended 31st March 2026

Amount in Rs. Lakhs

	Particulars	Notes	March 31, 2026	March 31, 2025
I	**Income**			
	Revenue from operations	13	54.27	13.72
	Other income	14	3.38	-
	Total income		**57.65**	**13.72**
2	**Expenses**			
	Employees benefit expenses	15	19.60	4.72
	Other expenses	16	25.87	8.22
	Total expenses		**45.47**	**12.94**
3	Profit/(Loss) before tax (1-2)		12.18	0.78
4	**Tax expenses**			
	Current tax		-	-
	Deferred tax		-	-
5	**Profit/(Loss) for the year (3-4)**		**12.18**	**0.78**
6	**Other comprehensive income (OCI)**			
	Items that will not be reclassified to Profit or Loss			
	- Remeasurement of defined benefit liability			-
	- Income tax effect on remeasurement of defined benefit liability			-
	Total other comprehensive income/(Loss) for the year, net of tax		**-**	**-**
7	**Total comprehensive income for the year (5+6)**		**12.18**	**0.78**
8	**Earnings per equity share (EPS) (of Rs. 10/- each fully paid)**			
	(a) Basic		0.11	0.01
	(b) Diluted		0.11	0.01

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For PRSV & Co.LLP
Chartered Accountants
FRN No: S200016

For and on behalf of the Board of Directors
Source Industries (India) Limited
CIN: L45400TG1984PLC004777

Sd/-
Y.Venkateswarlu
Partner
M.No. 222068

Sd/-
Naraharisetty Mohan Krishna
Wholetime Director
DIN: 07126524

Sd/-
Sudhir Reddy Posireddy
Chairman and Managing Director
DIN: 02813098

Sd/-
Visweswara Rao Kothapalli
Chief Financial Officer

Place: Hyderabad
Date : 25 May 2026

Cash Flow Statement For The Year Ended 31-03-2026

Amount in Rs. Lakhs

	Particulars	March 31, 2026	March 31, 2025
A	**Cash flow from operating activities**		
	Profit before tax	12.18	0.78
	Adjustments for:		
	Liabilities no longer required written back	(3.38)	-
	Unrealised foreign exchange (gain)/loss (Net)	-	-
	Operating profit before working capital changes	**8.80**	**0.78**
	Adjustments for changes in working capital		
	Trade receivables	(49.47)	(9.50)
	Other current assets	12.79	(9.00)
	Other financial liabilities	17.80	0.05
	Other current liabilities	2.82	0.88
	Cash generated from operations	**(5.33)**	**(16.79)**
	Income taxes paid, net	-	-
	Net cash generated from operating activities (A)	**(5.33)**	**(16.79)**
B	**Cash flow from/(used in) investing activities**		
	Loans and advances	-	24.30
	Net cash flow from/(used in) investing activities (B)	**-**	**24.30**
C	**Cash flow from/(used in) financing activities**		
	Payment of short-term borrowings		(2.37)
	Net cash flow from/(used in) financing activities ©	**-**	**(2.37)**
	Net increase/ (decrease) in cash & cash equivalents (A+B+C)	**(5.33)**	**5.14**
	Cash and cash equivalents at the beginning of the year	11.13	5.99
	Cash and cash equivalents at the end of the year	**5.80**	**11.13**

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For PRSV & Co.LLP
Chartered Accountants
FRN No: S200016

For and on behalf of the Board of Directors
Source Industries (India) Limited
CIN: L45400TG1984PLC004777

Sd/-
Y.Venkateswarlu
Partner
M.No. 222068

Sd/-
Naraharisetty Mohan Krishna
Wholetime Director
DIN: 07126524

Sd/-
Sudhir Reddy Posireddy
Chairman and Managing Director
DIN: 02813098

Sd/-
Visweswara Rao Kothapalli
Chief Financial Officer

Place: Hyderabad
Date : 25 May 2026

Statement of changes in equity

A. Equity share capital

Amount in Rs. Lakhs

As at 01 April 2024	1,14,03,110	1,140.31
Add: Issued during the year	-	-
As at 31 March 2025	1,14,03,110	1,140.31
Add: Issued during the year	-	-
As at 31 March 2026	**1,14,03,110**	**1,140.31**

B. Other Equity

Amount in Rs. Lakhs

Particulars	General Reserve	Investment allowance Reserv	Reserves and surplus			Total Other equity
			Securities premium	Retained earnings	Remeasurement of defined benefit obligations	
Balance as at 01 April 2024	**20.00**	**22.80**	**57.03**	**(810.92) -**	(711.09)	
Profit for the year			-	0.78	-	0.78
Balance as at 31 March 2025	20.00	22.80	57.03	(810.14)	-	(710.31)
Profit for the year	-	-	-	12.18	-	12.18
Prior period adjustment				0.04		0.04
Balance as at 31 March 2026	20.00	22.80	57.03	(797.92)	-	(698.09)

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For PRSV & Co.LLP
Chartered Accountants
FRN No: S200016

For and on behalf of the Board of Directors
Source Industries (India) Limited
CIN: L45400TG1984PLC004777

Sd/-
Y.Venkateswarlu
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Naraharisetty Mohan Krishna
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DIN: 07126524

Sd/-
Sudhir Reddy Posireddy
Chairman and Managing Director
DIN: 02813098

Sd/-
Visweswara Rao Kothapalli
Chief Financial Officer

Place: Hyderabad
Date : 25 May 2026


Latitude: 25.197707
Longitude: 83.02226
Elevation: 100.67±16.6 m
Accuracy: 3.801 m
Time: 02-03-2026 13:45
Note: Narayanpur Varanasi
Powered by NoteCam

1 Corporate information

Source Industries (India) Limited was incorporated on 12 June 1984 and got listed on BSE dated on 22 January, 2001. The Company is engaged in the business of infrastructure-related projects and services pertaining to the railway and defence sectors. The registered office of the Company is located at D6 IDA Phase V , Sangareddy, Patancheru, Medak, Patancheru, Telangana, India, 502319.

2 Material accounting policies

The Material accounting policies applied by the Company in the preparation of its financial statements are listed below.

2.1 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis and on accrual basis, except for the following items

i) Certain financial assets and liabilities : Measured at fair value

ii) employee defined benefit assets/(liability): Present value of defined benefit obligations less fair value of plan assets

The financial statements have been prepared and presented in accordance with the Indian Accounting Standards ('Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter and presentation requirements of Division II of Schedule III to the Companies Act, 2013.

Company's financial statements are presented in Indian Rupees, which is also its functional currency.

The material accounting policy information related to preparation of the standalone financial statements have been discussed in the respective notes.

2.2 Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2.3 Measurement of fair values

Accounting polices and disclosures require measurement of fair value for financial assets and financial liabilities.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

2.4 Current and non-current classification:

'The Schedule III to the Act requires assets and liabilities to be classified as either current or non-current. The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

Assets

An asset is classified as a current when it is:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

- it is expected to be realised within twelve months from the reporting date;

- it is held primarily for the purposes of being traded; or

- is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.All other assets are classified as non current.

Liabilities

A liability is classified as a current when:

- it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

- it is due to be settled within twelve months from the reporting date;

- it is held primarily for the purposes of being traded;

- the Company does not have an unconditional right to defer settlement of liability for atleast twelve months from the reporting date.All other liabilities are classified as non-current.

Deferred tax assets/liabilities are classified as non-current.

Operating Cycle

Operating cycle is the time between the acquisition of assets for processing and realisation in cash or cash equivalents. The Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

2.5 Financial Instruments

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

Financial Assets

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchase and sale of financial assets are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

"Subsequent measurement“"

i. Financial assets carried at amortised cost (AC)

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.“““ ““““ "

ii. Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is measured at FVTOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are measured at FVTPL.

Investment in subsidiaries

The Company has accounted for its investment in subsidiary at cost.

Impairment of financial assets

In accordance with Ind AS 109, the Company uses ‘Expected Credit Loss’ (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL).

For trade receivables, Company applies ‘simplified approach’ for recognition of impairment loss allowance on the trade receivable balances. The application of simplified approach require the Company to recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed and changes in the forward looking estimates are analysed.

Financial Liabilities

Initial recognition and measurement

All financial liabilities are recognized at fair value and in case of loans, net of directly attributable transaction costs. Fees of recurring nature are directly recognised in the Statement of Profit and Loss as finance cost.

Subsequent measurement

Financial liabilities are carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Derecognition of financial instruments

A financial asset (or a part of the financial asset) is derecognized from the Company's balance sheet when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of the financial liability) is derecognized from the Company's balance sheet when the obligation under the liability is discharged or cancelled or expires.

2.6 Cash and cash equivalents

Cash and cash equivalents consist of cash at banks and on hand, demand deposits and other short term deposits that are readily convertible into known amounts of cash, are subject to insignificant risk of changes in value and have a maturity of three months or less.

2.7 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated to determine the extent of impairment if any.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised in the statement of profit and loss to the extent, the carrying amount of an asset or its cash-generating unit exceeds its estimted recoverable amount.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

2.8 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities

A contingent liability is disclosed 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.

Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

2.9 Revenue recognition

i. Revenue from contracts

Revenue from contracts priced on a time and material basis are recognised as the related services are rendered and the related costs are incurred. Revenue from the end of the last invoicing to the reporting date is recognized as unbilled revenue.

Revenue from fixed price contracts is recognised as per the 'percentage of completon' method, where the performance obligations are satisfied over time and when there is no uncertainity as to measurement or collectability of consideration.

ii. Revenue from services

Service income is recognised as per the terms of contracts with the customer, when the related services are performed.

iii. Sale of goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuing effective control or management involvement with the goods, and the amount of revenue can be measured reliably.

Revenue from sale of goods is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms and excluding taxes or duties collected on behalf of the government.

iv. Interest Income

Interest income is accrued on a time proportion basis, by reference to the principal outstanding and effective interest rate applicable.

2.10 Employee Benefits Expense

i. Short Term Employee Benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for the services rendered by employees are recognised as an expense during the period when the employees render the services.

ii. Post-Employment Benefits

Defined Contribution Plans

"A defined contribution plan is a post-employment benefit plan under which the Company pays specified contributions to a separate entity. The Company's contributions to defined contribution plans are recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.“"

Defined Benefit Plans

The liability in respect of gratuity benefit is determined using the Projected Unit Credit Method based on acturial valuation, performed by an independent qualified actuary.

Re-measurement of defined benefit plans in respect of post-employment are charged to the Other Comprehensive Income.

2.11 Tax Expenses

The tax expense for the period comprises current and deferred tax. Tax expense is recognised in Statement of Profit and Loss, except to the extent that it relates to items recognised in the comprehensive income or in equity. In which case, the tax is also recognised in other comprehensive income or equity.

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognised using the balance sheet method on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding amounts used in the computation of taxable profit.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply to the temporary differences in the period in which the liability is settled or the asset realised, based on tax laws that have been enacted or substantively enacted by the end of the reporting period.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

For PRSV & Co.LLP
Chartered Accountants
FRN No: S200016

For and on behalf of the Board of Directors
Source Industries (India) Limited
CIN: L45400TG1984PLC004777

Sd/-
Y.Venkateswarlu
Partner
M.No. 222068

Sd/-
Naraharisetty Mohan Krishna
Wholetime Director
DIN: 07126524

Sd/-
Sudhir Reddy Posireddy
Chairman and Managing Director
DIN: 02813098

Place: Hyderabad
Date : 25 May 2026

Sd/-
Visweswara Rao Kothapalli
Chief Financial Officer

Notes forming part of financials statements

3 Other non current assets

Amount in Rs. Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
(Unsecured considered good)		
Capital advances	157.30	157.30
	157.30	**157.30**

4 Trade Receivables

Amount in Rs. Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured		
Considered good	208.97	159.50
Credit impaired	-	-
	208.97	**159.50**
Less: Allowance for expected credit losses	-	-
	208.97	**159.50**

a. No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person. Nor any trade or other receivables are due from firms or private companies respectively in which any director is a partner, a director or a member.

b. Trade receivables are non-interest bearing and generally on terms of 0 to 60 days.

Trade Receivables ageing schedule

Particulars		Outstanding for following periods from due date of payment						
		Not due	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
(i)	Undisputed Trade Receivables — considered good		33.43	16.04	9.50		150.00	208.97
(ii)	Undisputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-	-
(iii)	Undisputed Trade Receivables — credit impaired	-	-	-	-	-	-	-
(iv)	Disputed Trade Receivables — considered good	-	-	-	-	-	-	-
(v)	Disputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-	-
(vi)	Disputed Trade Receivables — credit impaired	-	-	-	-	-	-	-
	Balance as at 31 March 2026	**-**	**33.43**	**16.04**	**9.50**	**-**	**150.00**	**208.97**
(i)	Undisputed Trade Receivables — considered good		9.50			-	150.00	159.50
(ii)	Undisputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-	-
(iii)	Undisputed Trade Receivables — credit impaired	-	-	-	-	-	-	-
(iv)	Disputed Trade Receivables — considered good	-	-	-	-	-	-	-
(v)	Disputed Trade Receivables — which have significant increase in credit risk	-	-	-	-	-	-	-
(vi)	Disputed Trade Receivables — credit impaired	-	-	-	-	-	-	-
	Balance as at 31 March 2025	**-**	**9.50**	**-**	**-**	**-**	**150.00**	**159.50**

5 Cash and Cash Equivalents

Amount in Rs. Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Cash on hand	4.44	5.30
Balances with banks		
- in current accounts	1.36	5.83
- in deposit accounts	-	-
	5.80	**11.13**

6 Other current assets

Amount in Rs. Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Advance to vendors	120.39	129.80
	120.39	**129.80**

7 Share Capital

Particulars	As at 31 March 2026		As at 31 March 2025	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of Rs.10/- each per share	1,20,00,000	1,200.00	1,20,00,000	1,200.00
Issued,Subscribed & Paid up				
Equity shares of Rs.10/- each per share	1,14,03,110	1,140.31	1,14,03,110	1,140.31

a Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period:

Particulars	As at 31 March 2026		As at 31 March 2025	
	Number	Amount	Number	Amount
Shares outstanding at the beginning of the year	1,14,03,110	1,140.31	1,14,03,110	1,140.31
Shares issued during the year (Refer note below)	-	-	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**1,14,03,110**	**1,140.31**	**1,14,03,110**	**1,140.31**

b Rights, preferences, restrictions attached to equity shares

The Company has only one class of shares having a face value of Rs. 10/- per share. All equity shareholders rank pari-passu in respect of dividend and voting rights. Each holder of equity shares is entitled to one vote per share.In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of preferential amounts, in proportion to their shareholding.

c Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31 March 2026		As at 31 March 2025	
	Number of shares hold	% of Holding	Number of shares hold	% of Holding
Sudhir Reddy Posireddy	29,81,783	26.15	-	-
Swathi Ram Reddy	26,90,110	23.59	-	-
Mohan Krishnanaraharisetty	10,29,800	9.03	-	-
D V V Prasad Chandalawada	-	-	6,46,425	5.67%
Swathi Ramreddy	-	-	11,80,000	10.35%
Sudheer Reddy Posireddy	-	-	8,78,871	7.71%

d Details of shares held by promoters

Particulars	As at 31 March 2026		As at 31 March 2025	
	Number of shares hold	% of Holding	Number of shares hold	% of Holding
Sudhir Reddy Posireddy	29,81,783	26.15	-	-
Swathi Ram Reddy	26,90,110	23.59	-	-
Mohan Krishnanaraharisetty	10,29,800	9.03	-	-
Lalit Kumar Gupta	-	-	1,56,100	1.37%
Ritesh Kumar Gupta	-	-	3,80,310	3.34%
Lakshmi Gupta	-	-	3,25,300	2.85%
Akshay Kumar Gupta	-	-	3,15,400	2.77%
Adarsh Kumar Gupta	-	-	3,09,100	2.71%

8 Other Equity

Amount in Rs. Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
a. General reserve		
Opening Balance	20.00	20.00
(+) Addition during the year on issue of equity shares	-	-
(-) Utilized during the year towards share issue expenses	-	-
Closing Balance	**20.00**	**20.00**
b. Investment allowance reserve		
Opening Balance	22.80	22.80
(+) Addition during the year on issue of equity shares	-	-
(-) Utilized during the year towards share issue expenses	-	-
Closing Balance	**22.80**	**22.80**
c. Securities premium		
Opening Balance	57.03	57.03
(+) Addition during the year on issue of equity shares	-	-
(-) Utilized during the year towards share issue expenses	-	-
Closing Balance	**57.03**	**57.03**
d. Retained earnings		
Opening balance	(810.14)	(810.92)
(-) Utilized during the year		
(+) Net profit for the year	12.18	0.78
(+) Prior period adjustment	0.04	
Closing Balance	**(797.92)**	**(810.14)**
c. Other comprehensive income (OCI)		
Remeasurement of defined benefit obligations		
(liability net of tax)	-	-
Balance at the beginning of the year		
(+) Changes during the year		
Balance at the end of the year	-	-
	(698.09)	**(710.31)**

9 Shorterm borrowings

Amount in Rs. Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Unsecured		
From Others*	20.00	20.00
	20.00	**20.00**

*The above loans are repayable on demand and with out specification of any interest rate,payment of interest and principal will be as and when lender demanded the payment.

10 Trade Payables

Amount in Rs. Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Trade payables		
- Total outstanding dues of micro and small enterprises	-	-
- Total outstanding dues of creditors other than micro and small enterprises	1.93	-
	1.93	**-**

Trade payables ageing schedule

Particulars	Outstanding for following periods from due date of					
	Less than 6 months	6 months -1 year	1-2 Years	2-3 years	More than 3 years	Total
(i) MSME	-	-	-	-	-	-
(ii) Others	1.93		-	-	-	1.93
(iii) Disputed dues - MSME	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Balance as at March 2026	**1.93**	**-**	**-**	**-**	**-**	**1.93**
(i) MSME				-	-	-
(ii) Others						-
(iii) Disputed dues - MSME				-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-
Balance as at March 2025	**-**	**-**	**-**	**-**	**-**	**-**

11 Other financial labilities

Amount in Rs. Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Salaries & bonus payable	11.94	0.92
Expense payable	10.07	3.33
	22.01	**4.25**

12 Other Current Liabilities

Amount in Rs. Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Statutory liabilities	6.30	3.48
	6.30	**3.48**

13 Revenue from operations

Amount in Rs. Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Sale of services	54.27	13.72
	54.27	**13.72**

14 Other income

Amount in Rs. Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Liabilities no long required written back	3.38	-
	3.38	**-**

15 Employee benefits expense

Amount in Rs. Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Salaries, wages and bonus	19.60	4.72
	19.60	**4.72**

16 Other expenses

Amount in Rs. Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Rates and taxes	5.63	6.28
Office maintenance	1.15	-
Professional charges	10.09	-
Printing & stationary	3.06	0.24
Travelling expenses	4.29	0.40
Business promotion	-	0.40
Audit fee	-	
Statutory audit	0.50	0.89
Bank charges	0.01	0.01
Miscelleneous expenses	1.14	-
	25.87	**8.22**

17 Employee Benefits

The Company has recognized only short-term employee benefits under Ind AS 19. Post-employment benefits, including provident fund and gratuity, are recognised in accordance with the requirements of the Code on Social Security, 2020 and other applicable labour laws, to the extent applicable to the Company. As at the balance sheet date, the Company has no statutory, contractual or constructive obligation in respect of provident fund or gratuity. Accordingly, no contribution, liability or provision has been recognised in respect of such post-employment benefits.

18 Related Parties

a. List of the transacted Related Parties and description of relationship

Nature of Relationship	Name of the related party	
	Sudhakar Navath	Managing Director (Resigned w.e.f 28 July 2025)
	Sudhir Reddy Posireddy	Managing Director (Appointed w.e.f 28 July 2025
	Mohan Krishnanaraharisetty	Whole-time director (Appointed w.e.f 28 July 2025
	Swathi Ram Reddy	Whole-time director (Appointed w.e.f 28 July 2025
	Raja Suman Karingula	Independent Director (Appointed w.e.f 28 July 2025
Key managerial personnel (KMP)	Raju Koyyala	Independent Director (Appointed w.e.f 28 July 2025
	Venkata Srinivasan Kodakalla	Independent Director (Appointed w.e.f 05 September 2024
	Jaya Mahadev Yerramsetti	Independent Director (Resigned w.e.f 28 July 2025
	Yerrapragada Mallikarjuna Rao	Independent Director (Resigned w.e.f 30 September 2024
	Lakshmi Satyasri Nekkanti	Non-Executive Non-Independent Director (Resigned w.e.f 28 July 2025
	Visweswara Rao Kothapalli	Chief Financial Officer
	Tulika Srivastava	Company Secretary (Resigned w.e.f 31.12.2025)

Enterprise over which key managerial perssonnel exercise significant influence

b. Transactions with Related parties

Nature of Transaction	Name of the related party	As at March 31, 2026	As at March 31, 2025
Remuneration	Sudhir Reddy Posireddy	4.00	-
	Mohan Krishna Naraharisetty	4.00	-
	Swathi Ram Reddy	4.00	-
Conveyance	Tulika Srivastava	-	2.40
	Yerrapragada Mallikarjuna Rao	-	0.20
	Lakshmi Satyasri Nekkant	-	0.20
Loan repaid to	Sudhakar Navath	-	0.56
Advance paid to	Visweswara Rao Kothapalli		9.00
Advance received back from	Visweswara Rao Kothapalli	2.20	-

c. Balances as at 31 March 2026

Nature of Transaction	Name of the related party	As at March 31, 2026	As at March 31, 2025
Remuneration payable	Sudhir Reddy Posireddy	4.00	-
	Mohan Krishna Naraharisetty	4.00	-
	Swathi Ram Reddy	4.00	-
Advance receivable from	Visweswara Rao Kothapalli	6.80	9.00

19 Earnings per share

Amount in Rs. Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Profit after tax attributable to equity shareholders	12.18	0.78
Weighted average number of equity shares for basic EPS	1,14,03,110	1,14,03,110
Weighted average number of equity shares for diluted EPS	1,14,03,110	1,14,03,110
Basic earnings per share	0.11	0.01
Diluted earnings per share	0.11	0.01

20 Income Taxes

Income tax expense/ (benefit) recognised in the statement of profit and loss

Amount in Rs. Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Current tax expense	-	-
Deferred tax expense	-	-
Total income tax expense	-	-
Reconciliation of effective tax rate		

Amount in Rs. Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Profit before Income Tax	12.18	0.78
Tax Rate	25.17%	25.17%
Tax expense	3.07	0.20
Effect of:		
Unrecognised deferred tax assets	-	-
Others	(3.07)	(0.20)
Income tax expense	**-**	**-**

Deferred tax assets and liabilities

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

Amount in Rs. Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
Deferred tax (assets)/liabilities:		
Property, plant and equipment	-	-
Current liabilities & provisions	-	-
Net deferred tax Liabilities	**-**	**-**

Movement in deferred tax assets and liabilities during the years ended 31 Mar 2025 and 31 Mar 2026

Particulars	As at March 31, 2025	Charge/(credit) to profit loss	As at March 31, 2026
Deferred tax (assets)/liabilities:			
Property, plant and equipment	-	-	-
Current liabilities & provisions	-	-	-
Net Deferred tax Liabilities	**-**	**-**	**-**

Movement in deferred tax assets and liabilities during the years ended 31 Mar 2024 and 31 Mar 2025

Particulars	As at March 31, 2024	Charge/(credit) to profit loss	As at March 31, 2025
Deferred tax (assets)/liabilities:			
Property, plant and equipment	-	-	-
Current liabilities & provisions	-	-	-
Net Deferred tax Liabilities	**-**	**-**	**-**

21 Contingent Liabilities and Commitments

Amount in Rs. Lakhs

Particulars	As at March 31, 2026	As at March 31, 2025
a. Contingent Liabilities	Nil	Nil
b. Commitments	Nil	Nil

22 Capital Management

The Company manages its capital to ensure that it will be able to continue as going concern while creating value for share holders by facilitating the meeting of long term and short term goals of the Company. The Company determines the amount of capital required on the basis of annual business plan coupled long term and short term strategic investment and expansion plans.

The Company monitors the capital by using net debt equity ratio. For this purpose, adjusted net debt is defined as total debt less cash and bank balances.

21 Contingent Liabilities and Commitments

Particulars	As at March 31, 2026	As at March 31, 2025
Non current borrowings	-	-
Current borrowings	20.00	20.00
Total debts	**20.00**	**20.00**
Less: Cash and cash equivalents	5.80	11.13
Other bank balances	-	-
Adjusted net debts	**14.20**	**8.87**
Equity	1,140.31	1,140.31
Other equity	(698.09)	(710.31)
Total equity	442.22	430.00
Adjusted net debt to equity ratio	**0.03**	**0.02**

23 Segment Reporting

The Company has only one reportable business segment, which is infrastructure-related projects and services pertaining to the railway and defence sectors. . Accordingly, the amounts appearing in the financial statements relate to the Company's single business segment

Geographical Segment information:

Particulars	As at March 31, 2026	As at March 31, 2025
Within India	54.27	13.72
Outside India	-	-
Total	**54.27**	**13.72**

c. Information about major customers (from external customers)

During the year the Company has derived revenue from 2 customers totalling to Rs. 52.10 lakhs which amounts to 10% or more of its total revenue.

24 Details of dues to micro and small enterprises as defined under MSMED Act 2006

Particulars	As at March 31, 2026	As at March 31, 2025
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
- Principal amount due to micro and small enterprises	-	-
- Interest due on above	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the MSMED Act.	-	-

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information requested by the management and responded by its vendors to the Company.

25 Financial Risk Management

In course of its business, the Company is exposed to certain financial risk such as market risk , credit risk and liquidity risk that could have significant influence on the Company's business and operational/ financial performance. The Board of directors and the Audit Commitee reviews and approves risk management framework and policies for managing these risks and monitor suitable mitigating actions taken by the management to minimize potential adverse effects and achieve greater predictability to earnings.

a. Credit risk

Credit Risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Financial instruments that are subject to credit risk principally consist of trade receivables, investments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk, except for trade receivables. Credit risk is managed through continuously monitoring the credit limits and creditworthiness of customers to whom the credit has been granted after obtaining necessary approvals for credit.

The carrying amounts of financial assets represent the maximum credit risk exposure. The maximum exposure to credit risk was INR 208.97 lakhs (31 March 2025: INR 159.50 lakhs), being the total of the carrying amount of balances with trade receivables.

The Company makes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The Company did not any allowance for credit loss in respect of trade receivables taking into account the past and the recent collection trend.

Other than trade receivables, the Company has no significant class of financial assets that is past due but not impaired.

b.Liquidity risk

Liquidity Risk refers to the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The table below provides details regarding the contractual maturities of significant financial liabilities.

Particulars	Up to 1 Year	2 to 3 years	3 to 5 years
31-Mar-26			
Trade payables	-		
Other payables	22.01		
	22.01	**-**	**-**
31-Mar-25			
Trade payables		-	-
Other payables	4.25		
	4.25	**-**	**-**

c. Exchange rate risk

The Company's current operations does involve foregin currency and and hence Company is not subject to interest rate risk.

e. Interest rate risk

The Company has not availed any long term or short term loan facilities during the year and hence Company is not"subject to interest rate risk.

26 Financial Instruments valuation

All financial instruments are initially measured at cost and subsequently measured at fair value.

The carrying value and fair value of financial instruments by catogories as of 31 March 26 are as follows

Particulars	Fair value level	31-Mar-26		31-Mar-25	
		Carrying Value	Fair value	Carrying Value	Fair value
Financial assets					
At Amortised Cost					
Trade receivables	Level 2	208.97	208.97	159.50	159.50
Cash and cash equivalents	Level 2	5.80	5.80	11.13	11.13
Financial liabilities					
At Amortised Cost					
Borrowings	Level 2	20.00	20.00	20.00	20.00
Trade payables	Level 2	1.93	1.93	-	-
Other financial liabilities	Level 3	22.01	22.01	4.25	4.25

* excludes Financial assets measured at cost

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The financial instruments are categorized into three levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than the quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable Inputs for the asset or liability.

27 Ratio

Ratio	Numerator	Denominator	31 March 2026	31 March 2025	% Variance	Reason for variance
Current ratio	Current Assets	Current iabilities	6.67	10.83	-38.42%	Increase in current liabilities dues to increased operations
Debt – equity ratio	Total Debt	Shareholder's Equity	0.05	0.05	-2.76%	
Debt service coverage ratio	Earnings available for debt service= Net profit after taxes + Non-cash operating expenses + Finance cost	Debt service= Interest &"Lease Payments + Principal Repayments	NA	NA	NA	NA
Return on equity (ROE):	Net Profits after taxes	Average Shareholder's Equity	2.79%	0.18%	1438.26%	Increase in net profit during the current year
Inventory turnover ratio	Cost of goods sold	Average Inventory	NA	NA	NA	NA
Trade receivables turnover ratio	Revenue from operations	Average Trade Receivable	0.29	0.09	232.25%	Increase in receivables due to increase in operations
Trade payables turnover ratio	Net credit purchases	Average Trade Payables	NA	NA	NA	NA
Net capital turnover ratio	Revenue from operations	Working capital=current assets-current liabilities.	0.19	0.05	278.59%	Decrease in net profit
Net profit ratio	Net Profit	Revenue from operations	22.44%	5.69%	294.77%	Decrease in net profit
Return on capital employed (ROCE)	Earnings before interest and taxes	Capital employed= Tangible net worth+ Total debt+ Deferred tax (assets)/ liabilities	2.75%	0.18%	1418.39%	Decrease in net profit
Return on investment	Income generated from investments	Time weighted average investments	NA	NA	NA	NA

28 Other Statutory Information

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(ii) The Company does not have any transactions with struck off companies

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

(iv) The Company has not traded or invested in Crypto currency or Virtual Currency during the fi nancial year

(v) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall

a) directly or indirectly lend or invest in other persons or entities identifi ed in any manner whatsoever by or on behalf of the company (Ultimate Benefi ciaries) or

b) provide any guarantee, security or the like to or on behalf of the Ultimate Benefi ciaries

vi) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

a) directly or indirectly lend or invest in other persons or entities identifi ed in any manner whatsoever by or on behalf of the Funding Party (Ultimate Benefi ciaries) or

b) provide any guarantee, security or the like on behalf of the Ultimate Benefi ciaries,

(vii) The Company has not entered in to any transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

(viii)The Company has not been declared as wilful defaulter by any bank or fi nancial institution or other lender

(ix) The Company has complied with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017

(x) No Scheme of Arrangements has been approved by the Competent Authority in terms of sections 230 to 237 of the Companies Act, 2013, during the year

(xi) The Company does not have any borrowings from banks or fi nancial institutions against security of its current assets.

28 Previous year figures have been regrouped/reclassified wherever necessary to conform to the current year's classification.

For PRSV & Co.LLP
Chartered Accountants
FRN No: S200016

For and on behalf of the Board of Directors
Source Industries (India) Limited
CIN: L45400TG1984PLC004777

Sd/-
Y.Venkateswarlu
Partner
M.No. 222068

Sd/-
Naraharisetty Mohan Krishna
Wholetime Director
DIN: 07126524

Sd/-
Sudhir Reddy Posireddy
Chairman and Managing Director
DIN: 02813098

Sd/-
Visweswara Rao Kothapalli
Chief Financial Officer

Place: Hyderabad
Date : 25 May 2026


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ARKA DEFENCE & LOCOMOTIVES LIMITED

(Formerly Source Industries (Indiai) Limited)

Registered Office :
1B, Meenakshi Tech Park,
11th Floor Block C, Phase 2,
Opposite Deloitte, Gachibowli,
Hyderabad, Telangana-500032