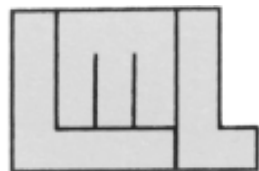


**ANNUAL REPORT  
2011-2012**



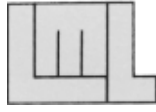
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Lokesh  
Machines Limited

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Lokesh  
Machines Limited



**Lokesh  
Machines Limited**

### BOARD OF DIRECTORS

<b>Mr. M Lokeswara Rao</b>	_____	Managing Director
<b>Mr. B Kishore Babu</b>	_____	Executive Director
<b>Mr. K Krishna Swamy</b>	_____	Whole Time Director (Technical)
<b>Mr. M Srikrishna</b>	_____	Whole Time Director (CNC Machine Division)
<b>Mr. M Srinivas</b>	_____	Director
<b>Mr. B R Mahesh</b>	_____	Director
<b>Mr. R Mohan Reddy</b>	_____	Director
<b>Mr. M Hariprasada Rao</b>	_____	Director
<b>Smt. Bhavana Rao</b>	_____	Director

### STATUTORY COMMITTEES

#### Audit Committee

Mr. B R Mahesh	- Chairman
Mr. R Mohan Reddy	- Member
Mr. M. Srinivas	- Member

#### Remuneration Committee

Mr. M. Hariprasada Rao	- Chairman
Mr. R Mohan Reddy	- Member
Mr. B R Mahesh	- Member

#### Shareholders'/Investors' Grievance Committee

Mr. R Mohan Reddy	- Chairman
Mr. B. Kishore Babu	- Member
Mr. M. Srikrishna	- Member

#### Company Secretary

Mr. K. Durgadas Maiya

#### BANKERS

State Bank of Hyderabad  
Punjab National Bank  
State Bank of Indore  
Barclays Bank PLC  
IndusInd Bank Limited

### AUDITORS

M/s Brahmayya & Co.,  
Chartered Accountants  
Flat no 403 & 404, Golden Green Apartments  
Irrum Manzil Colony  
Hyderabad- 500 082

### INTERNAL AUDITORS

M V Narayana Reddy & Co.  
Chartered Accountants  
Ameerpet, Hyderabad

### REGISTRARS & TRANSFER AGENTS

Karvy Computershare Private Limited.  
Plot No 17 to 24, Vittal Rao Nagar,  
Madhapur, Hyderabad - 500 081  
Ph : +91-40 44655000  
Fax : +91 40 23420814

### REGISTERED OFFICE

B-29, EEIE, Stage II  
Balanagar  
Hyderabad – 500 037 (A.P) India

### WORKS

Temple Road, Bonthapally, Medak District, A. P.	B – 25 & 36, EEIE, Stage II, Balanagar, Hyderabad, A. P.	Ravalkol village, Medchal Mandal. Rangareddy Distt, A. P.	Plot No 41, IDA Balanagar, Hyderabad A. P.	B – 15 & 17, EEIE, Stage II, Balanagar, Hyderabad, A. P.	Plot No D260/1 Ranjangaon Industrial Area, MIDC, Shirur, Pune, Maharashtra
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## NOTICE OF THE 28TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty Eighth Annual General Meeting of Lokesh Machines Limited will be held on Saturday on September 29th , 2012 at 4:00 PM at Jubilee Hills International Centre, Near Jubilee Hills Check Post, Road No. 14, Hyderabad - 500 033 to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Balance Sheet as at March 31, 2012 and the Statement of Profit and Loss for the year ended on that date together with the Reports of Directors' and Auditors' thereon.
2. To declare dividend on equity shares of the company.
3. To appoint a Director in place of Mr. B R Mahesh, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. R Mohan Reddy who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s. Brahmayya & Co, Chartered Accountants, Hyderabad as Statutory Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting up to the conclusion of the next Annual General Meeting and to authorise the Board to fix their remuneration.

### SPECIAL BUSINESS:

6. **Recommendation for revision of remuneration payable to Mr. K Krishna Swamy whole time director**

To consider and if thought fit, pass with or without modification the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** in partial modification of Resolution No. 6 passed at the Annual General Meeting of the Company held on September 28 ,2010 for the appointment and terms of remuneration of Shri K. Krishna Swamy as a Whole time Director of the Company and in accordance with the provisions of Section 198, 269, 309, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the company hereby approves the maximum amount of Consolidated Salary payable to Shri K. Krishna Swamy (including the salary to be paid in the event of loss or inadequacy of profits in any financial year), during the tenure of his appointment as Rs. 55,000/- per month w.e.f. 01-04-2012 for the residual period of his term i.e. up to 29-06-2015.

**FURTHER RESOLVED THAT** the Board be and is hereby authorized to alter and /or vary the terms and conditions of the appointment including remuneration payable to him from time to time, provided however that the remuneration payable shall not exceed the limits specified in Schedule XIII of the Companies Act, 1956 as existing or as amended, modified or re-enacted from time to time.

**FURTHER RESOLVED THAT** except for the revision in the consolidated salary, all other terms and conditions of his appointment as a Whole time Director of the Company as decided by the Resolution passed in the Annual General Meeting of the Company held on September 28th, 2010 shall remain unchanged."

By Order of the Board  
For **LOKESH MACHINES LIMITED**

Place: Hyderabad  
Date : August 14, 2012

**K. Durgadas Maliya**  
Company Secretary

**NOTES:**

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy and vote instead of himself and such proxy need not be a member of the Company. Proxies should be deposited at the Registered Office of the Company not less than Forty-Eight hours before the scheduled commencement of the meeting.
2. An Explanatory Statement pursuant to Sec.173 (2) of the Companies Act, 1956 relating to the special business to be transacted at the meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will remain closed from **September 25, 2012 to September 29, 2012**, both days inclusive, on account of the Annual General Meeting and payment of dividend.
4. Shareholders are requested to immediately notify the REGISTRARS AND SHARE TRANSFER AGENTS or the DEPOSITORY PARTICIPANTS (in case of shares which have been dematerialised) of any change in their address and/or bank account details to ensure correct and prompt receipt of the Dividend Warrants.
5. Corporate Members are requested to submit a duly certified copy of the Board Resolution authorising their representative to attend and vote at the Annual General Meeting.
6. Members are requested to bring the duly filled attendance slip along with their copy of the annual report to the meeting.
7. Relevant documents and registers will be available for inspection by the members at the registered office of the company.
8. As per the green initiatives issued by the Ministry of Corporate Affairs, all companies are allowed to send official documents to their shareholders electronically. Henceforth, we propose to send documents like notice convening the general meetings, financial statements etc. to the email address registered with the company.  
We request you to register / update your email address with your depository participant / RTA to ensure that all documents reach you on your preferred email.
9. The information on the particulars of the Directors seeking appointment / re-appointment as required under clause - 49 of the Listing Agreement entered into by the company with the stock exchanges has been given below:

Additional information on Directors seeking appointment/re-appointment at the forthcoming Annual General Meeting

<b>Name</b>	<b>Mr B R Mahesh</b>	<b>Mr. R Mohan Reddy</b>
<b>Date of birth</b>	16-06-1953	20-07-1939
<b>Designation</b>	Independent Non Executive Director	Independent Non Executive Director
<b>Date of appointment</b>	28/06/1991	27/09/2006
<b>Educational Qualifications</b>	Chartered Accountant (FCA)	B.E. (Mechanical) and M.B.A. From Osmania University
<b>Areas of Experience</b>	30 years of experience in the fields of finance, accounts and taxation.	Has a wide experience as a business executive, and have served for several public sector undertakings like BHEL, APIDC in senior managerial position. He was Managing Director of Allwyn Watches Ltd.

<b>Chairmanship of the Committees held in the company</b>	1. Member of Audit Committee 2. Member of Remuneration Committee	1. Member of the Shareholders' /Investors' Grievance Committee 2. Member of Audit Committee 3. Member of Remuneration Committee
<b>Companies in which he / she holds Directorship</b>	Smintage Communications Pvt Ltd. PL Realtors Pvt Ltd.	Nelcast Limited
<b>Membership / Chairmanship of the Committees held in other companies</b>	Nil	Chairman of Shareholders' Grievance Committee, and Member of Audit Committee and Member of Remuneration Committee of Nelcast Limited
<b>No of Shares held in the company</b>	Nil	Nil

#### **Explanatory Statement under Section 173(2) of the Companies Act, 1956**

##### **ITEM NO. 6**

The Board of Directors pursuant to the resolution passed in the Annual General Meeting of the Company held on September 28, 2010 appointed Shri K. Krishna Swamy as a Whole time Director of the company w.e.f. 29th June, 2010 for a period of 5 (Five) years, by passing a resolution in the Board Meeting held on August 14, 2010.

Subsequently as the company has gone for many expansion plans and due to which there was an increase in duties and responsibilities of Shri K. Krishna Swamy. The Remuneration committee at its meeting held on 14.08.2012 has approved the increase of remuneration to Shri. K. Krishna Swamy from Rs. 45,000/- to Rs. 55,000/- per month w.e.f. 01-04-2012 for the residual period of his term i.e. up to 29-06-2015

In the interest of the company the Board recommends the Resolution as set out in Item No. 6 of the Notice for the approval of the members. None of the directors except Mr. K. Krishna Swamy, is interested in the proposed resolution

This may be treated as an abstract/ memorandum u/s 302 of the Companies Act, 1956.

By Order of the Board  
**For LOKESH MACHINES LIMITED**

Place: Hyderabad  
Date : August 14, 2012

**K. Durgadas Maliya**  
Company Secretary

## 28TH REPORT OF THE BOARD OF DIRECTORS

Your Directors have pleasure in presenting the Twenty Eighth Annual Report together with the Audited Statement of Accounts for the financial year ended March 31, 2012.

### FINANCIAL RESULTS

Rs in Lakhs

Particulars	(2011-12)	(2010-11)
Net Sales	16,296.57	14639.63
Other Income	185.92	400.94
Capitive consumption	438.66	583.10
Total Income	16921.15	15623.67
<b>Profit before Depreciation, Interest and Taxes</b>	<b>3605.38</b>	<b>3074.25</b>
Depreciation	845.73	741.36
<b>Profit before Interest and Taxes</b>	<b>2759.65</b>	<b>2332.89</b>
Interest and Finance Charges	1512.23	1223.21
<b>Profit before Taxes</b>	<b>1247.42</b>	<b>1109.68</b>
Provision for Taxes	487.59	401.16
<b>Profits after Taxes</b>	<b>759.83</b>	<b>708.52</b>

### PERFORMANCE REVIEW:

Your Directors are pleased to report that the Company could maintain an all round growth in the operations. The turnover increased by 11.3 %, and the Profit before Interest and Taxes increased by 18.3% compared to the previous year. The Earnings per Share increased from Rs. 6.2 in the previous year to Rs 6.45 in the year under report.

### FUTURE OUTLOOK

With the turnaround providing the momentum to the overall growth in the general economic activity, your Directors are hopeful for a better performance in the current year.

### DIVIDEND

Your Directors are pleased to recommend for approval of the Members a dividend of 5% on equity shares of the company for the financial year 2011-12, amounting to Re. 0.50/- per equity share.

The dividend on the equity shares, if declared as above, would involve an outflow of Rs.58,88,700/- towards dividend and Rs. 9,55,295 /- towards dividend tax, resulting in a total outflow of Rs. 68,43,995./-.

### TRANSFER TO GENERAL RESERVE

The Company does not propose to transfer any amount to General Reserve.

### DIRECTORS

Mr. B R Mahesh and Mr. R Mohan Reddy, Directors of the company retire by rotation at the ensuing Annual General Meeting, and being eligible offer themselves for re-appointment.



As required by clause 49 of the Listing Agreement with the Stock Exchanges, the information on the particulars of the Directors seeking re-appointment was given in the notice to the AGM.

#### **PUBLIC DEPOSITS:**

During the year, the company has not accepted any deposits from the public and is therefore not required to furnish information in respect of outstanding deposits under Non-Banking Non-Financial Companies (Reserve Bank) Directions, 1966 and Companies (Acceptance of Deposit) Rules, 1975.

#### **LISTING:**

The equity shares of the Company are listed with Bombay Stock Exchange Limited (BSE), and National Stock Exchange of India Limited (NSE). There are no arrears on account of payment of listing fees to the said Stock Exchanges.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

In accordance with the provisions of Section 217 (2AA) of the Companies Act, 1956, the Directors of your Company confirm:

- I. That all applicable accounting standards have been followed in the preparation of annual accounts and that there are no material departures
- II. That the directors selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2012 and of the profit of the Company for the year ended on that date.
- III. That directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 1956, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.
- IV. That the Directors prepared the annual accounts on a going concern basis.

#### **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO:**

Particulars of conservation of energy, technology absorption and foreign exchange earnings and outgo as required under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988, is annexed as **Annexure 'A'** to this Report.

#### **PARTICULARS OF EMPLOYEES**

Particulars of employees whose information is to be annexed to this report pursuant to sec-217(2A) of the Companies Act, 1956 are not applicable since the company has not employed any such employees.

#### **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

The Management Discussion and Analysis Report for the year under review, as stipulated under Clause-49 of the Listing Agreement entered with the Stock Exchanges is annexed as **Annexure 'B'** to this Report.

#### **CORPORATE GOVERNANCE**

As per Clause-49 of the Listing Agreement entered with the Stock Exchanges, a detailed report on



Corporate Governance together with the declaration by the Managing Director and Certificate issued by the Statutory Auditors' of the company confirming the compliance of conditions of corporate governance are annexed as **Annexure 'C'**

**SUBSIDIARY COMPANY:**

The company does not have any Subsidiary company either in India or abroad.

**AUDITORS' & AUDITORS' REPORT:**

M/s. Brahmayya & Co, Chartered Accountants, the statutory auditors of the Company retire at the conclusion of this ensuing Annual General Meeting and have expressed their willingness to act as statutory auditors of the Company, if appointed and have confirmed that the said appointment would be in conformity with the provisions of Sec-224(1B) of the Companies Act, 1956.

The notes on accounts referred to in the Auditors' Report are self explanatory and therefore does not require any further comments.

**NEW MANUFACTURING UNITS AND EXPANSION:**

The construction work is in progress at the 50.00 acres of land located at Automotive Park, Toopran Mandal, Medak District, Andhra Pradesh to setup an auto component and machine tool manufacturing unit. The Commercial production is expected to be initiated shortly.

After implementing of Cylinder Blocks and Cylinder Heads plant at Ranjangoan, the company now has planned to expand further and enter into the manufacturing field of Connecting Rod as there is an interest evinced by our clients. For this new Connecting Rod projects, the company will be setting up a new unit and the machines are been sourced from and equipped by German technology.

**ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation for the support and co-operation extended by the Shareholders, Bankers, Financial Institutions, Government Authorities, Stock Exchanges, Customers, Suppliers and other associates.

Your Directors also wish to place on record their appreciation for the enthusiastic support received from the team of dedicated employees in the activities of your Company.

On behalf of the Board  
For **Lokesh Machines Limited**

**B Kishore Babu**      **M Lokeswara Rao**  
(Executive Director)      (Managing Director)

Place: Hyderabad.  
Date: August 14, 2012

## ANNEXURE 'A'

Disclosure of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo as required under Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 and forming part of the Report of the Board of Directors for the period ended 31<sup>st</sup> March, 2012.

### A. Conservation of Energy

Your company is not a power intensive industry, and hence the scope for significant measures for conservation of energy is limited.

### B. Technology Absorption, Research and Development

The in-house R & D activities of the company towards product and process developments have been continuing. The endeavor of the company has been to achieve higher efficiencies in the performance of its products through these efforts.

### C. Research and Development (R & D)

1. Specific areas in which R & D carried out by the Company:

Design & manufacturing of tooling and fixtures required for Automobile Industry like sheet metal dies and BIW welding fixtures.

2. Benefits derived as a result of the above R & D: Expanding the project range
3. Future plan of action: Commercialization of the above products.
4. Expenditure on R & D:

(a) Capital	: NIL
(b) Recurring	: 32.66 lakhs
(c) Total	: 32.66 lakhs
(d) Total R & D expenditure as a percentage of total turnover	: 0.22 %

### Foreign Exchange Earnings and Outgo

(i) Foreign Exchange Earnings	: Rs.23.89 Lakhs
(ii) Foreign Exchange Outgo:	
For Capital Goods	: Rs. 676.64 Lakhs
For Components on FOB basis	: Rs. 710.89 lakhs
Towards Foreign Travel	: Rs. 18.66 Lakhs

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management presents the analysis of performance of your Company for the year 2011-12 and its outlook for the future. This outlook is based on assessment of the current business environment and the expectations, estimates and projections of the management of the Company. It may vary due to future economic and political development, both in the Indian and international economies and due to other factors beyond control.

### Industry Structure and Development

The year 2011-12 was marked by growing global uncertainties. Global recovery has stalled, growth prospects have dimmed and downside risks have escalated. The growth of the Indian Economy has also slowed down.

The machine tools industry is always the first to be affected and the last to recover during a revival whenever there is a slowdown in the economy and global uncertainties. However, bucking this trend for the first time, the Indian machine tool sector is poised to grow by over 15 per cent this year.

An assessment by the Indian Machine Tool Manufacturers Association (IMTMA) reveals that the top companies, which account for over 60 per cent of the organised sector, have orders sufficient to last them until the middle of 2012-13. As the order book is full some of them had even stopped taking extra orders owing to capacity constraints.

In the present scenario though there is a slowdown in the economy and the company could not perform well during the first quarter when compared to the turnover for the same period in the previous year, If the circumstances change and are favorable the company is expecting to perform well during the next coming quarters.

### Opportunities & Threats, Risks and Concerns

India stands 12th in production and 7th in the consumption of machine tools in the world as per the latest survey. The country is set to become a key player in the global machine tools industry and is likely to see substantial high-end machine tool manufacturing. Industry experts say that the phenomenon is linked to the spurt in manufacturing, for which the machine tools sector serves as the mother industry. Since, the manufacturing capacity is stagnating and the growth rate for the machine tools industry falling in developed economies, shifting machine tool capacity to low-cost high skill geographies like India, has become imperative.

The machine tool industry was dependent on the automobile and auto components sector for a majority of its business. But, diversification into emerging areas like aerospace, defense, space, power, railways and heavy engineering has given a new lease of life to the sector. The industry expects better growth in the coming year.

However growing global uncertainties, fluctuation of the rupee against the dollar and the euro and persistent double digit inflation may hinder the performance of the company but Improved and sustained efforts of your Company for enhancing the technological competencies and cost competitiveness and sophistication of CNC machines are expected to yield good results in the near future.

### Segment –wise Performance

The company has a rich experience of 28 years in automobile sector and in manufacturing of auto component such as Cylinder Blocks and Cylinder Heads, further your company planned to expand further and enter into the manufacturing field of Connecting Rod as there is an interest evinced by our clients. For this new Connecting Rod projects, the company will be setting up a new unit and the requisite machines are been sourced from and equipped by German technology.

With an efficient innovative management team and vast experience in Development, Production, Supply of Machine Tools, Jigs, Fixtures and Accessories needed and Improved and sustained efforts of your Company for enhancing the technological competencies and cost competitiveness the company is expected to yield good results in the near future.

#### **Internal Control Systems and their adequacy**

Your Company has effective internal control systems commensurate with the size of the Company. This is further supplemented by an internal audit being carried out by an external firm of Chartered Accountants. The internal auditors conduct audits of the performance of various departments, functions and locations and also statutory compliances based on an annual audit plan chalked out in consultation with the Audit Committee. They report their observations/ recommendations to the Audit Committee of the Board of Directors, which comprises three nonexecutive Independent Directors. The Audit Committee reviews the Audit observations and follows up on the implementation of the suggestions and remedial measures and also recommends increased scope of coverage, wherever necessary.

#### **Human Resources and Industrial Relations**

Employees are the main resource for the Company. The Company has done its best to retain the best employees and create a favorable work environment that encourages the young credible employees to perform innovatively and train them in a sophisticated manner with implementation of new technologies.

During the year under review all employees worked innovatively and supported productivity in an encouraging manner and high technological changes have been initiated in the process of production resulting in to cost effective quality production.

The staff strength of the Company as on 31<sup>st</sup> March, 2012 was 1553 (including trainees, employees on contract).

#### **Financial Overview during the Year:**

During the year under review the Company had maintain an all round growth in the operations. The turnover increased by 11.3 %, and the Profit before Interest and Taxes increased by 18.3% compared to the previous year. The Earnings per Share increased from Rs. 6.2 in the previous year to Rs 6.45 in the year under review.

The optimistic outlook about the company's continued growth in the years to come enabled the Board to declare a dividend of 5% to its equity shareholders.

#### **Outlook**

Global economic uncertainties will be there in the near future. The company believes that with the strong customer relations, product development capabilities, design & engineering capabilities and stronger balance sheet it can create opportunities for itself in this uncertain environment.

With a focus on innovation and technology to best leverage its strong customer relations, and with a considerably good order book the Company is reasonably confident of continuing on the growth path in FY2012-13.

#### **Cautionary Statement:**

Statements in the Management's Discussions and Analysis report describing the Company's projections or predictions may be 'forward-looking statements' within the meaning of applicable laws and regulations. Actual results could differ materially from those expressed or implied.

## REPORT ON COMPLIANCE OF CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement, entered with the stock exchanges in India, your Company hereby provides, to the shareholders, the report on Corporate Governance.

### I. Company's Philosophy on Corporate Governance:

The Company strongly believes that the system of corporate governance protects the interest of all the stakeholders by inculcating transparent business operations and accountability from management towards fulfilling the consistently high standard of corporate governance in all facets of the company's operations.

The company contemplates in adopting and adhering to the corporate governance practices and focus continuously on raising the standards of corporate governance and upgrading its practices.

Your company confirms the compliance of corporate governance, the details of which are given below:

### II. Board of Directors

Composition of the Board:

The Company's policy is to maintain optimum combination of executive and independent directors on its board. The Directors are having wide range of expertise and experience in diverse fields which bring the company wide range of skills.

The Company's Board of Directors comprises of 9 directors. Four are Executive Directors and balance members are Non-Executive Directors, out of which three members were Independent directors.

The Company has a Non-Executive and Independent Chairman, Managing Director and Whole-time Directors. The Managing Director and other Whole-time Directors are responsible for the conduct of the business and the day-to-day affairs of the Company.

During the year under review, Five Board Meetings were held on 29<sup>th</sup> April 2011; 13<sup>th</sup> May, 2011; 12<sup>th</sup> August, 2011; 11<sup>th</sup> November, 2011; and 14<sup>th</sup> February, 2012. The gap between two Board meetings was not more than four months.

The details of composition of the Board along with category of Directors, attendance of Directors at Board Meetings & annual general meeting and also the details of other directorships and memberships of committees in other companies are as follows:

Name of the Director	Attendance Particulars			No. of other Directorships and Committee Memberships/Chairmanships		
	Board Meetings during their directorship Held	Meetings during directorship Attended	Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
<b>Mr. Lokeswara Rao</b> Managing Director Promoter-Executive Director	05	05	Yes	4	1	Nil
<b>Mr. B. Kishore Babu</b> Promoter-Executive Director	05	05	No	2	1	1
<b>Mr. M. Srinivas</b> Promoter-Non Executive Director	05	05	Yes	3	1	Nil
<b>Mr. Srikrishna</b> Promoter-Executive Director	05	05	No	1	Nil	Nil
<b>Mr. K. Krishna Swamy</b> Non-Promoter; Executive Director	05	01	No	Nil	Nil	Nil
<b>Mr. B.R.Mahesh</b> Independent Non Executive Director	05	05	Yes	2	Nil	Nil
<b>Mr. R. Mohan Reddy</b> Independent Non Executive Director	05	04	Yes	1	3	1
<b>Mr. M. Hariprasada Rao</b> Independent Non Executive Director	05	02	No	1	Nil	Nil
<b>Smt. Bhavana Rao @</b> Independent Non Executive Director	03	03	No	6	Nil	Nil

@ Ms. Bhavana Rao, nominee of IFCI Venture Capital Fund Limited as Independent Nominee Director of the Company on 30.09.2011.

Information on Directors appointment / re-appointment as required under Clause 49 IV (G) of the Listing Agreement with stock exchanges is given in the notes to the Notice calling the AGM.

To enable better and more focused attention on the affairs of the company, the Board delegates particular matters to Committees of the Board set up for the purpose. At present the Board has constituted three Committees consisting members of the Board.

These committees facilitate timely and efficient deliberations and decisions. These committees function within their defined terms of reference in accordance with the Companies Act, 1956; the listing Agreement entered with stock exchanges where the shares of the company were listed in India and as approved by the Board of Directors of the company.

None of the directors on the Board is a member of more than ten committees nor was the chairman of more than five committees across all companies in which they are directors.

Details of the Committees and other related information are provided hereunder:

### III. Audit Committee

#### a) Brief description and terms of reference

The Audit Committee of the Company is constituted in line with the provisions of Clause 49 of the Listing Agreements with the Stock Exchanges read with Section 292A of the Companies Act, 1956.

The terms of reference of the Audit Committee are comprehensive and cover the matters specified for audit committees under the Listing Agreements with stock exchanges. The Committee provides the Board with additional assurance as to the adequacy of Company's internal control systems and financial disclosures.

#### b) Composition

The Audit Committee of the Company comprises of two Non-Executive Independent directors and one Non – Executive Non - Independent director. The Company Secretary of the Company acts as a secretary to the Committee. The Managing Director and the Finance Manager are permanent invitees to this Committee. The Statutory Auditors and Internal Auditors are invited to attend the Audit Committee Meeting.

The Committee comprises of:

1. Mr. B R Mahesh - Chairman (Independent and Non-Executive Director)
2. Mr. M Srinivas - Member (Non-Executive Director) and
3. Mr. R Mohan Reddy - Member (Independent and Non-Executive Director)

#### c) Meetings and attendance during the year

During the period under review four Audit Committee Meetings were held on 13<sup>th</sup> May, 2011; 12<sup>th</sup> August, 2011; 11<sup>th</sup> November, 2011 and 14<sup>th</sup> February, 2012. The gap between two Audit meetings was not more than four months.

The details of attendance of members of the Committee during the year are given below:

S.No.	Name of the Member	Number of meetings held during the tenure	Numbers of meetings attended
1	Mr. B R Mahesh	4	4
2	Mr. R Mohan Reddy	4	4
3	Mr. M Srinivas	4	3

The Chairman of the Audit Committee was present at the last Annual General Meeting of the company.

#### IV Remuneration Committee

##### a) Brief description and terms of reference

To formulate the remuneration policy and approve the remuneration or revision in the remuneration payable to Executive Directors/Whole time Directors.

##### b) Composition

The Remuneration Committee comprises of three Independent Directors as follows:

1. Mr. M Hariprasada Rao - Chairman (Independent and Non-executive Director),
2. Mr. B R Mahesh – Member (Independent and Non-executive Director)and
3. Mr. R Mohan Reddy – Member (Independent and Non-executive Director)

No meeting of the Remuneration Committee was held during the year under review.

##### c) Remuneration Policy

To recommend/review the remuneration package, periodically, to the Executive Directors. The remuneration payable to them is in accordance with the existing industry practice and also with the provisions of the Companies Act, 1956.

##### d) Remuneration paid to Executive Directors

During the period under review, the remuneration paid/payable to the executive directors including the Managing Director is as follows:

Rs. in Lakhs

Name of the Director	Salary	P.F	Other Allowance	Commission	Total
Mr. M. Lokeswara Rao (Managing Director)	42.00	0.09	-	13.54	55.63
Mr. B. Kishore Babu Executive Director	21.00	0.09	-	-	21.09
Mr. K. Krishna Swamy Whole-time Director	5.4	-	-	-	5.4
Mr. M. Srikrishna Whole-time Director	21.00	0.09	-	-	21.09

##### e) Remuneration paid to Non Executive Directors

At present, all the Non-Executive Directors receive remuneration only by way of sitting fees for attending the meetings of the Board and Committee thereof.

The details of remuneration paid to all the Non-Executive Directors for the year 2011-12 is given below:

Name of Director	Sitting Fees paid (Rs)
Mr. B R Mahesh	88000
Mr. R Mohan Reddy	108000
Mr. M Srinivas	78000
Mr. M Hariprasada Rao	20000
Smt. Bhavana Rao	30000



The fees payable for attending the meetings of the Board or the Committees has been enhanced from existing Rs.8000/- to Rs. 10000 /- per meeting w.e.f from 13<sup>th</sup> May 2011.

**f) Shareholdings of Non Executive Directors as on March 31, 2012:**

Mr. B R Mahesh, Mr. R Mohan Reddy, Mr. M Hari prasada Rao, the Non Executive Independent Directors of the company and Smt. Bhavana Rao Independent Nominee Director of the company, do not hold any shares of the Company. Mr. M Srinivas Promoter and Non executive Director holds 1,076,400 equity shares.

**V. Shareholders'/ Investors' Grievance—Committee**

The Committee meets at frequent intervals, to approve inter-alia, transfer / transmission of shares, issue of duplicate share certificates and review the status of investors' grievances and redressal mechanism and recommend measures to improve the level of investor services.

The Company maintains continuous interaction with the said R&T Agents and takes proactive steps and actions for resolving complaints/queries of the shareholders/investors.

This committee consists of three members namely:

1. Mr. R. Mohan Reddy - Chairman (Independent and Non-executive Director)
2. Mr. M Srikrishna – Member (Executive Director)and
3. Mr. B Kishore Babu – Member (Executive Director)

During the period under review Three Shareholders Grievance Committee Meetings were held on 29th April, 2011, 26th October, 2011 and 12th December, 2011. The details of attendance of members of the Committee during the year are given below:

S.No.	Name of the Member	Number of meetings held during the tenure	Numbers of meetings attended
1	R. Mohan Reddy	3	3
2	Mr. M Srikrishna	3	3
3	Mr. B Kishore Babu	3	3

**Compliance Officer**

The Board has appointed Mr. K Durgadas Maiya, the Company Secretary as Compliance Officer.

The designated e-mail id of the grievance redressal division of the company is cosecy@lokeshmachines.com.

**Details of Investor's Complaints:**

There were no complaints pending at the beginning of the year, the Company has received 13 Complaints during the year. The company resolved all of them during the year under review. There are no outstanding complaints as on 31<sup>st</sup> March, 2012.

## VI General Meetings:

Details of the location and time of the General meetings are as follows:

Year	AGM	Venue	Date	Time
2008-09	25 <sup>th</sup>	Jubilee Hills International Centre Near Jubilee Hills Check Post, Road No. 14, Hyderabad-500 033.	30/09/2009	02:30 PM.
2009-10	26 <sup>th</sup>	Jubilee Hills International Centre Near Jubilee Hills Check Post, Road No. 14, Hyderabad-500 033.	28/09/2010	10.30 A.M.
2010-11	27 <sup>th</sup>	Jubilee Hills International Centre Near Jubilee Hills Check Post, Road No. 14, Hyderabad-500 033.	30/09/2011	4.30 P.M.

### Special resolutions

All resolutions moved at the Annual General Meeting were passed by a show of hands by the requisite majority of members attending the meeting. The following are the special resolutions passed at the previous General meetings held in the last three years:

AGM held on	Whether special resolution passed	Summary of the resolution
30-09-2011	Nil	Nil
28-09-2010	Yes	Re-appointment of Mr. M. Lokeswara Rao as Managing Director for a period of five years w.e.f. 01-10-2010.
30-09-2009	Nil	Nil

### Extra-Ordinary General Meetings:

The Extra-ordinary General Meeting of the Company was held on Friday, 15th April, 2011 at 11.00 A.M. at the registered office of the Company to avail financial assistance from IFCI Venture Capital Funds Limited by issuing 20,70,000 (Twenty Lakhs Seventy Thousand Only) Secured Optionally Convertible Debentures (OCDs) of Rs. 45/- each convertible into 20,70,000 (Twenty Lakhs Seventy Thousand Only) equity shares of the company.

### Postal Ballot:

The company has not passed any resolution through postal ballot during the last year. Presently, the Company is not proposing to pass any special resolution through postal ballot.

## VII. Other Disclosures

### Related Party Transactions

No transaction of material nature was entered into by the Company with the related parties i.e, Directors or the management, their subsidiaries or relatives conflicting with the Company's interest. Transactions with the related parties are disclosed in notes to accounts in the Annual Report.

### Disclosure of Accounting Treatment:

The Company has followed the accounting standards notified under Companies (Accounting Standards) Rules, 2006 in the preparation of its financial statements.

### **Details of non-compliance etc**

There has been no instance of non-compliance with any legal requirements nor have there been any strictures imposed by any stock exchange, SEBI on any matters relating to the capital market over the last three years. A Statement of Compliance with all laws and regulations as certified by the Managing Director and Company Secretary is placed at periodic intervals for review by the Board.

### **Whistle Blower Policy:**

The Company has not established a whistle blower policy. We further affirm that during the year 2011-12 no personnel have been denied access to the Audit Committee.

### **Code of Conduct**

The Company has adopted the Code of Conduct which is applicable to the members of the Board and top management of the Company. The Code of Conduct is available on the Company's website. All directors and senior management personnel have affirmed compliance with the code of conduct and submitted declarations in this behalf for the year ended 31st March 2012.

### **Proceeds from public issues, rights issues, preferential issues etc.,**

During the financial year ended March 31, 2012 the Company has issued 20,70,000 (Twenty Lakhs Seventy Thousand Only) Secured Optionally Convertible Debentures (OCDs) of Rs. 45/- each convertible into 20,70,000 (Twenty Lakhs Seventy Thousand Only) equity shares of the company to IFCI Venture Capital Funds Limited.

The proceeds from the above said allotment of Optionally Convertible Debentures is Rs. 9,31,50,000/-.

### **Details of compliance with mandatory requirements and adoption of the non-mandatory requirements of this clause:**

The Company has complied with all the mandatory requirements of the Clause 49 of the Listing Agreement.

### **Compliance with Non-Mandatory requirements:**

The Company complied with the following non-mandatory requirements:

- (i) The Board – The Company has ensured that the persons who are being appointed as an Independent Director has the requisite qualifications and experience which would be of use to the Company and contribute effectively to the Company. The Suggested tenure of Independent Directors is yet to be implemented.
- (ii) Remuneration Committee – The Company constituted a Remuneration Committee. A detailed note on it is provided in the Remuneration Committee section.
- (iii) Shareholder Rights – The Company publishes its results on its website i.e., [www.lokeshmachines.com](http://www.lokeshmachines.com) which is accessible to the public at large. The Company's results for each quarter are published in an English newspaper having a wide national circulation and also in a Telugu newspaper having a wide circulation in Andhra Pradesh. Hence, half-yearly results are not sent to the shareholders individually.
- (iv) Audit qualifications – During the period under review, there is no audit qualification in company's financial statements. The Company continues to adopt best practices to ensure regime of unqualified financial statements.

- (v) Training of Board members – The Company is yet to evolve a plan to train the Board members.
- (vi) Mechanism for evaluating Non-Executive Board members – **Yet to evolve**

As regards other non-mandatory requirements, the Board has taken cognizance of the same and may consider adopting them as and when deemed appropriate.

The Board will adopt the “Corporate Governance Voluntary Guidelines, 2009” as and when deemed appropriate.

### VIII Means of Communication

The quarterly/half-yearly/annual financial results of the Company are sent to the stock exchanges immediately after they are approved by the Board.

The quarterly/half-yearly/annual financial results of the Company are published in Business Standard / Financial Express and Andhra Prabha within 48 hours of the conclusion of the Board meeting.

The Company’s website [www.lokeshmachines.com](http://www.lokeshmachines.com) contains a separate dedicated section “Investors Relations” where latest information for shareholders is available. The quarterly/half-yearly/annual financial results of the Company are simultaneously posted on the website. The Company’s website also displays official news releases related to the activities of the Company.

No presentations were made to any Analysts during the year 2011-12.

### IX General Shareholder Information

#### a. Annual General Meeting

Date, time and venue of Annual General Meeting	September 29, 2012, 4.00 PM, Jubilee Hills International Centre, Near Jubilee Hills Check Post, Road No. 14, Hyderabad - 500 033
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#### b. Financial Calendar (Tentative)

- 1st April to 31st March
- a) Annual General Meeting : September 29, 2012
  - b) Results for the quarter ending June 30, 2012: on and before 15<sup>th</sup> August, 2012
  - c) Results for the quarter ending September 30, 2012 : on or before 15<sup>th</sup> November, 2012
  - d) Results for the quarter ending December 31, 2012: on or before 15<sup>th</sup> February, 2013
  - e) Results for the quarter ending March 31, 2013: on or before 15<sup>th</sup> May, 2013

#### c. Date of Book Closure (both days inclusive)

September 25, 2012 to September 29, 2012  
both days inclusive

#### d. Dividend Payment Due Date (5% dividend recommended by the Board of Directors)

On or before 28-10-2012

- e. Listing on Stock Exchanges
- The Bombay Stock Exchange Limited  
P.J.Towers, Dalal Street, Mumbai – 400001  
The National Stock Exchange of India Limited  
Exchange Plaza, Plot no. C/1, G Block,  
Bandra-Kurla Complex, Bandra (E), Mumbai - 400051  
Annual Listing fees have been paid for both BSE &  
NSE.
- Liquidity
- The shares of the company are listed in the BSE and  
NSE and are frequently traded.
- f. Stock Code
- 532740 (BSE) LOKESHMACH (NSE)
- g. Dematerialisation of  
shares and liquidity
- The Company's equity shares are available for  
dematerialization on both the Depositories i.e.
1. The National Securities Depository Ltd  
Trade World, Kamala Mills Compound,  
Senapati Bapat Marg, Lower Parle  
Mumbai – 400013
  2. Central Depository Services (India) Ltd  
Phiroze Jeejeebhoy Towers, 28<sup>th</sup> Floor  
Dalal Street, Mumbai – 400023
- The International Securities Identification Number  
(ISIN) allotted to the Company's scrip is  
ISIN: INE397H01017.
- 99.9% of equity shares are held in dematerialised  
form as on March 31, 2012.
- h. Registered Office  
Address (for correspondence)
- B-29, EEIE, Stage II  
Balanagar, Hyderabad – 500 037
- i. Registrar and Share Transfer  
Agent's Contact Address
- Karvy Computershare Pvt. Ltd.**  
Plot No.17-24 Vittalrao Nagar,  
Madhapur, Hyderabad - 500 081  
Tel No.040-44655000, Fax No.040-23420814,  
Toll Free No.1800-3454-001  
E-mail: einward.ris@karvy.com  
Web Site: www.karvy.com
- Note: Shareholders holding shares in electronic mode  
should address all correspondence to their respective  
depository participants
- j. Share transfer system
- Shares lodged for physical transfer at the Registrar's  
address are normally processed within a period of  
15 days from the date of lodging, if the documents  
are clear in all respects. The shares duly transferred  
would be dispatched to the concerned shareholders  
within a week from the date of approval of transfers  
by the Share Transfer Committee.



k Details of Compliance Officer

**Mr. K. Durgadas Maiya**

Company Secretary and Compliance Officer

**Lokesh Machines Limited**

B-29, EEIE Stage-II Balanagar, Hyderabad-500 037,  
Andhra Pradesh, India.

Phone : (040) 23079310 /311/312 /313

Fax: (040) 23078274 cosecy@lokeshmachines.com  
investorinfo@lokeshmachines.com

l Plant locations

Temple Road, Bonthapally,  
Medak District, Andhra Pradesh

B – 25 & 36, EEIE, Stage II,  
Balanagar, Hyderabad, Andhra Pradesh

B – 15 & 17 EEIE, Stage II,  
Balanagar, Hyderabad, Andhra Pradesh

Ravalkol village, Medchal Mandal.  
Rangareddy Distt, Andhra Pradesh

Plot No 41, IDA Balanagar,  
Hyderabad

Plot No D260/1 Ranjangaon Industrial Area,  
MIDC, Shirur, Pune, Maharashtra

During the financial year 2011-12, the Company has not issued any GDRs/ADRs and there are no outstanding warrants as on 31<sup>st</sup> March, 2012.

#### **Corporate Ethics:**

The company adheres to high standards of business ethics, compliance with various statutory and legal requirements and commitment to transparency in business dealings.

The company has adopted a Share Dealing Code in accordance with the SEBI (Prohibition of Insider Trading) Regulations, 1992 (as amended) for prevention of insider trading by its Management, Staff and Directors. The code is applicable to all Directors, Designated Employees and their Dependents.

The code lays down guidelines and procedures to be followed and also disclosures to be made by the Directors and Designated Employees while dealing with shares of the company. They are prohibited from dealing in securities of the company during the "Restricted Trading Periods" notified by the company from time to time.

The said code has been circulated to all the concerned persons. The Company Secretary of the company is appointed as Compliance Officer and is responsible for adherence to the code.

#### **Compliance Certificate of Auditors:**

The company has obtained a certificate from the statutory auditors confirming the compliance with the conditions of corporate governance as stipulated in clause – 49 which is attached to this report.

**Distribution of shareholding as on March 31, 2012**

S.No	Category (Amount)	Numbers of shareholders	% of shareholders	Number of shares	% of shares
1.	1 - 5000	11207	90.44	1305824	11.08
2.	5001-10000	573	4.62	467290	3.96
3.	10001-20000	273	2.20	411426	3.49
4.	20001-30000	118	0.95	302372	2.56
5.	30001-40000	42	0.33	151432	1.28
6.	40001-50000	32	0.25	152515	1.29
7.	50001-100000	58	0.46	421431	3.57
8.	100001 & Above	88	0.71	8565110	72.72
	<b>Total</b>	<b>12,391</b>	<b>100</b>	<b>1,17,77,400</b>	<b>100</b>

**Shareholding pattern as on March 31, 2012**

Category	No of Shareholders	Total Shares	% of Equity
Promoter & Promoter Group	31	6530420	55.45
Resident Individuals	11500	3899261	33.11
Bodies Corporate	268	687683	5.84
Indian Institutional Investors	1	370000	3.14
H U F	476	210288	1.78
Non Resident Indians	99	74486	0.63
Trusts	1	49	0.0004
Clearing Members	15	5213	0.04
<b>Total</b>	<b>12,391</b>	<b>1,17,77,400</b>	<b>100%</b>

**Market price data**

The Company's shares are traded on The Bombay Stock Exchange and The National Stock Exchange of India Limited.

Monthly high and low quotations of equity shares traded on Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE) for 2011-12 were as follows:

**Market Price and Index Data High, Low during each month in Last financial year**

Months	Lokesh Machines (BSE)		SENSEX		Lokesh Machines (NSE)		S & P CNX NIFTY	
	High	Low	High	Low	High	Low	High	Low
Apr 11	45.80	40.05	19,811	18,976	39.8	35.95	5944	56933
May 11	44.85	40.10	19,253	17,786	46.65	38.20	5775	5328
Jun 11	44.60	40.00	18,873	17,314	41.3	38.00	5657	5195
July 11	50.55	41.25	19,131	18,131	42.95	37.10	5740	5453
Aug 11	44.70	38.25	18,440	15,765	42.75	37.15	5551	4720
Sep 11	45.65	39.00	17,211	15,801	44.8	38.50	5169	4758
Oct 11	44.80	39.20	17,908	15,745	45.75	39.00	5399	4728
Nov 11	44.70	36.50	17,702	15,478	46.95	38.00	5326	4639
Dec 12	44.70	35.00	17,003	15,135	50.90	41.00	5099	4531
Jan 12	40.70	38.00	17,258	15,358	47.65	39.45	5217	4588
Feb 12	46.60	38.10	18,523	17,061	44.8	40.00	5629	5159
Mar 12	41.25	35.95	18,040	16,920	45.1	40.10	5499	5135



## DECLARATION FOR COMPLIANCE WITH CODE OF CONDUCT

The Board of Directors of Lokesh Machines Limited, at their meeting held on January 9, 2006, adopted the Code of Conduct for the Directors and also for the Company's Senior Management personnel, which was posted on the Company's website.

In accordance with Clause 49 I (D) of the Listing Agreement with the stock exchanges, I hereby confirm that, all the Directors and the senior management personnel of the Company have affirmed compliance with the aforesaid Code of Conduct as applicable to them for the financial year ended March 31, 2012

For Lokesh Machines Limited

Place: Hyderabad  
Date: 14<sup>th</sup> August, 2012

**M. Lokeswara Rao**  
Managing Director

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## CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of  
LOKESH MACHINES LIMITED,  
HYDERABAD.

We have examined the compliance of conditions of Corporate Governance by LOKESH MACHINES LIMITED, Hyderabad, A.P for the year ended on 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above Listing Agreement.

We state that in respect of Investors grievances received during the year ended 31<sup>st</sup> March, 2012, no investor grievances are pending against the Company as per the records of the Company. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for **BRAHMAYYA & CO.**  
Chartered Accountants  
Firm Regn. No.000513S

Place: Hyderabad  
Date : 14<sup>th</sup> August, 2012

**(K.S.RAO)**  
Partner  
Membership No.15850



## AUDITORS' REPORT

To the Members of LOKESH MACHINES LIMITED, HYDERABAD.

1. We have audited the attached Balance Sheet of LOKESH MACHINES LIMITED, HYDERABAD (A.P) as at 31<sup>st</sup> March, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditors' Report) Order, 2003 (as amended), issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
  - i) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - ii) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - iii) The Balance Sheet, the Statement of Profit and Loss and Cash Flow statement dealt with by this report are in agreement with the books of account.
  - iv) In our opinion, the Balance Sheet, the Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956.
  - v) On the basis of written representations received from the Directors, as on 31<sup>st</sup> March, 2012 and taken on record by the Board of Directors, we report that, none of the Directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a Director in terms of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956;
  - vi) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read in conjunction with the Schedules annexed therewith give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
    - a) in the case of the balance sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012;
    - b) in the case of the Statement of Profit and Loss, the Profit of the Company for the year ended on that date; and
    - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

for **BRAHMAYYA & CO.**  
Chartered Accountants  
Firm Regn. No.000513S

**(K.S.RAO)**

Partner

Membership No.15850

Place: Hyderabad

Date : 14<sup>th</sup> August, 2012

## ANNEXURE TO THE AUDITOR'S REPORT

Re: LOKESH MACHINES LIMITED, HYDERABAD.

1.
  - a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) As explained to us, the management has physically verified most of the fixed assets during the year and there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of the assets. As informed, no material discrepancies were noticed on such verification.
  - c) During the year the Company has not disposed off any of the fixed assets.
2.
  - a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
  - b) In our opinion, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
  - c) The Company is maintaining proper records of inventory. The discrepancies noticed on physical verification between the physical stocks and book records were not material.
3. According to the information and explanations given to us, the company has neither granted nor taken any loans, secured or unsecured from/to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act 1956.
4. In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchase of inventory and fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.
5.
  - a) According to the information and explanations given to us by the Management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 have been entered in the register to be maintained under that section
  - b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under section 301 of the Companies Act, 1956 have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.
6. The company has not accepted any deposits from the public. Hence the provisions of Sections 58A, 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 are not applicable to the Company for the time being.
7. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
8. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 in respect of manufacturing of machinery and job works and are of the opinion that prima facie the prescribed accounts and records have been made and maintained.
9.
  - a) According to the records, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protec-

tion Fund, Employees' State Insurance, Sales Tax, Service Tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.

- b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Cess were in arrears as at March 31, 2012 for a period of more than six months from the date they became payable.
10. The Company has no accumulated losses as at the end of the financial year. The Company has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
  11. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and Banks.
  12. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
  13. The Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
  14. The Company is not dealing or trading in shares, securities, debentures and other investments. Therefore, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
  15. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
  16. In our opinion and according to the information and explanations given to us the term loans were applied for the purpose for which the loans were raised.
  17. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
  18. During the year, the Company has not made any preferential allotment of shares to parties and Companies covered in the Register maintained under section 301 of the Companies Act, 1956.
  19. During the financial year Company has issued 20,70,000 Secured Optionally Convertible Debentures (OCDs) of Rs. 45/- each to IFCI Venture Capital Funds Limited amounting to Rs. 9,31,50,000/-.The company created the security for the said above.
  20. During the year, the Company has not made any public issue and therefore the question of disclosing the end use of money raised by public issue does not arise.
  21. Based upon the audit procedures performed and according to the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year.

for **BRAHMAYYA & CO.**  
Chartered Accountants  
Firm Regn. No.000513S

**(K.S.RAO)**  
Partner

Membership No.15850

Place: Hyderabad

Date : 14<sup>th</sup> August, 2012


**BALANCE SHEET AS AT MARCH 31, 2012**
**Rs. In Lakhs**

PARTICULARS	Note No.	As at 31.03.12	As at 31.03.11
<b>A. EQUITY AND LIABILITIES</b>			
<b>1. Shareholders' Funds</b>			
(a) Share Capital	<b>1</b>	<b>1,177.74</b>	1,177.74
(b) Reserves and Surplus	<b>2</b>	<b>8,615.17</b>	7,923.78
<b>2. Non-Current liabilities</b>			
(a) Long-term borrowings	<b>3</b>	<b>4,854.53</b>	2,498.42
(b) Deferred tax liabilities (Net)	<b>4</b>	<b>784.59</b>	599.15
(c) Other Long term liabilities	<b>5</b>	<b>752.99</b>	707.41
(d) Long term provisions	<b>6</b>	<b>242.52</b>	195.07
<b>3. Current liabilities</b>			
(a) Short-term borrowings	<b>7</b>	<b>5,503.19</b>	5,024.90
(b) Trade payables	<b>8</b>	<b>2,396.91</b>	2,042.56
(c) Other current liabilities	<b>9</b>	<b>3,139.75</b>	2,558.47
(d) Short term provisions	<b>10</b>	<b>221.35</b>	363.21
<b>TOTAL</b>		<b>27,688.74</b>	23,090.71
<b>B. ASSETS</b>			
<b>1. Non Current Assets</b>			
<b>(a) Fixed Assets</b>			
Tangible assets	<b>11</b>	<b>11,096.65</b>	7,210.39
Intangible assets		<b>26.26</b>	11.52
Capital Work-in-Progress		<b>1,248.65</b>	2,711.97
(b) Non Current Investments	<b>12</b>	<b>800.00</b>	800.00
(c) Long term loans and advances	<b>13</b>	<b>1,171.37</b>	868.19
(d) Other non-current assets	<b>14</b>	<b>905.67</b>	767.80
<b>2. Current Assets</b>			
(a) Inventories	<b>15</b>	<b>6,744.36</b>	5,361.56
(b) Trade Receivables	<b>16</b>	<b>2,996.66</b>	2,639.27
(c) Cash and cash equivalents	<b>17</b>	<b>354.35</b>	254.91
(d) Short term loans and advances	<b>18</b>	<b>1,639.79</b>	1,608.00
(e) Other current assets	<b>19</b>	<b>704.98</b>	857.10
<b>TOTAL</b>		<b>27,688.74</b>	23,090.71
<b>Accounting Policies and Notes on accounts</b>	<b>27</b>		

As per our report of even date attached

 For **BRAHMAYYA & CO**  
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

**K.S.RAO**  
Partner  
Membership No. 15850

**M. LOKESWARA RAO**  
Managing Director

**B.KISHORE BABU**  
Executive Director

**K. Durga Das Malya**  
Company Secretary

 Place: Hyderabad  
Date: August 14, 2012

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2012**  
Rs. In Lakhs

Particulars	Note No.	Current year	Previous year
<b>I INCOME</b>			
Revenue from Operations(Net)	20	16,296.57	14,639.63
Other Income	21	185.92	400.94
Capitive consumption		438.66	583.10
<b>Total</b>		<b>16,921.15</b>	15,623.67
<b>II EXPENSES</b>			
Cost of Material consumed	22	9,058.64	8,010.13
Changes in inventories of finished goods and work in progress	23	(1,230.63)	(175.56)
Employee benefits expense	24	2,755.76	2,261.16
Financial costs	25	1,512.23	1,223.21
Depreciation and amortization expenses	11	845.73	741.36
Other expenses	26	2,732.00	2,453.69
<b>Total</b>		<b>15,673.73</b>	14,513.99
<b>III Profit before taxes</b>		<b>1,247.42</b>	1,109.68
<b>IV Tax expenses</b>			
- Current Tax		250.00	450.00
- Earlier years short provision		52.15	-
- Deferred Tax		185.44	(48.84)
		<b>487.59</b>	401.16
<b>V Profit for the year after taxes</b>		<b>759.83</b>	708.52
<b>VI Earning per equity</b>			
Basic		6.45	6.02
Diluted		6.45	6.02
<b>Notes forming part of accounts</b>	27		

As per our report of even date attached

For **BRAHMAYYA & CO**  
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

**K.S.RAO**  
Partner  
Membership No. 15850

**M. LOKESWARA RAO**  
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Executive Director

**K. Durga Das Malya**  
Company Secretary

Place: Hyderabad  
Date: August 14, 2012

**NOTE 1 - SHARE CAPITAL** **Rs. In Lakhs**

Particulars	As at 31.03.2012		As at 31.03.2011	
	Number	Value	Number	Value
<b>Authorised</b>				
Equity Shares of Rs.10 each	17,500,000	1750.00	12,500,000	1250.00
	17,500,000	1750.00	12,500,000	1250.00
<b>Issued, Subscribed and Paid-Up</b>				
Equity Shares of Rs.10 each	11,777,400	1,177.74	11,777,400	1,177.74

**(a) Disclosure pursuant to Note 6(A)(d) of Part 1 of Schedule VI to the Company Act, 1956**

Particulars	31.03.2012	31.03.2011
Equity shares outstanding at the beginning of the year	11,777,400	11,777,400
Issued during the year	-	-
Equity Shares redeemed/bought back during the year	-	-
Equity shares outstanding at the end of the year	11,777,400	11,777,400

**(b) Details of Share Holders holding more than 5% of shares in the Company.**

Particulars	As at 31.03.2012		As at 31.03.2011	
	No of shares	% of Holding	No of shares	% of Holding
M.Lokeswara Rao	642,217	5.45	642,217	5.45
M.Vijayalakshmi	722,929	6.14	697,131	5.92
M.Srinivas	1,076,400	9.14	1,009,906	8.57
M.Srikrishna	1,109,931	9.42	1,109,931	9.42
C.Sirekha	1,071,969	9.10	1,019,926	8.66
B.Kishore babu	807,687	6.86	807,687	6.86

**NOTE 2 - RESERVES AND SURPLUS** **Rs. In Lakhs**

Particulars	As At 31.03.2012	As At 31.03.2011
<b>(a) Capital Reserve (Central Subsidy)</b>		
At the Commencement of the year	15.00	15.00
Closing Balance	<b>15.00</b>	<b>15.00</b>
<b>(b) Capital Redemption Reserve</b>		
At the Commencement of the year	150.00	150.00
Closing Balance	<b>150.00</b>	<b>150.00</b>
<b>(c) Securities Premium Reserve</b>		
At the Commencement of the year	4,334.87	4,334.87
Closing Balance	<b>4,334.87</b>	<b>4,334.87</b>
<b>(d) General Reserve</b>		
At the Commencement of the year	425.00	400.00
Add: Current year transfer	-	25.00
Closing Balance	<b>425.00</b>	<b>425.00</b>
<b>(e) Surplus</b>		
At the Commencement of the year	2,998.91	2,452.27
Add: Current year transfer	759.83	708.52
	3,758.74	3,160.79
Less: Equity Dividend	58.89	117.77
Dividend Tax	9.55	19.11
Transfer to General Reserve	-	25.00
Closing Balance	<b>3,690.30</b>	<b>2,998.91</b>
<b>Total</b>	<b>8,615.17</b>	<b>7,923.78</b>

**NOTE 3 - LONG TERM BORROWINGS**
**Rs. In Lakhs**

Particulars	As At 31.03.2012	As At 31.03.2011
<b>I Term Loans</b>		
a) State Bank of Hyderabad -Term loan - 1	916.35	380.79
b) State Bank of Hyderabad -Term loan - 2	314.68	368.00
c) State Bank of Hyderabad -Term loan - 3	11.45	0.00
d) State Bank of Hyderabad -Term loan - WCDL	106.93	250.26
e) Punjab National Bank -Term loan - 1	521.99	38.73
f) Punjab National Bank -Term loan - 2	275.20	321.88
g) Punjab National Bank -Term loan - 3	1,235.00	447.49
h) Punjab National Bank -Term loan - WCDL	12.50	62.50
i) State Bank of India -Term loan - 2	399.71	306.00
<b>Total</b>	<b>3,793.81</b>	<b>2,175.65</b>

- 1 The Loans referred at (a), (e), (i) above are secured by 1st pari-passu charge by hypothecation of movable fixed assets (Plant & Machinery), Buildings at Balanagar created out of bank finance and Land at Toopran as per Machine Division expansion plan and guaranteed by Managing Director and Executive Director & 2nd pari-passu charge on the fixed assets of the company(other than project assets exclusively financed) and current assets of the company
- 2 The Loans referred at (b), (f), above are secured by 1st pari-passu charge by hypothecation of land & buildings and Plant & Machinery, created out of bank finance as per 2DI first phase expansion plan and guaranteed by Managing Director and Executive Director & 2nd pari-passu charge on the fixed assets of the company(other than project assets exclusively financed) and current assets of the company.
- 3 The Loans referred at (c) above are secured by 1st pari-passu charge by hypothecation of movable fixed assets (Plant & Machinery), created out of bank finance as per 2DI second phase expansion plan and guaranteed by Managing Director and Executive Director & 2nd pari-passu charge on the fixed assets of the company(other than project assets exclusively financed) and current assets of the company.
- 4 The Loans referred at (g) above are secured by 1st pari-passu charge by hypothecation of land & buildings and Plant & Machinery, created out of bank finance as per 2DI expansion plan at Pune and guaranteed by Managing Director and Executive Director & 2nd pari-passu charge on the fixed assets of the company(other than project assets exclusively financed) and current assets of the company.
- 5 The Loans referred at (d), (h) above are secured by 1st pari-passu charge by hypothecation of fixed assets of the company and guaranteed by Managing Director and Executive Director & 2nd pari-passu charge on current assets of the company

**Rs. In Lakhs**

Particulars	As At 31.03.2012	As At 31.03.2011
<b>Terms of Repayments</b>		
	Sanction date	Rate of Interest
	Quarterly	
a) State Bank of Hyderabad -Term loan - 1	18.06.2009	14.00%
b) State Bank of Hyderabad -Term loan - 2	18.06.2009	16.00%
c) State Bank of Hyderabad -Term loan - 3	29.06.2010	15.25%
d) State Bank of Hyderabad -Term loan-WCDL	18.06.2009	16.25%
		20
		20
		20
		12

Particulars		As At 31.03.2012	As At 31.03.2011
	Sanction date	Rate of Interest	Quarterly
e) Punjab National Bank -Term loan - 1	19.10.2009	16.00%	20
f) Punjab National Bank -Term loan - 2	19.10.2009	16.00%	20
g) Punjab National Bank -Term loan - 3	15.11.2010	16.00%	24
h) Punjab National Bank -Term loan - WCDL	19.10.2009	16.00%	12
i) State Bank of India -Term loan - 2	26.06.2009	15.50%	20
<b>II Vehicle Hire Purchase Loans</b>		29.02	6.10
		<b>29.02</b>	<b>6.10</b>

1 Hire Purchase Loans above are secured by hypothecation of the respective asset and guaranteed by one of the Directors of the Company

2 Terms of Repayment : Monthly Installments.

Particulars	As At 31.03.2012	As At 31.03.2011
<b>III Unsecured Loans</b>		
Loans from Mahindra Finance	100.20	316.67
	100.20	316.67
<b>IV Optionally Convertible Debentures (OCD's) from IFCI</b>	931.50	0.00
	<b>931.50</b>	0.00
<b>Total (I+II+III+IV)</b>	<b>4,854.53</b>	<b>2,498.42</b>

a) The promoters or their nominees has to purchase 75% of OCD's and to be convertible in to equity before 18 months from the date of issue of OCD's. The remaining 25% of OCD's are under option of IFCI Ventures for conversion in to equity shares before 18 months from the date of issue.

b) On the date of completion of tenure of OCD's, the Company will issue a Secured Non Convertible Debentures (NCD's) of face value of Rs. 59.40 against each of the OCD's not bought back by Promoters or their Nominees & not opted for conversion by IFCI Venture if OCD's are not converted in to equity.

c) The OCD's are secured by mortgage of land of 26.34 Acres located at Part-B, Automotive Park at survey No 148 of Kalakkal village, Toopan Mondal, Medak Dist, Andhra Pradesh and further secured by pledge the shares of 5,00,000 held by promoters and further guaranteed by promoters.

**NOTE 4 - DEFERRED TAX LIABILITIES(NET)**

**Rs. In Lakhs**

Particulars	As At 31.03.2012	As At 31.03.2011
<b>Deferred tax liability</b>		
On account of Difference in rates and method of depreciation of fixed assets	880.69	679.49
<b>Deferred tax asset</b>		
On account of provisions charged to the statement of profit and loss but not allowed as per Income tax Act.		
Gratuity provision	37.99	29.44
Leave encashment provision	42.57	35.36
Provision for doubtful debts	15.54	15.54
	<b>96.10</b>	<b>80.34</b>
<b>Total</b>	<b>784.59</b>	<b>599.15</b>



**NOTE 5 - OTHER LONG TERM LIABILITIES**
**Rs. In Lakhs**

Particulars	As At 31.03.2012	As At 31.03.2011
Creditors for Capital expenditure	572.52	707.41
Advance from customers	180.47	0.00
<b>Total</b>	<b>752.99</b>	<b>707.41</b>

**NOTE 6 - LONG TERM PROVISIONS**
**(a) Provision for employee benefits**

Gratuity	114.38	88.62
Leave Encashment	128.14	106.45
<b>Total</b>	<b>242.52</b>	<b>195.07</b>

**NOTE 7 - SHORT TERM BORROWINGS**
**Secured**
**(a) Loans repayable on demand from banks**

1. State Bank of Hyderabad		
Cash Credit	202.76	211.45
WCDL	960.00	960.00
2. State Bank of India		
WCDL	1,323.30	1,035.76
Adhoc	700.00	0.00
3. Punjab National Bank		
Cash Credit	94.15	177.03
WCDL	600.00	600.00
4. Indusind Bank - Cash Credit	792.98	760.66
5. Barclays Bank	700.00	1,000.00
	<b>5,373.19</b>	<b>4,744.90</b>

**1 Working capital limits from consortium banks are secured by way of :**

**i) Primary** : pari-passu first charge by way of hypothecation of stocks of raw material, semi finished goods, finished goods, stores and spares, book debts and all movable and other current assets of the company.

**ii) Collateral** : (i) pari-passu first charge by way of Equitable Mortgage of land & buildings at B-36, 15&17,25&27, Plot No 41 at Balanagar, Land & Buildings at Bonthapalli and Medchel except the relating to the specific term loans

(ii) pari-passu second charge by way of Equitable Mortgage of fixed assets of the Company.

**(b) Other loans**

From Companies	130.00	280.00
	130.00	280.00
<b>Total (a + b)</b>	<b>5,503.19</b>	<b>5,024.90</b>

**NOTE 8 - TRADE PAYABLES**

Trade payables	2,396.91	2,042.56
<b>Total</b>	<b>2,396.91</b>	<b>2,042.56</b>

- a) There are no delays in payments to Micro and Small enterprises as required to be disclosed under the Micro, Small and Medium Enterprises Development Act 2006. The information regarding Micro and Small enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

**NOTE 9 - OTHER SHORT TERM LIABILITIES**
**Rs. In Lakhs**

Particulars	As At	As At
	31.03.2012	31.03.2011
<b>(a) Current maturities of long-term debt</b>		
a) State Bank of Hyderabad - Term loan - 1	163.52	109.00
b) State Bank of Hyderabad - Term loan - 2	53.32	32.00
c) State Bank of Hyderabad - Term loan - 3	100.00	77.80
d) State Bank of Hyderabad - Term loan - WCDL	143.32	143.32
e) Punjab National Bank - Term loan - 1	76.52	153.00
f) Punjab National Bank - Term loan - 2	46.68	28.00
g) Punjab National Bank - Term loan - 3	212.00	106.00
h) Punjab National Bank - Term loan - WCDL	50.00	50.00
i) State Bank of India - Term loan - 1	0.00	96.50
j) State Bank of India - Term loan - 2	60.00	40.00
k) Vehicle hire purchase loans	18.70	13.26
l) Unsecured loans from Companies	216.46	353.24
	<b>1,140.52</b>	<b>1,202.12</b>
(b) Interest accrued and due on borrowings	110.69	82.81
(c) Unpaid dividend	3.04	3.02
(d) Other payables-Statutory	70.46	86.11
(e) Other payables	208.33	170.62
(f) Advances received against sales	1,606.71	1,013.79
	<b>1,999.23</b>	<b>1,356.35</b>
<b>Total</b>	<b>3,139.75</b>	<b>2,558.47</b>

- (a) Interest accrued and due on borrowings has been debited by the bank on 1st April 2012.

**NOTE 10 -SHORT TERM PRVISIONIONS**

<b>(a) Provisions for employee benefits</b>		
Salary & Reimbursements	95.57	98.91
Bonus Payable	57.34	62.36
<b>(b) Others (Specify nature)</b>		
Proposed Equity Shares dividend	58.89	117.77
Corporate Dividend Tax	9.55	19.56
Provision for Income Tax (Net)	-	64.61
<b>Total</b>	<b>221.35</b>	<b>363.21</b>

Notes to the Financial Statements for the year ended March 31, 2012

NOTE 11 - FIXED ASSETS

Rs. in Lakhs

SL. No	Particulars	Gross Block				Depreciation				Net Block	
		As at 01.04.11	Additions	Deletions	As at 31.03.12	Upto 31.03.11	For the Period	Deletions	Upto 31.03.12	As at 31.03.12	As at 31.03.11
<b>A</b>	<b>Tangible Assets</b>										
1)	Freehold Land	1,170.11	461.41		1,631.52	-	-	-	-	1,631.52	1,170.11
2)	Buildings	1,523.88	866.91		2,390.79	320.26	63.87		384.13	2,006.66	1,203.62
3)	Plant and Machinery	8,147.95	2,664.67	17.12	10,795.50	3,996.79	580.97	1.47	4,576.29	6,219.21	4,151.16
4)	Furniture & Fixtures	45.98	6.23		52.21	29.44	4.27		33.71	18.50	16.54
5)	Vehicles	226.43	81.48		307.91	155.14	30.56		185.70	122.21	71.29
6)	Misc. Equipment	887.12	611.89		1,499.01	352.65	133.14		485.79	1,013.22	534.47
7)	Office Equipment	34.44	28.97		63.41	18.29	3.53		21.82	41.59	16.15
8)	Computers	249.77	20.12		269.89	202.72	23.43		226.15	43.74	47.05
	<b>Total</b>	<b>12,285.68</b>	<b>4,741.68</b>	<b>17.12</b>	<b>17,010.24</b>	<b>5,075.29</b>	<b>839.77</b>	<b>1.47</b>	<b>5,913.59</b>	<b>11,096.65</b>	<b>7,210.39</b>
<b>B</b>	<b>In tangible Assets</b>										
	Computer software	21.58	20.70		42.28	10.06	5.96		16.02	26.26	11.52
		<b>21.58</b>	<b>20.70</b>	<b>-</b>	<b>42.28</b>	<b>10.06</b>	<b>5.96</b>	<b>-</b>	<b>16.02</b>	<b>26.26</b>	<b>11.52</b>
	<b>Total</b>	<b>12,307.26</b>	<b>4,762.38</b>	<b>17.12</b>	<b>17,052.52</b>	<b>5,085.35</b>	<b>845.73</b>	<b>1.47</b>	<b>5,929.61</b>	<b>11,122.91</b>	<b>7,221.91</b>
	March 31, 2011	10,947.26	1,360.00	-	12,307.26	4,343.99	741.36		5,085.35	7,221.91	
<b>C</b>	<b>Capital work inpro</b>	2,711.97		1,463.32	1,248.65					1,248.65	2,711.97

**NOTE 12 -NON CURRENT INVESTMENTS**
**Rs. In Lakhs**

Particulars	As At 31.03.2012	As At 31.03.2011
<b>(At Cost, Non Trade, Long term)</b>		
Investment in Group Companies		
a) 5,00,000 Equity shares of Rs.10/- each in M/s MLR Motors Ltd	200.00	200.00
b) 15,00,000 Equity shares of Rs.10/- each in M/s MLR Auto Ltd	600.00	600.00
<b>Total</b>	<b>800.00</b>	<b>800.00</b>

**NOTE 13 - LONG TERM LOANS AND ADVENVES**
**(Un secured - considered good)**

Capital advances	1,171.37	868.19
<b>Total</b>	<b>1,171.37</b>	<b>868.19</b>

Capital advances includes Rs.1124.40 lakhs(Previous year Rs. 726.45 lakhs) given to the group companies towards purchase of Land and Machinery.

**NOTE 14 - OTHER NON CURRENT ASSETS**
**(Un secured - considered good)**

Deposits (APSEB Electricit, Telephone, Tenders etc)	82.47	70.94
Trade Receivables	823.20	696.86
<b>Total</b>	<b>905.67</b>	<b>767.80</b>

1 Trade receivables include Rs.434.12 Lakhs (Previous Year Rs. 434.12 Lakhs due from Group companies).

**NOTE 15 - INVENTORIES**
**(Valued and certified by the Management)**

a) Raw Materials & Components	1,017.99	865.82
b) Finished Goods	542.34	480.93
c) Work-in-Progress	5,168.13	4,009.10
d) Scrap (at realisable value)	15.90	5.71
<b>Total</b>	<b>6,744.36</b>	<b>5,361.56</b>

1 Raw materials and Components are at cost on first in first out basis(FIFO)

2 Finished good and work in progress are valued at lower of cost and net realizable value on full absorption cost basis

**NOTE 16 -TRADE RECEIVABLES**
**Rs. In Lakhs**

Particulars	As At 31.03.2012	As At 31.03.2011
<b>Receivables for a period exceeding six months</b>		
Un secured, Considered Good	628.22	677.56
Un secured, Considered Doubtful	46.79	46.79
	675.01	724.35
Less: Provision for doubtful receivables	46.79	46.79
	628.22	677.56
<b>Receivables for a period less than six months</b>		
Un secured, Considered Good	2,368.44	1,961.71
<b>Total</b>	<b>2,996.66</b>	<b>2,639.27</b>
<b>NOTE 17 - CASH AND BANK BALANCES</b>		
<b>a) Cash and cash equivalents</b>		
Cash on hand	4.15	1.21
Balances with banks:		
Current accounts with Scheduled Banks	52.88	14.60
Balance with Banks against Dividend payments	3.30	3.06
<b>b) Other bank balances</b>		
Balance with Banks against Margin / Guarantee	211.02	236.04
<b>c) Fixed Deposits</b>	83.00	-
<b>Total</b>	<b>354.35</b>	<b>254.91</b>
<b>NOTE 18 - SHORT TERM LOANS AND ADVANCES</b>		
<b>(Un secured - considered good)</b>		
Advances against materials and services	1,174.08	886.69
Advances for capital purchases	434.49	691.54
Other advances	31.22	29.77
<b>Total</b>	<b>1,639.79</b>	<b>1,608.00</b>
<b>NOTE 19 - OTHER CURRENT ASSETS</b>		
<b>(Un secured - considered good)</b>		
Balance with Central Excise authorities	621.65	823.73
Provision for Income Tax (Net)	37.93	-
Interest accrued on deposits	32.63	21.80
Prepaid expenses	12.77	11.57
<b>Total</b>	<b>704.98</b>	<b>857.10</b>

**NOTE 20 -REVENUE FROM OPERATIONS**
**Rs. In Lakhs**

Particulars	Current year		Previous year	
	31.03.2012		31.03.2011	
Sale of Machines -Domestic	10,859.42		9,827.44	
Sale of Machines -Export	23.89		165.72	
Sale of Spares	154.85		212.35	
Job work charges	8,043.66		7,044.93	
	<b>19,081.82</b>		<b>17,250.44</b>	
Less : Excise duty	2,785.25		2,610.81	
<b>Total</b>	<b>16,296.57</b>		<b>14,639.63</b>	
	<b>2011-12</b>		<b>2010-11</b>	
<b>Detail of sales</b>	Qty	Value	Qty	Value
Special Purpose Machines	24	2,414	19	2,059.19
General Purpose Machines (ind)	483	8,445	487	7,768.25
SPM/GPM Machies exports	2	23.89	4	165.72
Spares		154.85		212.35
Jobwork charges		8,043.66		7,044.93
	509	19,081.82	510	17,250.44

**NOTE 21 - OTHER INCOME**

Interest Income	69.66	102.77
Scrap Sales	97.50	59.75
Exchange gain (Net)	2.07	-
Profit on sale of Asset	1.47	-
Keyman Insurance	-	237.50
Miscellaneous Income	15.22	0.92
<b>Total</b>	<b>185.92</b>	<b>400.94</b>

**NOTE 22 - COST OF MATERIAL CONSUMED**

Opening stock	865.82		684.85	
Add: Purchase	9,210.81		8,191.10	
	<b>10,076.63</b>		<b>8,875.95</b>	
Less: Closing Stock	1,017.99		865.82	
<b>Total</b>	<b>9,058.64</b>		<b>8,010.13</b>	
<b>Value of imported and Indigenious Material consumed</b>	<b>2011-12</b>		<b>2010-11</b>	
	Value	%	Value	%
Imported at landed cost	930.40	10.27	820.72	10.25
Indigenously obtained	8,128.24	89.73	7,189.41	89.75
	<b>9,058.64</b>	<b>100.00</b>	<b>8,010.13</b>	<b>100.00</b>

The details of material consumed are not given as they consist of various types, which are not practicable to give.

**NOTE 23 - CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK IN PROGRESS**  
Rs. In Lakhs

<b>Particulars</b>	<b>Current year 31.03.2012</b>	Previous year 31.03.2011
<b>Opening Stock</b>		
Finished Goods	480.93	461.33
Work-in-Progress	4,009.10	3,854.72
Scrap	5.71	4.13
	<b>4,495.74</b>	<b>4,320.18</b>
<b>Closing Stock</b>		
Finished Goods	542.34	480.93
Work-in-Progress	5,168.13	4,009.10
Scrap	15.90	5.71
	<b>5,726.37</b>	<b>4,495.74</b>
<b>Total</b>	<b>(1,230.63)</b>	<b>(175.56)</b>
<b>NOTE 24 - EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	2,502.38	2,067.28
Contribution to PF,ESI and Other Funds	151.69	117.75
Staff Welfare expenses	101.69	76.13
<b>Total</b>	<b>2,755.76</b>	<b>2,261.16</b>
Employee benefits expenses include managerial remuneration as detailed below:		
Salary	89.40	73.80
Provident Fund	0.28	0.03
Sitting fees	3.29	2.72
Commission	13.49	11.98
	<b>106.46</b>	<b>88.53</b>
<b>NOTE 25 - FINANCE COSTS</b>		
Interest expenses	1,424.88	1,139.85
Bank charges	87.35	83.36
<b>Total</b>	<b>1,512.23</b>	<b>1,223.21</b>
<b>NOTE 26 - OTHER EXPENSES</b>		
Consumable Stores	150.58	96.92
Job works (processing charges)	560.65	506.80
Packing material	152.20	163.82
Freight and cartage	166.36	165.29
Power and fuel	720.69	488.07
Design stationery	3.56	1.93
Testing charges	1.63	0.37
Repairs and Maintenance - Plant and Machinery	112.72	70.80

<b>Particulars</b>	<b>Rs. In Lakhs</b>	
	<b>Current year 31.03.2012</b>	<b>Previous year 31.03.2011</b>
Rent	1.91	0.36
Rates and Taxes	17.56	20.39
Insurance	11.56	8.00
Travelling and Conveyance	241.42	174.01
Printing and Stationery	35.17	32.06
Postage and Telephones	33.05	28.53
Vehicles Maintenance	59.59	53.63
Directors Sitting Fee	3.29	2.72
Sales Commission	73.66	92.76
Professional Charges	93.93	211.24
Auditor's Remuneration :		
- As Auditors	5.62	5.52
Business Promotion Expenses	22.45	21.82
Advertisement	3.91	6.97
Donations	1.02	2.04
Miscellaneous Expenses	98.68	68.81
Security Charges	47.85	43.31
Exhibition expenses	4.07	68.07
Excise duty relating to Finished Goods	14.75	1.83
Service charges	77.32	115.74
Bad debts written off	16.00	-
Exchange variance	0.80	1.88
<b>Total</b>	<b>2,732.00</b>	<b>2,453.69</b>



## NOTE 27 - NOTES FORMING PART OF ACCOUNTS

### A SIGNIFICANT ACCOUNTING POLICES

#### 1 Basis of Accounting

The financial statements of the Company are prepared under the historical cost convention on an accrual basis and in accordance with the generally accepted accounting principles and Accounting Standards issued by the Institute of Chartered Accountants of India.

#### 2 Fixed Assets and Depreciation

- (a) Fixed assets are stated at cost less accumulated depreciation. Cost includes all related expenses incurred up to the date of putting them to use.
- (b) Depreciation is provided at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956 as follows:

In respect of Plant & Machinery and Buildings : Straight Line Method

In respect of Furniture & Fixtures, Patterns, Vehicles,

Office equipment, Computers and Misc. Equipment. : Written Down Value Method

#### 3 Inventories

- (a) Raw Materials, Components and Consumable Stores are valued at cost on first in first out basis (FIFO).
- (b) Finished goods and Work-in-progress are valued at lower of cost and net realizable value on full absorption cost basis.

#### 4 Sales

Sales includes excise duty are accounted for on dispatch of goods to the customers that generally coincides with the transfer of risk and rewards.

#### 5 Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the time of transaction

Monetary items denominated in foreign currencies at the year end not covered by forward exchange contracts are translated at year end rates and the difference is charged to the Profit and Loss Account.

#### 6 Retirement Benefits

All the Employees of the Company are entitled to retirement benefits of Provident Fund and Gratuity.

- (a) Provision for Gratuity liability to employees is made on the basis of actuarial valuation.
- (b) Provision is made for value of unutilized leaves due to employees at the end of the year.

#### 7 Deferred tax

Deferred Tax is accounted for by computing the tax effect of timing differences that arise during the year and reverse in subsequent periods.

#### 8 Leases

Assets acquired under finance leases on or after April 1, 2001 are recognized at the lower of the fair value of the leased assets at inception and the present value of minimum lease payments. Lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to periods during the lease term at a constant periodic rate of interest on the remaining balance of the liability.

**B NOTES TO ACCOUNTS**
**1 (A) Contingent Liabilities not provided for on account of:**

	Rs. In lakhs	
	2011-12	2010-11
(a) Letter of Credit	1,731.61	753.83
(b) Bank Guarantees	565.57	643.76
(c) Interest on OCD's	171.54	0.00

**(B)** Estimated amount of Contracts remaining to be executed on Capital account and not provided for Rs.154.45 lakhs (31.03.2011: Rs. 3535.39 lakhs) [(Net of Advances Rs.434.49 lakhs) (31.03.2011: Rs.403.90 lakhs)

**2 Expenditure in Foreign Currency.**

- a) Travel Rs.18.66 lakhs (2010-11: Rs.12.82 lakhs)
- b) Capital Goods: Rs 676.64 (2010-11: Rs.Nil lakhs )
- c) Stores and components Rs. 710.89 lakhs (2010-11:Rs. 516.36. lakhs)

**3 Earnings in Foreign currency:**

FOB value of goods exported: Rs.23.89 lakhs (2010-11: Rs. 165.72 lakhs)

**4 CIF Value of Imports:**

- a) Stores, spares and components: Rs. 976.89 lakhs (2010-11: 743.68 lakhs)
- b) Capital Goods: Rs 696.13 (2010-11: Rs.Nil lakhs )

**5 Employee Benefits : Gratuity**

Consequent to the adoption of Accounting Standard on Employees Benefits (AS-15) (Revised 2005) issued by the Institute of Chartered Accountants of India, the following disclosures have been made as required by the Standard for Actuarial valuation of Gratuity.

**a) Table showing changes in present value of obligations**

	31.03.2012	31.03.2011
Present value of obligations as at beginning of year	107.40	90.10
Interest cost	8.59	7.21
Current Service Cost	8.54	7.18
Benefits Paid	-16.08	-10.35
Actuarial gain / (Loss) on obligations	20.70	13.27
Present value of obligations as at end of year	129.15	107.40
<b>b) Table showing changes in the fair value of plan assets</b>		
Fair value of plan assets at beginning of year	26.39	24.20
Expected return on plan assets	1.84	1.84
Contributions	12.86	10.69
Benefits Paid	-16.08	-10.35

	31.03.2012	31.03.2011
Actuarial gain / (Loss) on Plan assets	0.00	0.00
Fair value of plan assets at the end of year	25.00	26.39
<b>c) Table showing fair value of plan assets</b>		
Fair value of plan assets at beginning of year	107.40	24.20
Actual return on plan assets	1.84	-1.84
Contributions	12.86	10.69
Benefits Paid	-16.08	-10.35
Fair value of plan assets at the end of year	129.15	107.40
Funded status	104.15	81.02
Excess of Actual over estimated return on plan assets (Actual rate of return = Estimated rate of return as ARD falls on 31st March)	Nil	Nil
<b>d) Assumptions</b>		
Discount rate	8%	8%
Salary Escalation	4%	4%

**Employee Benefits : Actuarial valuation of Leave encashment**

Consequent to the adoption of Accounting Standard on Employees Benefits (AS-15) (Revised 2005) issued by the Institute of Chartered Accountants of India, the following disclosure have been made as required by the standard for Actuarial valuation of Leave encashment.

<b>Profit &amp; Loss Account</b>	<b>2011-12</b>	<b>2010-11</b>
Current Service cost	1.00	14.41
Interest Cost on benefit obligation	3.34	-
Expected return on plan assets		
Net Actuarial (gain). Loss recognised in the year	(0.98)	27.32
Past service cost		
Net Benefit expense	3.37	41.74
<b>Actual return on Plan assets</b>		
<b>Balance Sheet</b>		
<b>Details of provision for Leave</b>		
<b>Change in the present value of the defined benefit obligation are as follows :</b>		
Opening defined benefit obligation	41.74	0.00
Interest Cost	3.34	0.00
Current Service cost	1.00	14.41

<b>Profit &amp; Loss Account</b>	<b>2011-12</b>	<b>2010-11</b>
Benefits Paid	0.00	0.00
Actuarial (gains) / losses on obligation	(0.98)	27.32
Closing defined benefit obligation	45.10	41.74

The principal assumptions used in determining leave and post employment medical benefit Obligations for the Company's plans are shown below:

<b>Assumptions</b>	<b>%</b>	<b>%</b>
Salary Rise	4	4
Discount rate	8	8
Attrition Rate	1	6

#### **6 Segment Information [Rs. In Lakhs]**

<b>Particulars</b>	<b>Machine Division</b>	<b>Components Division</b>	<b>Unallocated</b>	<b>Total</b>
<b>Revenue</b>				
External sales	<b>10,113.03</b> (9,313.52)	<b>6,299.80</b> (5,326.11)	-	<b>16,412.83</b> (14,639.63)
Inter-segment sales	-	-	-	-
Total revenue	<b>10,113.03</b> (9,313.52)	<b>6,299.80</b> (5,326.11)	-	<b>16,412.83</b> (14,639.63)
<b>Segment Results</b>	<b>2,046.13</b> (1,529.09)	<b>1,456.36</b> (1,474.03)	-	<b>3,502.49</b> (3,003.12)
Corporate expenses			<b>928.76</b> (1,071.17)	<b>928.76</b> (1,071.17)
Other income				<b>116.26</b> (298.17)
Interest income				<b>69.66</b> (102.77)
Interest expenses				<b>1,512.23</b> (1,223.21)
<b>Profit before taxes</b>				<b>1,247.42</b> (1,109.68)
Taxes on income				<b>487.59</b> (401.16)
<b>Net profit</b>				<b>759.83</b> (708.52)
Segment Assets	<b>17,409.37</b> (14,318.38)	<b>10,279.37</b> (8,064.92)		<b>27,688.74</b> (22,383.30)

Particulars	Machine Division	Components Division	Unallocated	Total
Segment liabilities	<b>11,617.64</b> (8,897.46)	<b>6,278.19</b> (4,384.33)		<b>17,895.83</b> (13,281.79)
Capital expenditure	<b>1,081.74</b> (692.04)	<b>2,217.32</b> (2,069.87)		<b>3,299.06</b> (2,761.91)
Segment depreciation	<b>249.39</b> (319.17)	<b>566.24</b> <b>(422.19)</b>		<b>815.63</b> (741.36)
Non-cash expenses other than depreciation			<b>0.00</b> 0.00	<b>0.00</b> <b>0.00</b>

(Amounts in brackets represent previous year figures)

The primary reporting of the company has been performed on the basis of business segment. The company is organized into two business segments i.e. Machines division and Components division. Segments have been identified and reported based on the nature of the products, risks and returns, the organization structure and the internal financial reporting systems.

Secondary segment reporting is performed on the basis of geographical location of customers. The operations of the company are largely confined to India, with exports contributing to approximately 0.15% of its annual net sales. The management views the Indian market and export market as distinct geographical segments.

#### Segment revenue and results

The expenses that are not directly attributable to the business segments are shown as unallocated corporate costs.

#### Segment assets and liabilities

Segment assets include all operating assets used by a segment and consist principally of debtors, inventories, advances and fixed assets, net of allowances. Assets at the corporate level are not allocable to segments on a reasonable basis and thus the same have not been allocated.

Segment liabilities include all operating liabilities and consist principally of creditors and accrued liabilities.

#### Inter segment transfers

There were no inter-segment transfers during the year.

### 7 Related party disclosures

#### A) List of related parties and relationships

Sl. No.	Related Party	Nature of relationship
1)	M.Lokeswara Rao	Key Management Personnel
2)	B.Kishore Babu	
3)	K.Krishna Swamy	
4)	M.Srinivas	
5)	M.Srikrishna	
6)	MLR Motors Limited	Entities owned or significantly influenced by Key Management Personnel
7)	MLR Auto Limited	Relatives of Key Management Personnel
8)	M.Vijayalakshmi	
9)	M.Kanaka Durga	
10)	M.Vasanthalakshmi	
11)	C. Sirekha	
12)	B.Vijayalakshmi	

B) Transactions with related parties during the period ended March 31, 2012

(Rs. In Lakhs)

Sl. No.	Particulars	Key Management Personnel	Entities owned or significantly influenced by Key Management Personnel	Relatives of Key Management Personnel	TOTAL
A)	Sales / services given	Nil Nil	Nil (85.46)	Nil Nil	Nil (85.46)
B)	Machinery purchase	Nil Nil	472.46 Nil	Nil Nil	472.46 -
C)	Advances for purchase of assets	205.51 (287.64)	1,124.39 (936.46)	14.76 (14.76)	1,344.66 (1,238.86)
D)	Remuneration	89.40 (73.80)	Nil Nil	Nil Nil	89.40 (73.80)

(Figures in brackets represent transactions for the year 2010-11 / balance as on March 31, 2012 including opening balances)

- 9 Consequent to the Notification under the Companies Act, 1956, the financial statements for the year ended 31st March, 2012 are prepared under Revised Schedule VI accordingly. The previous year's figures also have been reclassified to confirm to this year's classification. There is a significant impact in presentation of the figures due to change in presentation arising out of schedule VI.

As per our report of even date attached

For **BRAHMAYYA & CO**  
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

**K.S.RAO**  
Partner  
Membership No. 15850

**M. LOKESWARA RAO**  
Managing Director

**B.KISHORE BABU**  
Executive Director

**K. Durga Das Maiya**  
Company Secretary

Place: Hyderabad  
Date: August 14, 2012

<b>CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2012</b>		<b>Rs. in Lakhs</b>
<b>Particulars</b>	<b>Year ended March 31, 2012</b>	<b>Year ended March 31, 2011</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxes	1,247.42	1,109.68
<b>Adjusted for</b>		
Depreciation	845.73	741.36
Financial charges	1,512.23	1,223.21
Profit on sale of fixed assets, net	(1.47)	-
Interest Income	(69.66)	(102.77)
<b>Operating profit before working capital changes</b>	<b>3,534.25</b>	<b>2,971.48</b>
<b>Adjustment for changes in</b>		
Trade and other receivables	(326.17)	97.64
Inventories	(1,382.80)	(356.53)
Trade and other payables	1,054.00	703.38
<b>Cash generated from operations</b>	<b>2,879.28</b>	<b>3,415.97</b>
Direct taxes paid	(424.25)	(525.77)
<b>NET CASH GENERATED FROM OPERATING ACTIVITIES (A)</b>	<b>2,455.03</b>	<b>2,890.20</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets	(3,602.24)	(2,711.01)
Sale of fixed assets	17.12	-
Interest received	58.83	96.03
<b>NET CASH USED IN INVESTING ACTIVITIES (B)</b>	<b>(3,526.29)</b>	<b>(2,614.98)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings (Net)	2,772.80	1,131.39
Dividend paid	(117.75)	(117.67)
Interest paid	(1,484.35)	(1,223.21)
<b>NET CASH USED IN FINANCING ACTIVITIES (C)</b>	<b>1,170.70</b>	<b>(209.49)</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS( A+B+C)</b>	<b>99.44</b>	<b>65.73</b>
<b>Opening balance of cash and cash equivalents</b>	<b>254.91</b>	<b>189.18</b>
<b>Closing balance of cash and cash equivalents</b>	<b>354.35</b>	<b>254.91</b>
	211.02	236.04

As per our report of even date attached

For **BRAHMAYYA & CO**  
Chartered Accountants

FOR AND ON BEHALF OF THE BOARD

**K.S.RAO**  
Partner  
Membership No. 15850

**M. LOKESWARA RAO**  
Managing Director

**B.KISHORE BABU**  
Executive Director

**K. Durga Das Maiya**  
Company Secretary

Place: Hyderabad  
Date: August 14, 2012



**ELECTRONIC CLEARING SERVICES (ECS) MANDATE FORM**

To,  
Lokesh Machines Limited  
C/o. Karvy Computershare Private Limited  
Karvy House, 46, Avenue 4,  
Street No: 1, Banjara Hills, Hyderabad- 500034  
(in case of physical holding)

To,  
The Depository Participant Concerned  
(In Case of electronic holding)

Dear Sirs,

**FORM FOR ELECTRONIC CLEARING SERVICES FOR PAYMENT OF DIVIDEND**

Please fill-in the information in CAPITAL LETTERS in ENGLISH only.

Folio No./ Client ID No. \*

DPID\*

\* Applicable only in case of Electronic holding.

<b>For Office Use Only</b> <u>ECS Ref.No.</u> _____
---

Name of Sole/First holder Bank Name

Bank Name

Branch Name

Branch Code

--	--	--	--	--	--	--	--	--

(9 Digits Code number appearing on the MICR Band of the cheque supplied by the Bank). Please attach a xerox copy of a cheque or a blank cheque of your bank duly cancelled for ensuring accuracy of the banks name, branch name and code number.

Account type  
(Please Tick (v')  
wherever applicable)

<b>Saving</b>	<b>Current</b>	<b>Cash Credit</b>
---------------	----------------	--------------------

A/c.No.

(as appearing in the cheque book)

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I, hereby declare that the particulars given above are correct and complete. If any transaction is delayed or not effected at all for reasons of incompleteness or incorrectness of information supplied as above, I shall not hold the Company/Karvy Computershare Private Limited, responsible.

I further undertake to inform the Company of any change in the particulars given above to facilitate updation of records.

Place:

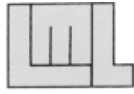
Date: \_\_\_\_\_

(Signature of Sole/First holder)

Notes:

- 1. Whenever the Shares in the given folio are entirely dematerialised, then this ECS mandate form wil stand re-scinded.
- 2. For shares held in dematerialised mode, ECS Mandate is required to be filed with the concerned Depository Participant.





Lokesh  
Machines Limited

## LOKESH MACHINES LIMITED

B-29, EEIE, Stage-II, Balanagar, Hyderabad -500037

### TWENTY EIGHTH ANNUAL GENERAL MEETING

#### PROXY FORM

Folio No. \_\_\_\_\_ No. of Shares held: \_\_\_\_\_

Client 1D: \_\_\_\_\_ DP ID : \_\_\_\_\_

I/We \_\_\_\_\_

being a Member of LOKESH MACHINES LIMITED hereby appoint \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

as my/our proxy to vote for me / us and on my/our behalf at the 28th Annual General Meeting of the Company to be held at 4.00 P. M. on Saturday, September 29, 2012 at Jubilee Hills International Centre, Near Jubilee Hills check post, Road No 14, Hyderabad -500 033.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012

Re. 1/-  
Revenue  
Stamp

Note: Proxy in order to be effective should be deposited at the Registered Office not later than 48 hours before the commencement of the meeting. Proxy need not be a member of the Company. The form should be signed across the stamp as per the specimen signature registered with the Company.

Signature of Member

## LOKESH MACHINES LIMITED

B-29, EEIE, Stage-II, Balanagar, Hyderabad -500037

### TWENTY EIGHTH ANNUAL GENERAL MEETING

#### ATTENDANCE SLIP

Please complete this attendance slip and hand it over at the entrance of the Meeting Hall. Only Members or their proxies are entitled to be present at the Meeting.

Member's Reg. Folio No. \_\_\_\_\_ Client 1D: \_\_\_\_\_

DP ID: \_\_\_\_\_

Name and Address \_\_\_\_\_

I hereby record my presence at the 28th Annual General Meeting held at 4.00 P.M. on Saturday, September 29, 2012 at Jubilee Hills International Centre, Near Jubilee Hills check post, Road No 14, Hyderabad -500 033.

Signature of the shareholder / proxy

**PRINTED MATTER  
BOOK POST**

*If undelivered, please return to :*



Lokesh  
Machines Limited

**LOKESH MACHINES LIMITED**

B-29. EEIE, Stage - II, Balanagar, Hyderabad - 500 037.  
Ph: 040 - 23079310-13