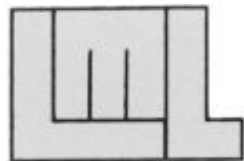


**ANNUAL REPORT**

2013 - 2014



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Lokesh  
Machines Limited

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### BOARD OF DIRECTORS

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

### STATUTORY COMMITTEES

#### Audit Committee

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

#### Nomination & Remuneration Committee (w.e.f. 30th May 2014)

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

#### Stakeholders Relationship Committee (w.e.f. 30th May 2014)

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

#### Company Secretary

Mr. D. Raghavendra Rao

### BANKERS

State Bank of Hyderabad  
Punjab National Bank  
State Bank of India  
IndusInd Bank Limited

### AUDITORS

M/s Brahmaya & 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 (TG) India

### CIN: L29219TG1983PLC004319

ISIN: :INE397H01017

**Stock Code :**  
532740 (BSE)  
LOKESHMACH (NSE)

### WORKS

Temple Road, Bonthapally, Medak District, TG	B – 25 & 36, EEIE, Stage II, Balanagar, Hyderabad, TG	Ravalkol village, Medchal Mandal. Rangareddy Distt, TG	Plot No 41, IDA Balanagar, Hyderabad TG	B – 15 & 17, EEIE, Stage II, Balanagar, Hyderabad, TG	Plot No D260/I Ranjangaon Industrial Area, MIDC, Shirur, Pune, Maharashtra
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## NOTICE OF THE 30TH ANNUAL GENERAL MEETING

NOTICE is hereby given that the Thirtieth Annual General Meeting of Lokesh Machines Limited will be held on Tuesday on September 30th, 2014 at 4.00 P.M at Jubilee Hills International Centre, Near Jubilee Hills Check Post, Road No. 14, Hyderabad - 500 033 Telangana to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and cash flow Statement for the year ended on that date and the Report of the Board of Directors' and the Auditors' thereon.
2. To declare dividend on equity shares of the company.
3. To appoint a Director in place of Mr M Srinivas (DIN:00917565), who retires by rotation and being eligible offers himself for re-appointment
4. To Consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution relating to appointment of Statutory Auditors of the Company:

"RESOLVED THAT pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time M/s.Brahmayya & Co., Chartered Accountants, Hyderabad (ICAI Registration No. 000513S) who retire at the conclusion of this Annual General Meeting (AGM), be and are hereby appointed as the Statutory Auditors of the Company, to hold office from the conclusion of this Annual General Meeting to till the conclusion of the third consecutive Annual General Meeting (subject to ratification of the appointment by the members at every Annual General Meeting held after this Annual General Meeting) and that the Board of Directors be and are hereby authorized to fix such remuneration as may be determined by the audit committee in consultation with the auditors."

### SPECIAL BUSINESS:

5. **To consider and if though it, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Mr. B.R Mahesh (DIN 00810019), a non-executive Director of the Company and who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of five years with effect from 30th September, 2014 to 29th September, 2019."

6. **To consider and if though it, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

"RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Mr.R.Mohan Reddy (DIN 00841038), a non-executive Director of the Company and who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of five years with effect from 30th September, 2014 to 29th September, 2019"

**7. To consider and if though it, to pass with or without modification(s), the following resolution as an Ordinary Resolution.**

“RESOLVED THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Rules framed there under, read with Schedule IV to the Act, as amended from time to time, Mr.M.Hariprasada Rao (DIN 02797630), a non-executive Director of the Company and who has submitted a declaration that he meets the criteria for independence as provided in Section 149 (6) of the Act and who is eligible for appointment, be and is hereby appointed as an Independent Director of the Company for a term of five years with effect from 30th September, 2014 to 29th September, 2019

**8. To consider and if though it, to pass with or without modification(s), the following resolution as a Special Resolution.**

“RESOLVED THAT pursuant to the provisions of Section 196,197,198, 203 and other applicable provisions, if any of the Companies act, 2013 read with schedule V and rules made thereunder as amended from time to time, consent of the Members be and is hereby accorded for re-appointment of Mr. K.Krishna Swamy (DIN 00840887) as the Wholetime Director of the Company for a further period of 3 years with effect from 1st October, 2014 to 30th September, 2017 on the following terms and conditions:

1. Salary 55,000/- per month.

“FURTHER RESOLVED THAT notwithstanding the above, in the absence of or inadequacy of profits in any financial year Mr. K.Krishna Swamy be paid the above remuneration as minimum remuneration in terms of Section II (A) of Part II of Schedule V of the Companies Act, 2013 as may be applicable to the Company from time to time.”

“FURTHER RESOLVED THAT so long as Mr. K.Krishna Swamy functions as the Wholetime Director of the Company, he will not be paid any fees for attending the meetings of the Board of Directors or any Committee thereof.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

**9. To consider and if though it, to pass with or without modification(s), the following resolution as a Special Resolution.**

“RESOLVED THAT Pursuant to the provisions of section 180(1)(a) and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modifications or amendments thereof) and Rules made there under, consent of the Shareholders be and is hereby accorded to the Board of Directors and its Committee(s), to mortgage or create charge on all or any of the immovable and movable properties (including pledge of securities held in subsidiaries/ associates) of the Company, its subsidiaries and associates where so ever situated, present and future, and /or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of any Bank(s) or Financial Institution(s) situated within or outside India (hereinafter referred to as “the Lenders”) to secure repayment of loans/borrowings not exceeding Rs. 100 crores (Rupees One Hundred Crores) lend, advanced or agreed to lend and advanced by the lender(s) to the Company either jointly or severally or in any other combination thereof, as the case may be, in terms of the loan agreement(s), entered into/ to be entered into by the Company with each of the lenders for the purpose of implementation of the project(s) of the Company.

**10. To consider and if though it, to pass with or without modification(s), the following resolution as a Special Resolution.**

“RESOLVED THAT in supersession of the Ordinary Resolution passed at the 27th Annual General Meeting held on 30th September, 2011 and pursuant to Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under (including any statutory modifications or amendments thereof), consent of the shareholders be and is hereby accorded to the Board of Directors and its Committee(s) to borrow any sum or sums of money, from time to time, not exceeding at any time, a sum of Rs. 100 Crores (Rupees Hundered Crores Only) for the purpose of business of the Company notwithstanding, that such borrowing(s), together with the monies already borrowed by the Company (apart from temporary loans, if any, obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose

**11. To Consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution.**

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the consent of the members be and is hereby accorded to ratify the appointment of M/s. DZR & Co., as Cost Auditors made by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015, and also to ratify the remuneration of Rs 50,000/- as audit fee plus the service tax and out of pocket expenses shall be paid on actuals as fixed by the Board of Directors of the Company.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to the aforesaid resolution.”

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

Place: Hyderabad  
Date: August 14, 2014

**D.Raghavendra Rao**  
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 /Herself 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. A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. An explanatory statement pursuant to Section 102 of the Companies Act, 2013 which sets out details relating to Special Business at the meeting, is annexed hereto in respect of business set out under item's no's 5 -11.
4. The Register of Members and Share Transfer Books of the Company will remain closed from **September 25, 2014 to September 30, 2014**, both days inclusive, on account of the Annual General Meeting and payment of dividend.
5. Under Section 205A of the erstwhile Companies Act, 1956, read with Rule 3 of the Investor Education and Protection fund (Uploading of information regarding unpaid and unclaimed amounts lying with the companies) Rules, 2012 the amount of unpaid or unclaimed amounts for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred Rs. 1,89,000/- unclaimed share application money pertaining to the IPO made in April, 2006 and Rs. 27,415/- unclaimed and unpaid interim dividend for the year 2006-07 respectively to the Investor Education and Protection Fund of the Central Government.
6. Members are requested to address all their correspondence including change of address, mandates etc. to the registrars viz. M/s. Karvy Computershare Private Limited, Plot No.17 to 24, Vithal Rao Nagar, Madhapur, Hyderabad - 500 081.
7. The Company's Equity shares are listed at Bombay Stock Exchange Ltd and National Stock Exchange Mumbai and the company has paid the Listing Fees to the said Stock Exchange for the financial year 2014-15.
8. 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.
9. 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.
10. Members are requested to bring the duly filled attendance slip along with their copy of the annual report to the meeting.
11. Relevant documents and registers will be available for inspection by the members at the registered office of the company.
12. In terms of circulars issued by Securities and Exchange Board of India (SEBI), it is now mandatory to furnish a copy of PAN card to the Company or its RTA in the following cases viz. Transfer of shares, Deletion of name, Transmission of shares and Transposition of shares. Shareholders are requested to furnish copy of PAN card for all the above mentioned transactions.

13. 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.

14. The annual report for 2013-14 is being sent by electronic mode only to the Members Whose Email addresses are registered with the Company Depository Participant(s) for communication purpose unless any member has requested for a hard copy of the same. For members Who have not registered their Email addresses physical copies of annual report 2013-14 are being sent by the permitted mode.

15. In terms of Section 108 of Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, and as per the requirement of listing agreement with the stock exchanges, the Company is providing the facility to its members holding shares in physical or Dematerialized form as on the cut – off date, i.e August 22<sup>nd</sup> 2014 (i.e Record date) to exercise their right to vote by electronic means on any or all of the agenda items specified in the accompanying Notice of Annual General meeting Details of the process and manner of E-Voting along with the user id and password are being sent separately to all the members along with the notice.and e-voting services provided by Karvy Computershare Private Limited (“Karvy”).

The e-voting facility will be available at the link <http://evoting.karvy.com> during the following voting period :

Commencement of e-voting : From 9 A.M. on 24<sup>th</sup> September, 2014 to 5 P.M. on 26<sup>th</sup> September, 2014.

16. E-voting shall not be allowed beyond 5 p.m on 26<sup>th</sup> September 2014. During the e-voting period, shareholders of the company, holding shares either in physical form or in dematerialised form, as on 26<sup>th</sup> September,2014 may cast their vote electronically.

17. The Company has appointed Mr. S.Chidambaram, (Practicing Company Secretary), Hyderabad as Scrutinizers for conducting the e-voting process for the Annual General Meeting in a fair and transparent man.

**The procedure and instructions for e-voting are as follows:**

- i) Open your web browser during the voting period and navigate to ‘<https://evoting.karvy.com>’
- ii) Enter the login credentials (i.e., user-id & password) mentioned on the enclosed Form. Your folio/ DP Client ID will be your User-ID.

User – ID	For Members holding shares in Demat Form:- a) For NSDI :- 8 Character DP ID followed by 8 Digits Client ID b) For CDSL :- 16 digits beneficiary IDFor Members holding shares in Physical Form:- Event no. followed by Folio Number registered with the company
Password	Your Unique password is printed on the Note/ via email forwarded through the electronic notice
Captcha	Enter the Verification code i.e., please enter the alphabets and numbers in the exact way as they are displayed for security reasons.

- iii) Members can cast their vote online from 24<sup>th</sup> September @ 9.00 AM to 26<sup>th</sup> September 2014 @ 5.00 PM





- iv) After entering these details appropriately, click on "LOGIN".
- v) Members holding shares in Demat/Physical form will now reach Password Change menu wherein they are required to mandatorily change their login password in the new password field. The new password has to be minimum eight characters consisting of at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character. Kindly note that this password can be used by the Demat holders for voting for resolution of any other Company on which they are eligible to vote, provided that Company opts for e-voting through Karvy Computershare Private Limited e-Voting platform. System will prompt you to change your password and update any contact details like mobile #, email ID etc on 1st login. You may also enter the Secret Question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- vi) You need to login again with the new credentials.
- vii) On successful login, system will prompt to select the 'Event' i.e., 'Company Name'.
- viii) If you are holding shares in Demat form and had logged on to "https://evoting.karvy.com" and casted your vote earlier for any company, then your exiting login id and password are to be used.
- ix) On the voting page, you will see Resolution Description and against the same the option 'FOR/ AGAINST/ABSTAIN' for voting .Enter the number of shares (which represents number of votes) under 'FOR/AGAINST/ABSTAIN' or alternatively you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding. If the shareholder do not wants to cast, select 'ABSTAIN'
- x) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed .If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL "and accordingly modify your vote.
- xi) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.  
Corporate/Institutional Members (corporate /FIs/FILs/Trust/Mutual Funds/Banks, etc) are required to send scan (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to schid285@gmail.com with copy to evoting@karvy.com. The file scanned image of the Board Resolution should be in the naming format "Corporate.

By Order of the Board

**For LOKESH MACHINES LIMITED**

Place: Hyderabad  
Date: August 14, 2014

**D.Raghavendra Rao**  
Company Secretary

### **Explanatory Statement**

Pursuant to Section 102(1) of Companies Act, 2013

#### **Item Nos. 5 to 7: Appointment of Independent Directors.**

The Company had, pursuant to the provisions of clause 49 of the Listing Agreement entered with the Stock Exchange, appointed Mr. B. R Mahesh, and Mr R. Mohan Reddy and M. Hariprasada Rao as Independent Directors at various times, in compliance with the requirements of the clause.

Pursuant to the provisions of section 149 of the Companies Act, 2013 which came in to effect from April 1, 2014, every listed public company is required to have at least one-third of the total number of directors as independent directors, who are not liable to retire by rotation.

Mr. B. R Mahesh, and Mr R. Mohan Reddy and M. Hariprasada Rao nonexecutive directors of the Company, have given a declaration to the Board that they meet the criteria of independence as provided under section 149(6) of the Act. In the opinion of the Board, each of these directors fulfill the conditions specified in the Act and the Rules framed there under for appointment as Independent Director and they are independent of the management. In compliance with the provisions of section 149 read with Schedule IV of the Act, the appointment of these directors as Independent Directors is now being placed before the Members for their approval.

The terms and conditions of appointment of the above Directors shall be open for inspection by the Members at the Registered Office of the Company during normal business hours on any working day, excluding Saturday.

#### **A brief profile of the Independent Directors to be appointed is given below:**

##### **Mr. B. R Mahesh**

**B. R Mahesh** is Practising Chartered Accountant (FCA) and 32 years of experience in the fields of finance, accounts, and taxation.

Names of Companies in which he is a Director.

1. SMINTAGE COMMUNICATIONS PRIVATE LIMITED
2. PL REALTORS PRIVATE LIMITED

##### **Mr. R. Mohan Reddy**

Mr R. Mohan Reddy is B.E. (Mechanical) and M.B.A. From Osmania University and 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.

Names of Companies in which he is a Director.

1. NELCAST LIMITED
2. M.L.R. MOTORS LIMITED
3. NC ENERGY LIMITED

##### **M. Hariprasada Rao**

Mr M. Hariprasada Rao MS (Power systems Engineering) From Illinois of Technology U.S.A and He Has held several Advisory Positions with international Atomic Agency and Gujarat State Electricity Board, Ministry of Power, Tamilnadu Government in Energy Problems and Board Member of Nuclear Power Board And he retires a Director of Nuclear Power Board,

He was a Founding Member of MHP Associates in Chennai and was the chairperson of Hindustan Magnetic Limited and no other directorships or committee memberships in any other company



**Item # 8: To consider and approve the re-appointment of Mr. K Krishna Swamy, Whole-time Director.**

Mr K Krishna Swamy (74) has Bachelor of Technology (Mechanical) degree under his belt. He has 48 years of vast experience in designing machines.

He started his career with HMT during 1964 and after a long stint in all its divisions, became the Chief Engineer in-charge of its design department during 1978 to 1983. Mr Krishna Swamy, during his stay at HMT had received training under experts in the Design field including Cross Company Inc., USA, the then collaborator of HMT. He has designed a number of machines, notable among them being Rotary Indexing Machines, Linear Transfer Machines, Line Boring Machines etc. based on deep knowledge in designing machines that suit the requirement of customers

It is proposed to re-appoint Mr K Krishna Swamy, , Whole-time Director of the Company for the further period of 3 years with effect from 1st October 2014 to 30th September,2017.

Mr.K Krishna Swamy, Whole-time Director has attained the age of 74 years. As per Section 196 of Companies Act, 2013 if an appointee has attained the age of 70 years, then such appointment shall be made by a special resolution along with a justification for the appointment. K Krishna Swamy, Whole-time Director has steered the company with total dedication, hard work and effective leadership into diversified activities, resulting in the profitable growth of the company's operations. During the period of global recession and slowdown of the Machine Tool industry, he has been the key driving force behind the success of the company. In order to avail his un-interrupted services for the growth of the Company, Board of Directors proposes to re-appointment him for a further period of 3 years as proposed in the above resolution. Board of Directors recommends his re-appointment.

The re-appointment of K Krishna Swamy, Whole-time Director requires, the approval of members in general meeting by way of special resolution pursuant to Section 196 read with Schedule V to the Companies Act, 2013.

He has been an Wholetime Director of the Company. He holds no other directorships or committee memberships in any other company. He holds 12,000 shares in the Company

**Details as per Part II, Section II of Schedule V of the Companies Act, 2013:**

A statement along with the notice calling the general meeting referred to in clause (iii) is given to the shareholders containing the following information namely: -

I General Information	
1. Nature of industry	Machine Tools Industry
2. Date or expected date of commercial production	Company started the commercial operations immediately after obtaining the Certificate of Commencement of Business on December 17, 1983.
3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus	N. A.

4. Financial performance based on given indicators.	Particulars	Amount (Rs. in lakhs)
	Total Revenue from operations	11179.90
	Operating Profit (PBIDT)	2907.66
	Finance cost	1905.10
	Depreciation and amortization expense	897.00
	Exceptional items	-
	Profit after Tax (PAT)	45.96
5. Export performance and net foreign exchange collaborations.	Rs. 808.83 Lakhs	
6. Foreign investments or collaborations, if any.	N.A	

**II Information about the appointee**

1. Back ground details	Mr.K Krishna Swamy Bachelor of Technology (Mechanical) degree under his belt. He has 48 years of vast experience in designing machines
2. Past remuneration	Rs.6.6 lakhs Per Annum
3. Recognition or awards	NIL
4. Job profile and his suitability	He has been taking care of production, administration and other operational affairs of the Company. Since his tenure as Wholetime Director, he has steered the Company with total dedication, hard work and effective leadership into diversified activities, resulting in the profitable growth of the Company's operations.
5. Remuneration proposed	Rs. 6.6 lakhs Per Annum
6. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Mr.K Krishna Swamy does not have any pecuniary relationship directly or indirectly with the Company or any of its managerial personnel

**III Other information**

1. Reasons of loss or inadequate profits	<p>The Company's total Income during the year ended 31st March, 2014, the Turnover decreased by 20.29% and the and PBIT has decreased by 10.02% over that of the previous year, as can be seen from the Table given below; (Rs. in lakhs)</p> <table border="1"> <thead> <tr> <th></th> <th>Total Income</th> <th>PBIT</th> </tr> </thead> <tbody> <tr> <td>2010-11</td> <td>14639.63</td> <td>2332.89</td> </tr> <tr> <td>2011-12</td> <td>16296.57</td> <td>2759.65</td> </tr> <tr> <td>2012-13</td> <td>14026.53</td> <td>2234.54</td> </tr> </tbody> </table> <p>However, the profit has been inadequate to comply with Sec. 197, and Schedule V of the Company's Act, 2013 since the volume of business has been low. The Company has plans to improve the volume to a much higher level.</p>		Total Income	PBIT	2010-11	14639.63	2332.89	2011-12	16296.57	2759.65	2012-13	14026.53	2234.54
	Total Income	PBIT											
2010-11	14639.63	2332.89											
2011-12	16296.57	2759.65											
2012-13	14026.53	2234.54											

2. Steps taken or proposed to be taken improvement	The Board is confident that shortly after the gestation period the overall business of the company will further grow.
3. Expected increase in productivity and profits in measurable terms.	The revenue is expected to grow at a modest level of 10% during the year. With the proposed organic and inorganic growth, the revenue is expected to grow to a much higher level in the coming years.

**Item No.9 &10 :**

The members of the Company at their 27th Annual General Meeting held on 30-09-2011, had approved respective resolutions under section 293(1)(a) and 293(1)(d) of the erstwhile Companies Act, 1956 for mortgaging the properties of the company in favour of the lenders and also for exercising the borrowing limits up to an aggregate amount of Rs. 1,00 Crores for the purpose of business of the company.

Pursuant to notification of Section 180 of the Companies Act, 2013, prior consent of the Shareholders by a special resolution is required to enable the Board of Directors to exercise these powers which, in aggregate, may exceed the paid-up capital and free reserves of the Company and to create charge on movable/immovable properties of the Company in favour of the lenders.

Further, the Ministry of Corporate Affairs vide their circular no.4 dated: 25-03-2014 had clarified that all such resolutions passed earlier under section 293(1)(a) and 293(1)(d) of the erstwhile Companies Act, 1956 are valid and effective only for a period of one year up to 11-09-2014. Any such mortgages and borrowings after this date would require a fresh prior approval of the shareholders under section 180 of the Companies Act, 2013 through a special resolution. It is imperative that such an authority is required to be delegated to the Board of Directors or its Committee for carrying on the business of the Company in the ordinary course and the Board is of the view that the earlier approved borrowing limits of up to Rs. 100 Crores would be sufficient to carry on the business. Hence, the Board is not proposing any increase in these limits. Accordingly, the Board of Directors of the company at its meeting held on 14-08-2014 had approved these proposals subject to your approval.

None of the Directors / Key Managerial Personnel and their relatives are interested or concerned, financially or otherwise in the above special resolution set out under Item No:9 & 10 of the Notice.

**Item # 11:** Approval for payment of remuneration to the Cost Auditors for the financial year ending 31st March, 2015

The Board, on the recommendation of the Audit Committee, has approved the appointment and remuneration of the M/s. DZR & Co., Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2015 at a remuneration of Rs 50,000/- as audit fee, plus Service tax and out of pocket expenses shall be paid on actuals.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 11 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2015.

The Board recommends the resolution for your approval. None of the Directors, key managerial personnel or their relatives Directors of the Company is, in any way, concerned or interested in the said resolution.

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

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:

<b>Name</b>	<b>Mr K. Krishna Swamy</b>	<b>Mr.M.Srinivas</b>	<b>Mr.B R Mahesh</b>	<b>Mr. R Mohan Reddy</b>	<b>Mr. M Hariprasada Rao</b>
<b>Date of birth</b>	25-12-1940	21-06-1968	16-06-1953	20-07-1939	21-07-1927
<b>Designation</b>	Whole time Director	Promoter-Non Executive Director	Independent Non Executive Director	Independent Non Executive Director	Independent Non Executive Director
<b>Date of appointment</b>	28/07/1995	01/10/2005	28/06/1991	27/09/2006	28/09/2010
<b>Educational Qualifications</b>	Bachelor of Technology (Mechanical)	M.S. in Industrial Engineering from New Jersey Institute of Technology, USA	Chartered Accountant (FCA)	B.E. (Mechanical) and M.B.A. From Osmania University	MS (Power systems Engineering) From Illinois of Technology U.S.A
<b>Areas of Experience</b>	Nearly 48 years of experience in the field of Mechanical Division.	18 years of experience in the field of Engineering	33 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.	He Has held several Advisory Positions with international Atomic Agency and Gujarat State Electricity Board, Ministry of Power ,Tamilnadu Government in Energy Problems and BoardMember of Nuclear Power Board And he retires a Director of Nuclear Power Board, He was a Founding Member of MHP Associates in Chennai and was the chairperson of Hindustan Magnetic Limited
<b>Membership/ Chairmanship of the Committees held in the company</b>	Nil	Member of Audit Committee	1. Chairman of Audit Committee 2. Member of Nomination & Remuneration Committee	1. Chairman of the Stakeholders Relationship Committee (w.e.f 30-05-2014) 2. Member of Audit Committee 3. Chairman of Nomination & Remuneration Committee (w.e.f 30-05-2014)	Member of Stakeholders Relationship Committee
<b>Companies in which he / she holds Directorship</b>	Nil	M.L.R. Motors Ltd and MLR Auto Ltd	Smintage Communications Pvt Ltd. PL Realtors Pvt Ltd.	Nelcast Limited M.L.R. Motors N C Energy Ltd	Nil
<b>Membership/ Chairmanship of the Committees held in other companies</b>	Nil	Nil	Nil	Chairman of Stakeholders Relationship Committee, and Member of Audit Committee and Member of Nomination & Remuneration Committee of Nelcast Limited Chairman of Remuneration Committee of NC Energy Ltd	Nil
<b>No of Shares held in the company</b>	12,000	12,35,191	Nil	Nil	Nil

## 30TH REPORT OF THE BOARD OF DIRECTORS

Dear Stakeholders,

Your Directors submit the 30th Annual Report of the company along with the Audited financial Statements for the financial year ended March 31, 2014.

### Financial Results

*Rs in Lakhs*

Particulars	(2013-14)	(2012-13)
Net Sales	11,179.90	14,026.53
Other Income	86.52	46.09
Captive Consumption	140.60	290.12
Total Income	11407.02	14362.74
<b>Profit before Depreciation, Interest and Taxes</b>	<b>2907.66</b>	<b>3195.69</b>
Depreciation	897.00	961.15
<b>Profit before Interest and Taxes</b>	<b>2010.66</b>	<b>2234.54</b>
Interest and Finance Charges	1905.10	2083.92
<b>Profit before Taxes</b>	<b>105.56</b>	<b>150.62</b>
Provision for Taxes	59.60	44.34
<b>Profits after Taxes</b>	<b>45.96</b>	<b>106.28</b>

### PERFORMANCE REVIEW:

The turnover decreased by 20.29%, and the Profit before Interest and Taxes decreased by 10.02% compared to the previous year. The Earnings per Share decreased from Rs. 0.90 in the previous year to Rs 0.39 in the year under report.

The offtakes in the component division had come down due to a severe fall in the Commercial Vehicles and Tractors last year. There has been a fall in the General purpose machinery sale too, due to a slump in the automotive market. However with support from an improved export performance, the General Purpose machinery division could hold on to a respectable sale although it was lower than the previous year. The SPM division performed much better than the previous years due to some major projects being undertaken by the OEMs. Though the market conditions were not significantly great, the OEMs still went ahead and completed their projects thereby ensuring that the machines on order with us were lifted.

### FUTURE OUTLOOK

The current market conditions are slow at the moment and there has been a sizeable shrinkage in the general business. However, your directors we are pleased to inform you that we will be able to sail through this year as;

- 1) We are comfortable on our Special Purpose Machinery Order book and we are more or less booked for the entire year. These are project orders from the OEs which could be for their Greenfield or expansion projects and they will go ahead and execute these projects regardless of the temporary market conditions.
- 2) The CNC machines division is also expected to maintain the performance as we have had a breakthrough in the Russian market and have already successfully delivered a few machines. There are repeat orders from Russia which should help offset reduction in regular order flows. The company is exploring other new overseas markets to shore up export revenues.
- 3) On the component division front, we have already made a significant investment in new machining lines in the Pune plant. These lines are expected to commence production in the last quarter of this year and thereby add to our revenues.

With slowdown reaching unprecedented levels, there is a turnaround due now and the government is expected to announce some measures to provide the momentum to the overall growth in the general economic activity which the Directors are hopeful would help further in the current year.

#### **DIVIDEND**

Your Directors are pleased to recommend for approval of the Members a dividend of 0.5% on equity shares of the company for the financial year 2013-14, 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. 10,00,785/- towards dividend tax, resulting in a total outflow of Rs. 68,89,485./-.

#### **TRANSFER TO GENERAL RESERVE**

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

#### **DIRECTORS**

Mr. M.Srinivas, Director of the company retire by rotation at the ensuing Annual General Meeting, and being eligible offer themselves for re-appointment.

The following Directors are proposed to be appointed as Independent Directors of the Company under Section 149 of the Companies Act, 2013 read with rules made thereunder.

1. B.R Mahesh
2. R. Mohan Reddy
3. M.Hariprasada Rao

Mr. K. Krishna Swamy was proposed to be re-appointed as Wholetime Director of the Company for a period three years.

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, 2014 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 139 of the Companies Act, 2013.

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

## **Board Committees**

The Board of Directors at its meeting held on 30th May, 2014 has rechristened the existing Remuneration Committee as Nomination and Remuneration Committee and Investors Grievance Committee as Stakeholders Relationship Committee under the Companies Act, 2013 and Clause 49 of the amended Listing Agreement with the Stock Exchanges.

## **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, Telangana 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

**Place: Hyderabad.**

**Date: August 14, 2014**

**B Kishore Babu**  
(Executive Director)

**M Lokeswara Rao**  
(Managing Director)

## 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 31st March, 2014.

### 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.

#### 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		:	34.22 lakhs
(c) Total		:	34.22 lakhs
(d) Total R & D expenditure as a percentage of total turnover		:	0.30 %

#### Foreign Exchange Earnings and Outgo

(i) Foreign Exchange Earnings		:	Rs.808.83 Lakhs
(ii) Foreign Exchange Outgo:			
For Capital Goods		:	Rs. 418.00 Lakhs
For Components on FOB basis		:	Rs. 615.62 Lakhs
Towards Foreign Travel		:	Rs. 4.86 Lakhs

## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management presents the analysis of performance of your Company for the year 2013-14 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 2013-14 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 2013-14. 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.

Machine tools production in India has decreased to Rs 3481 .Cr. during 2013-14 from Rs. 3885 Cr compared to 2012-13 registering the annual decline of 10%. Machine wise production values are collected from all the members from each quarter and consolidated to annual production values for further analysis. IMTMA segregates the production of machines into CNC machines, Non CNC machines, Metal cutting machines and Metal forming Machines.

### Opportunities & Threats, Risks and Concerns

India stands 16th in production and 11th in the consumption of machine tools in the world as per the 2014 Gardner Business Media 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 Indian Machine tool Industry has around 1000 units in the production of machine tools, accessories/ attachments, subsystems and parts. Of these, around 25 in the large scale sector account for 70 percent of the turnover and the rest are in the SME sector of the industry. Approximately, 75 per cent of the Indian machine tool producers are ISO certified. While the large organized players cater to India's heavy and medium industries, the small-scale sector meets the demand of ancillary and other units. Many machine tool manufacturers have also obtained CE Marking certification, in keeping with the requirements of the European markets.

### The industry can be segmented in several ways:

	CNC	Conventional	
<b>Forming</b>	Rs. 328 Cr	RS. 180 Cr	
<b>Cutting</b>	Rs. 2601 Cr	Rs. 372 Cr	
<b>Indian Machine Tool Industry 2012-13 &amp; 2013-14 (INR Crores)</b>			
	2012-13	2013-14	Growth Rate
<b>Production</b>	3885	3481	-10%
<b>Exports</b>	214	246	15%
<b>Imports</b>	7598	4672	-38%
<b>Consumption</b>	11265	7907	-29%

The Indian machine tools sector offers several opportunities for investment. Given the current gap between demand and supply, there is a clear need for adding capacities in this sector. The industry is moving towards increasingly sophisticated CNC machines, driven by demand from key user segments, such as, automobiles and consumer durables. Machine tool manufacturers need to develop capabilities to cater to this demand and investments in this area could yield long term benefits.

#### **Segment –wise Performance**

The company has a rich experience of 30 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, 2014 was 1107 (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 decreased by 20.29%, and the Profit before Interest and Taxes increased by 10.02% compared to the previous year. The Earnings per Share decreased from Rs. 0.90 in the previous year to Rs 0.39 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 FY 2013-14.

#### **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, Four Board Meetings were held on 25<sup>th</sup> May, 2013; 12<sup>th</sup> August, 2013; 14<sup>th</sup> November, 2013; and 14<sup>th</sup> February, 2014. 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		Last AGM	Other Directorships	Committee Memberships	Committee Chairmanships
	Held	Attended				
<b>Mr. Lokeswara Rao</b> Managing Director and Promoter-Executive Director	04	04	Yes	3	1	Nil
<b>B. Kishore Babu</b> Promoter-Executive Director	04	04	Yes	2	1	1
<b>M. Srinivas</b> Promoter - Non Executive Director	04	04	Yes	2	1	Nil
<b>M. Srikrishna</b> Promoter-Executive Director	04	04	Yes	1	Nil	Nil
<b>K. Krishna Swamy</b> Non- Promoter, Executive Director	04	01	Yes	Nil	Nil	Nil
<b>B. R. Mahesh</b> Independent Non Executive Director	04	04	Yes	2	Nil	Nil
<b>R. Mohan Reddy</b> Independent Non Executive Director	04	03	Yes	3	2	2
<b>M Hariprasada Rao</b> Independent Non Executive Director	04	01	No	1	Nil	Nil
<b>Smt Bhavana Rao</b> Independent Nominee Director	04	02	No	8	Nil	Nil

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 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 25<sup>th</sup> May, 2013; 12<sup>th</sup> August, 2013; 14<sup>th</sup> November, 2013 and 14<sup>th</sup> February, 2014. 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	3
3	Mr. M Srinivas	4	4

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

#### **IV Nomination and 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 existing Remuneration Committee has been renamed as Nomination and Remuneration Committee to align with the Companies Act, 2013 and The Remuneration Committee comprises of three Independent Directors as follows:

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

##### **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

<b>Name of the Director</b>	<b>Salary</b>	<b>P.F</b>	<b>Other Allowance</b>	<b>Commission</b>	<b>Total</b>
Mr. M. Lokeswara Rao (Managing Director)	42.00	0.09	-	-	42.09
Mr. B. Kishore Babu Executive Director	21.00	0.09	-	-	21.09
Mr. K. Krishna Swamy Whole-time Director	6.60	-	-	-	6.60
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 2013-14 is given below:

<b>Name of Director</b>	<b>Sitting Fees paid (Rs)</b>
Mr. B R Mahesh	40000
Mr. R Mohan Reddy	30000
Mr. M Srinivas	40000
Smt. Bhavana Rao	20000

**f) Shareholdings of Non Executive Directors as on March 31, 2014:**

Mr. B R Mahesh, Mr. R Mohan Reddy, Mr. M Hariprasada 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 1,235,191 equity shares.

**V. Stakeholders Relationship Committee**

The existing Shareholders' / Investors' Grievance Committee has also been renamed as Stakeholders Relationship Committee to meet the requirements under the Companies Act, 2013 This committee consists of three members namely: (w.e.f 30-05-2014)

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)

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.

During the period under review Four Shareholders Grievance Committee Meetings were held on 20th April, 2013, 19th October, 2013 and 16th December, 2013 and 20<sup>th</sup> jan2014 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	4	4
2	Mr. M Srikrishna	4	4
3	Mr. B Kishore Babu	4	4

**Compliance Officer**

The Board has appointed Mr. D.Raghavendra Rao, 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 11 Complaints during the year. The company resolved all of them during the year under review. There are no outstanding complaints as on 31st March, 2014.



## VI General Meetings:

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

Year	AGM	Venue	Date	Time
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.
2011-12	28 <sup>th</sup>	Jubilee Hills International Centre Near Jubilee Hills Check Post, Road No. 14, Hyderabad-500 033.	29/09/2012	04:00 P.M.
2012-13	29 <sup>th</sup>	Jubilee Hills International Centre Near Jubilee Hills Check Post, Road No. 14, Hyderabad-500 033.	28/09/2013	11:00 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
28-09-2013	Nil	Nil
29-09-2012	Nil	Nil
30-09-2011	Nil	Nil

### 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 2013-14 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 2014.

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

During the financial year ended March 31, 2014, there were no proceeds from public issues right issues, preferential issues, among others.

### **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 2013-14.

## IX General Shareholder Information

- a. **Annual General Meeting**  
Date, time and venue of Annual General Meeting  
September 30<sup>th</sup>, 2014, at 4.00 PM at Jubilee Hills International Centre, Near Jubilee Hills Check Post, Road No. 14, Hyderabad - 500 033
- b. Financial Calendar (Tentative)  
1st April to 31st March
- Annual General Meeting : September 30, 2014
  - Results for the quarter ending June 30, 2014: on and before 15<sup>th</sup> August, 2014
  - Results for the quarter ending September 30, 2014: on or before 15<sup>th</sup> November, 2014
  - Results for the quarter ending December 31, 2014: on or before 15<sup>th</sup> February, 2015
  - Results for the quarter ending March 31, 2015: on or before 15<sup>th</sup> May, 2015
- c. Date of Book Closure (both days inclusive)  
September 25, 2014 to September 30, 2014 both days inclusive
- d. Dividend Payment Due Date(5% dividend recommended by the Board of Directors)  
On or before 29-10-2014
- 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.
- The National Securities Depository Ltd  
Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parle Mumbai – 400013
  - 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, 2014

- 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. D.Raghavendra Rao**  
Company Secretary and Compliance Officer  
**Lokesh Machines Limited**  
B-29, EEIE Stage-II Balanagar, Hyderabad-500 037,  
Telangana, India.  
Phone : (040) 23079310 /311/312 /313  
Fax: (040) 23078274  
**CIN: L29219TG1983PLC004319**  
cosecy@lokeshmachines.com  
investorinfo@lokeshmachines.com
- i. Plant locations Temple Road, Bonthapally,  
Medak District, Telangana  
  
B – 25 & 36, EEIE, Stage II,  
Balanagar, Hyderabad, Telangana  
  
B – 15 & 17 EEIE, Stage II,  
Balanagar, Hyderabad, Telangana  
  
Ravalkol village, Medchal Mandal.  
Rangareddy Distt, Telangana  
  
Plot No 41, IDA Balanagar,  
Hyderabad  
  
Plot No D260/1 Ranjangaon Industrial Area, MIDC,  
Shirur, Pune, Maharashtra

During the financial year 2013-14, the Company has not issued any GDRs/ADRs and there are no outstanding warrants as on 31st March, 2014.

**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, 2014**

S.No	Category (Amount)	Numbers of shareholders	% of shareholders	Number of shares	% of shares
1.	1 to 5000	10233	89.88	11914130	10.11
2.	5001-10000	574	5.04	4722740	4.01
3.	10001-20000	255	2.23	3881820	3.29
4.	20001-30000	103	0.90	2656630	2.25
5.	30001-40000	53	0.46	1842790	1.56
6.	40001-50000	31	0.27	1489740	1.26
7.	50001-100000	55	0.48	3867920	3.28
8.	100001 & Above	81	0.71	87398230	74.20
	<b>Total</b>	<b>11,385</b>	<b>100.00</b>	<b>1,17,77,400</b>	<b>100.00</b>

**Shareholding pattern as on March 31, 2014**

Category	No of Shareholders	Total Shares	% of Equity
Promoter & Promoter Group & HUF	34	6873362	58.36
Resident Individuals	10560	3754110	31.88
Bodies Corporate	222	477402	4.05
Indian Institutional Investors	1	370000	3.14
H U F	450	209158	1.77
Non Resident Indians	93	81968	0.70
Trusts	1	1	0.00
Clearing Members	24	11399	0.10
<b>Total</b>	<b>11385</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 2013-14 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 13	24.50	22.00	19622.68	18144.22	24.00	22.00	5962.30	5477.20
May 13	23.80	17.15	20443.62	19451.26	23.40	17.00	6229.45	5910.95
Jun 13	28.80	19.55	19860.19	18467.16	28.90	20.00	6011.00	5566.25
July 13	30.30	20.00	20351.06	19126.82	25.85	20.00	6093.35	5675.75
Aug 13	26.20	18.10	19569.20	17448.71	26.50	18.00	5808.50	5118.85
Sep 13	23.20	18.45	20739.69	18166.17	23.00	18.00	6142.50	5318.90
Oct 13	20.85	18.70	21205.44	19264.72	20.80	17.70	6309.05	5700.95
Nov 13	21.20	19.00	21321.53	20137.67	21.20	18.75	6342.95	5972.45
Dec 13	25.40	19.75	21483.74	20568.70	25.60	19.50	6415.25	6129.95
Jan 14	25.50	21.80	21409.66	20343.78	25.00	22.00	6358.30	6027.25
Feb 14	23.75	20.65	21140.51	19963.12	23.00	20.50	6282.70	5933.30
Mar 14	26.80	20.50	22467.21	20920.98	24.90	20.00	6730.05	6212.25



## 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, 2014

For Lokesh Machines Limited

Place: Hyderabad  
Date: 14<sup>th</sup> August, 2014

**M. Lokeswara Rao**  
Managing Director

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## CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of Lokesh Machines Limited

We have examined the compliance of conditions of Corporate Governance by Lokesh Machines Limited, for the year ended 31st March, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges.

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

In our opinion and to the best of our information and according to the explanations given to us, 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 Clause 49 of the Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India we have to state that no investor grievances were pending for a period of one month against the Company as per the records maintained by the Shareholders/Investor's Grievance Committee.

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, 2014

**(K.S.RAO)**  
Partner  
Membership No.015850

## INDEPENDENT AUDITORS' REPORT

To

The Members of  
**LOKESH MACHINES LIMITED**  
HYDERABAD.

### Report on the Financial Statements:

We have audited the accompanying financial statements of **LOKESH MACHINES LIMITED, HYDERABAD** ("the Company"), which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

### Bases for qualified opinion:

During the financial year, Company has paid an amount of Rs. 148.07 lac out of Rs. 603.59 lacs payable against Secured non convertible debentures (NCD's).

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

- a. in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- b. in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c. in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

### Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books ;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

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

**(K.S.RAO)**

Partner

Membership No.015850

Place: Hyderabad

Date : 30.05.2014



**Annexure to the Auditor's Report: referred to in paragraph 3 of our report of even date,**

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 and 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 Protection 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, 2014 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 year, the Company has not issued any debentures , therefore the question of creating security or charge in respect thereof does not arise
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.015850

Place: Hyderabad

Date : 30.05.2014

**BALANCE SHEET AS AT MARCH 31, 2014** Rs. In Lakhs

PARTICULARS	Note No.	As at 31.03.14	As at 31.03.13
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' Funds</b>			
(a) Share Capital	1	1,177.74	1,177.74
(b) Reserves and Surplus	2	8,595.17	8,618.11
<b>2 Non-Current liabilities</b>			
(a) Long-term borrowings	3	4,154.13	4,937.96
(b) Deferred tax liabilities (Net)	4	780.52	783.92
(c) Other Long term liabilities	5	1,208.07	206.02
(d) Long term provisions	6	315.59	293.97
<b>3 Current liabilities</b>			
(a) Short-term borrowings	7	5,884.06	5,423.69
(b) Trade payables	8	2,234.50	2,533.40
(c) Other Current liabilities	9	4,860.28	4,448.15
(d) Short term provisions	10	311.25	299.18
		<b>29,521.31</b>	<b>28,722.14</b>
<b>B ASSETS</b>			
<b>1 Non Current Assets</b>			
(a) <b>Fixed Assets</b>			
Tangible assets	11	9,842.79	10,494.53
Intangible assets		31.88	38.30
Capital Work-in-Progress		3,476.67	2,475.27
(b) Non Current Investments	12	800.00	800.00
(c) Long term loans and advances	13	1,494.91	1,295.08
(d) Other non-current assets	14	1,064.15	1,003.25
<b>2 Current Assets</b>			
(a) Inventories	15	8,097.99	7,098.04
(b) Trade Receivables	16	2,342.82	2,782.11
(c) Cash and cash equivalents	17	294.72	273.52
(d) Short term loans and advances	18	1,139.86	1,663.53
(e) Other current assets	19	935.52	798.51
		<b>29,521.31</b>	<b>28,722.14</b>
<b>Accounting Policies and Notes on accounts</b>	27	-	-

The Notes referred to above, form an integral part of these financial statements.

As per our report of even date attached

For **BRAHMAYYA & CO**  
Chartered Accountants  
Firm's Registration No : 000513S

FOR AND ON BEHALF OF THE BOARD

**K.S.RAO**  
Partner  
Membership No. 015850

**M. LOKESWARA RAO**  
Managing Director

**B.KISHOREBABU**  
Executive Director

**D. RAGHAVENDRA RAO**  
Company Secretary

Place: Hyderabad  
Date: May 30, 2014

**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2014**
**Rs. In Lakhs**

Particulars	Refer Note No.	Current year 31.03.2014	Previous year 31.03.2013
<b>I INCOME</b>			
Revenue from Operations	20	11,179.90	14,026.53
Other Income	21	86.52	46.09
Capitive consumption		140.60	290.12
<b>Total Revenue</b>		<b>11,407.02</b>	<b>14,362.74</b>
<b>II EXPENSES</b>			
Cost of Material consumed	22	5,130.19	6,560.07
Changes in inventories of finished goods and work in progress	23	(866.79)	(461.47)
Employee benefits expense	24	2,308.30	2,457.46
Financial costs	25	1,905.10	2,083.92
Depreciation and amortization expenses	11	897.00	961.15
Other expenses	26	1,927.66	2,610.99
<b>Total Expenses</b>		<b>11,301.46</b>	<b>14,212.12</b>
<b>III Profit before taxes</b>		<b>105.56</b>	<b>150.62</b>
<b>IV Tax expenses</b>			
- Current year IncomeTax		63.00	45.00
- Deferred Tax		(3.40)	(0.66)
		<b>59.60</b>	<b>44.34</b>
<b>V Profit for the year after taxes</b>		<b>45.96</b>	<b>106.28</b>
<b>VI Earning per equity share (Amount in Rs.)</b>			
Basic		0.39	0.90
Diluted		0.39	0.90
<b>Notes forming part of accounts</b>	<b>27</b>		

The Notes referred to above, form an integral part of these financial statements.

As per our report of even date attached

For **BRAHMAYYA & CO**  
Chartered Accountants  
Firm's Registration No : 000513S

FOR AND ON BEHALF OF THE BOARD

**K.S.RAO**  
Partner  
Membership No. 015850

**M. LOKESWARA RAO**  
Managing Director

**B.KISHOREBABU**  
Executive Director

**D.RAGHAVENDRA RAO**  
Company Secretary

Place: Hyderabad  
Date: May 30, 2014

<b>NOTE 1 - SHARE CAPITAL</b>			<b>Rs. In Lakhs</b>	
<b>Particulars</b>	<b>As at 31.03.2014</b>		<b>As at 31.03.2013</b>	
	<b>Number</b>	<b>Value</b>	<b>Number</b>	<b>Value</b>
<b>Authorised</b>				
Equity Shares of Rs.10 each	17,500,000	175,000,000	17,500,000	175,000,000
	17,500,000	175,000,000	17,500,000	175,000,000
<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
<b>Total</b>	<b>11,777,400</b>	<b>1,177.74</b>	<b>11,777,400</b>	<b>1,177.74</b>
<b>(a) Disclosure pursuant to Note 6(A)(d) of Part 1 of Schedule VI to the Company Act, 1956</b>				
<b>Particulars</b>		<b>31.03.2014</b>	<b>31.03.2013</b>	
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>(b) Details of Share Holders holding more than 5% of shares in the Company.</b>				
<b>Particulars</b>	<b>As at 31.03.2014</b>		<b>As at 31.03.2013</b>	
	<b>No of shares</b>	<b>% of Holding</b>	<b>No of shares</b>	<b>% of Holding</b>
M.Lokeswara Rao	746,872	6.34	655,072	5.56
M.Vijayalakshmi	1,794,913	15.24	1,235,952	10.49
M.Srinivas	1,235,191	10.49	1,076,400	9.14
M.Srikrishna	1,109,931	9.42	1,109,931	9.42
B.Kishore babu	807,687	6.86	807,687	6.86
<b>NOTE 2 - RESERVES AND SURPLUS</b>			<b>Rs. In Lakhs</b>	
<b>Particulars</b>		<b>As At 31.03.2014</b>	<b>As At 31.03.2013</b>	
<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	425.00	
Add: Current year transfer		-	-	
Closing Balance		<b>425.00</b>	<b>425.00</b>	
<b>(e) Surplus</b>				
At the Commencement of the year		3,693.24	3,690.30	
Add: Current year transfer		45.96	106.28	
		3,739.20	3,796.58	
Less: Equity Dividend		58.89	88.33	
Corporate Dividend Tax		10.01	15.01	
Closing Balance		<b>3,670.30</b>	<b>3,693.24</b>	
<b>Total</b>		<b>8,595.17</b>	<b>8,618.11</b>	

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

Particulars	As At 31.03.2014	As At 31.03.2013
<b>I Term Loans</b>		
a) State Bank of Hyderabad -Term loan - 1	473.57	826.96
b) State Bank of Hyderabad -Term loan - 2	127.99	221.33
c) State Bank of Hyderabad -Term loan - 3	189.74	325.00
d) State Bank of Hyderabad -Term loan - 4	480.00	0.00
e) State Bank of Hyderabad -Term loan - WCDL	0.00	35.39
f) Punjab National Bank -Term loan - 1	266.96	432.74
g) Punjab National Bank -Term loan - 2	111.88	193.54
h) Punjab National Bank -Term loan - 3	1,185.00	1,023.00
i) State Bank of India -Term loan - 1	160.00	300.12
j) State Bank of India -Term loan - 2	717.29	716.13
k) Non Convertible Debentures from IFCI	0.00	522.57
l) Intec Capital Ltd	153.25	318.22
<b>Total</b>	<b>3,865.68</b>	<b>4,915.00</b>

- 1 The Loans referred at (a), (f), (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), (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 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 (h) & (j) above are secured by 1st pari-passu charge by hypothecation of land & buildings and Plant & Machinery, created out of bank finance as per 2DI and Connecting rod 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) above are secured by Extension of 1st pari-passu charge on current assets, 2nd charge on the fixed assets pari-passu basis and immovable property at Medchel standing in the name of Mr. M.Lokeshwara Rao.
- 6 The NCD's referred at (k) are secured by mortgage of land of 26.34 Acres located at Part B, Automotive Park at survey No 148 of Kalakkal village, Toopran Mondal, Medak Dist, Andhra Pradesh and further secured by pledge of shares of 5,00,000 held by promoters and further guaranteed by promoters.

**Rs. In Lakhs**

Particulars		As At 31.03.2014	As At 31.03.2013
<b>Terms of Repayments</b>	Sanction date	Rate of Interest	Quarterly
a) State Bank of Hyderabad -Term loan - 1	18.06.2009	13.70%	20
b) State Bank of Hyderabad -Term loan - 2	18.06.2009	14.70%	20
c) State Bank of Hyderabad -Term loan - 3	29.06.2010	14.70%	20
d) State Bank of Hyderabad -Term loan - 4	02.09.2013	14.70%	16
e) Punjab National Bank -Term loan - 1	19.10.2009	15.00%	20
f) Punjab National Bank -Term loan - 2	19.10.2009	15.00%	20
g) Punjab National Bank -Term loan - 3	15.11.2010	15.00%	24
h) State Bank of India -Term loan - 1	26.06.2009	17.20%	20
i) State Bank of India -Term loan - 2	25.07.2012	17.20%	28
<b>II Vehicle Hire Purchase Loans</b>		10.70	22.96
		<b>10.70</b>	<b>22.96</b>

- Hire Purchase Loans above are secured by hypothecation of the respective asset and guaranteed by one of the Directors of the Company
- Terms of Repayment : Monthly Installments.

**III Unsecured Loans**

Loans from Mahindra Finance	277.75	-
	<b>277.75</b>	<b>-</b>
<b>Total (I+II+III)</b>	<b>4,154.13</b>	<b>4,937.96</b>

- During the financial year, company has paid an amount of Rs. 148.07 lacs on due date out of Rs.603.59 lacs payable against Secured Non Convertible Debentures (NCD's) due to the slow down in business.

**NOTE 4 - DEFERRED TAX LIABILITIES(NET)**
**Rs. In Lakhs**

Particulars	As At 31.03.2014	As At 31.03.2013
<b>Deferred tax liability</b>		
Difference between book and tax depreciation of fixed assets (Total 1)	900.89	897.11
<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	50.95	50.01
Leave encashment provision	53.88	47.64
Provision for doubtful debts	15.54	15.54
(Total 2)	<b>120.37</b>	<b>113.19</b>
<b>Total (1+2)</b>	<b>780.52</b>	<b>783.92</b>

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

Particulars	As At 31.03.2014	As At 31.03.2013
Creditors for Capital expenditure	540.04	206.02
Advance from customers	668.03	-
<b>Total</b>	<b>1,208.07</b>	<b>206.02</b>
<b>NOTE 6 - LONG TERM PROVISIONS</b>		
<b>(a) Provision for employee benefits</b>		
Gratuity	153.37	150.54
Leave Encashment	162.22	143.43
<b>Total</b>	<b>315.59</b>	<b>293.97</b>
<b>NOTE 7 - SHORT TERM BORROWINGS</b>		
<b>Secured</b>		
<b>(a) Loans repayable on demand from banks</b>		
1. State Bank of Hyderabad		
Cash Credit	764.90	593.95
WCDL	960.00	960.00
2. State Bank of India		
WCDL	2,046.59	1,846.43
3. Punjab National Bank		
Cash Credit	186.79	190.35
WCDL	760.00	760.00
4. Indusind Bank - Cash Credit	1,148.46	1,027.96
<b>Total (a)</b>	<b>5,866.74</b>	<b>5,378.69</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 17.32 45.00

**Total (b)** 17.32 45.00

**Total (a+b)** **5,884.06** **5,423.69**



**NOTE 8 - TRADE PAYABLES**
**Rs. In Lakhs**

Trade payables for supplies and services	2,234.50	2,533.40
<b>Total</b>	<b>2,234.50</b>	<b>2,533.40</b>

- a) There are no delays in payments to Micro and Small & Medium 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 31.03.2014	As At 31.03.2013
<b>(a) Current maturities of long-term debt</b>		
a) State Bank of Hyderabad -Term loan - 1	381.52	272.52
b) State Bank of Hyderabad -Term loan - 2	106.68	106.68
c) State Bank of Hyderabad -Term loan - 3	140.00	120.00
d) State Bank of Hyderabad -Term loan - 4	120.00	0.00
e) State Bank of Hyderabad -Term loan - WCDL	35.83	107.36
f) Punjab National Bank -Term loan - 1	178.52	127.52
g) Punjab National Bank -Term loan - 2	93.32	93.32
h) Punjab National Bank -Term loan - 3	50.00	212.00
i) Punjab National Bank -Term loan - WCDL	0.00	12.50
j) State Bank of India -Term loan - 1	140.00	100.00
k) State Bank of India -Term loan - 2	85.00	20.00
l) Non Convertible Debentures from IFCI	897.07	522.57
m) Intec Capital Ltd	203.32	91.87
n) Vehicle hire purchase loans	15.51	19.34
o) Unsecured loans from Companies	22.25	141.38
	<b>2,469.02</b>	<b>1,947.06</b>
(a) Interest accrued and due on borrowings	371.49	248.90
(b) Interest accrued but not due on NCD's	162.40	78.39
(c) Unpaid dividend	3.57	3.34
(d) Other payables-Statutory	142.04	54.56
(e) Other payables	286.84	379.98
(f) Advances received against sales	1,424.92	1,735.92
	<b>2,391.26</b>	<b>2,501.09</b>
	<b>4,860.28</b>	<b>4,448.15</b>
(a) Interest accrued and due on borrowings has been debited by the bank on 1st April 2014.		
<b>NOTE 10 - SHORT TERM PROVISIONS</b>		
<b>(a) Provisions for employee benefits</b>		
Salary & Reimbursements	216.42	132.12
Bonus Payable	25.93	63.72
<b>(b) Others (Specify nature)</b>		
Proposed Equity Shares dividend	58.89	88.33
Corporate Dividend Tax	10.01	15.01
<b>Total</b>	<b>311.25</b>	<b>299.18</b>

**Notes to the Financial Statements for the year ended March 31, 2014**

**NOTE 11 - FIXED ASSETS**

Rs. in Lakhs

SL. No	Particulars	Gross Block			Depreciation				Net Block		
		As at 01.04.13	Additions	Deductions	As at 31.03.14	Upto 31.03.13	For the Period	Deductions	Upto 31.03.14	As at 31.03.14	As at 31.03.13
<b>A</b>	<b>Tangible Assets</b>										
1)	Freehold Land	1,631.53	0.00		1,631.53	-	-	-	-	1,631.53	1,631.53
2)	Buildings	2,477.05	0.00		2,477.05	463.94	82.73		546.67	1,930.38	2,013.11
3)	Plant and Machinery	10,902.84	215.96		11,118.80	5,238.91	607.85		5,846.76	5,272.04	5,663.93
4)	Furniture & Fixtures	93.52	0.00		93.52	37.09	10.21		47.30	46.22	56.43
5)	Vehicles	330.46	5.50		335.96	221.00	29.72		250.72	85.24	109.46
6)	Misc. Equipment	1,584.80	14.03		1,598.83	628.77	134.19		762.96	835.87	956.03
7)	Office Equipment	63.73	0.39		64.12	27.37	5.11		32.48	31.64	36.36
8)	Computers	278.82	2.96		281.78	251.14	20.77		271.91	9.87	27.68
	<b>Total</b>	<b>17,362.75</b>	<b>238.84</b>	<b>-</b>	<b>17,601.59</b>	<b>6,868.22</b>	<b>890.58</b>	<b>-</b>	<b>7,758.80</b>	<b>9,842.79</b>	<b>10,494.53</b>
<b>B</b>	<b>In tangible Assets</b>										
	Computer software	60.84	0.00		60.84	22.54	6.42		28.96	31.88	38.30
	<b>Total</b>	<b>60.84</b>	<b>0.00</b>	<b>-</b>	<b>60.84</b>	<b>22.54</b>	<b>6.42</b>	<b>-</b>	<b>28.96</b>	<b>31.88</b>	<b>38.30</b>
	<b>Total</b>	<b>17,423.59</b>	<b>238.84</b>	<b>-</b>	<b>17,662.43</b>	<b>6,890.76</b>	<b>897.00</b>	<b>-</b>	<b>7,787.76</b>	<b>9,874.67</b>	<b>10,532.83</b>
	March 31, 2013	17,052.52	371.07	-	17,423.59	5,929.61	961.15	-	6,890.76	10,532.83	11,122.91
<b>C</b>	<b>Capital work inpro</b>	2,475.27	1,001.40		3,476.67					3,476.67	2,475.27

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

<b>Particulars</b>	<b>As At 31.03.2014</b>	<b>As At 31.03.2013</b>
<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>
<b>NOTE 13 - LONG TERM LOANS AND ADVANCES</b>		
<b>(Un secured - considered good)</b>		
Capital advances	1,494.91	1,295.08
<b>Total</b>	<b>1,494.91</b>	<b>1,295.08</b>
Capital advances includes Rs.1,493.18lakhs(Previous year Rs. 1,293.36 lakhs) given to the group companies towards purchase of Land and Machinery.		
<b>NOTE 14 - OTHER NON CURRENT ASSETS</b>		
<b>(Un secured - considered good)</b>		
Deposits Recoverable (APSEB Electricit, Telephone , Tenders etc)	227.76	203.72
Trade Receivables	836.39	799.53
<b>Total</b>	<b>1,064.15</b>	<b>1,003.25</b>
1. Trade receivables include Rs.434.12 Lakhs (Previous Year Rs. 434.12 Lakhs) due from Group companies.		
<b>NOTE 15 - INVENTORIES</b>		
<b>(As certified by the Management)</b>		
a) Raw Materials & Components	1,043.36	910.20
b) Finished Goods	485.85	522.73
c) Work-in-Progress	6,561.64	5,658.94
d) Scrap (at realisable value)	7.14	6.17
<b>Total</b>	<b>8,097.99</b>	<b>7,098.04</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**

<b>Particulars</b>	<b>As At 31.03.2014</b>	<b>As At 31.03.2013</b>
<b>Receivables for a period exceeding six months</b>		
Un secured, Considered Good	515.37	671.04
Un secured, Considered Doubtful	46.79	46.79
	562.16	717.83
Less: Provision for doubtful receivables	46.79	46.79
	515.37	671.04
<b>Receivables for a period less than six months</b>		
Un secured, Considered Good	1,827.45	2,111.07
<b>Total</b>	<b>2,342.82</b>	<b>2,782.11</b>
<b>NOTE 17 - CASH AND BANK BALANCES</b>		
<b>a) Cash and cash equivalents</b>		
Cash on hand	2.32	7.92
Balances with banks:		
Current accounts with Scheduled Banks	42.39	29.40
Balance with Banks against Dividend payments	3.83	3.60
<b>b) Other bank balances</b>		
Balance with Banks against Margin / Guarantee	246.18	232.60
<b>Total</b>	<b>294.72</b>	<b>273.52</b>
<b>NOTE 18 - SHORT TERM LOANS AND ADVANCES (Un secured - considered good)</b>		
Advances against materials and services	645.37	602.72
Advances for capital purchases	466.89	1,030.46
Other advances	27.60	30.35
<b>Total</b>	<b>1,139.86</b>	<b>1,663.53</b>
<b>NOTE 19 - OTHER CURRENT ASSETS (Un secured - considered good)</b>		
Balance with Central Excise authorities	598.95	542.13
Provision for Income Tax (Net)	267.26	194.33
Interest accrued on deposits	43.88	25.09
Prepaid expenses	25.43	36.96
<b>Total</b>	<b>935.52</b>	<b>798.51</b>

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

<b>Particulars</b>	<b>Current year 31.03.2014</b>		<b>Previous year 31.03.2013</b>	
Sale of Machines - Domestic	6,302.87		8,658.06	
Sale of Machines -Export	808.83		744.88	
Sale of Spares	279.89		288.52	
Job work charges	6,186.89		6,746.09	
Scrap Sales	56.84		92.96	
	<b>13,635.32</b>		<b>16,530.51</b>	
Less : Excise duty	2,455.42		2,503.98	
<b>Total</b>	<b>11,179.90</b>		<b>14,026.53</b>	
	<b>2013-14</b>		<b>2012-13</b>	
<b>Detail of sales</b>	<b>Qty</b>	<b>Value</b>	<b>Qty</b>	<b>Value</b>
Special Purpose Machines	8	1,306.19	21	3,473.64
General Purpose Machines (ind)	261	4,996.68	274	5,184.42
GPM Machies exports	29	808.83	35	744.88
Spares & Scrap		336.73		381.48
Jobwork charges		6,186.89		6,746.09
	298	13,635.32	330	16,530.51
<b>NOTE 21 - OTHER INCOME</b>				
Interest Income	39.36		32.73	
Miscellaneous Income	47.16		13.36	
<b>Total</b>	<b>86.52</b>		<b>46.09</b>	
<b>NOTE 22 - COST OF MATERIAL CONSUMED</b>				
Opening stock	910.20		1,017.99	
Add: Purchase	5,263.35		6,452.28	
	<b>6,173.55</b>		<b>7,470.27</b>	
Less: Closing Stock	1,043.36		910.20	
<b>Total</b>	<b>5,130.19</b>		<b>6,560.07</b>	
<b>Value of imported and Indigenious Material consumed</b>				
	<b>2013-14</b>		<b>2012-13</b>	
	<b>Value</b>	<b>%</b>	<b>Value</b>	<b>%</b>
Imported at landed cost	1,003.49	19.56	724.94	11.05
Indigenously obtained	4,126.70	80.44	5,835.13	88.95
	<b>5,130.19</b>	<b>100.00</b>	<b>6,560.07</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 31.03.2014</b>	<b>Previous year 31.03.2013</b>
<b>Opening Stock</b>		
Finished Goods	522.73	542.34
Work-in-Progress	5,658.94	5,168.13
Scrap	6.17	15.90
	<b>6,187.84</b>	<b>5,726.37</b>
<b>Closing Stock</b>		
Finished Goods	485.85	522.73
Work-in-Progress	6,561.64	5,658.94
Scrap	7.14	6.17
	<b>7,054.63</b>	<b>6,187.84</b>
<b>Total</b>	<b>(866.79)</b>	<b>(461.47)</b>
<b>NOTE 24 - EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Bonus	2,142.90	2,272.53
Contribution to PF,ESI and Other Funds	95.69	111.80
Staff Welfare expenses	69.71	73.13
<b>Total</b>	<b>2,308.30</b>	<b>2,457.46</b>
Employee benefits expenses include managerial remuneration as detailed below:		
Salary	90.60	90.60
Provident Fund	0.28	0.28
Sitting fees	1.30	2.00
	<b>92.18</b>	<b>92.88</b>
<b>NOTE 25 - FINANCE COSTS</b>		
Interest expenses	1,800.79	1,981.76
Bank charges	104.31	102.16
<b>Total</b>	<b>2,083.92</b>	<b>1,512.23</b>
<b>NOTE 26 - OTHER EXPENSES</b>		
Consumable Stores	67.25	153.22
Job works (processing charges)	287.22	430.31
Packing material	95.81	128.05
Freight and cartage	131.04	161.15
Power and fuel	632.01	884.14
Testing charges	1.05	1.65
Repairs and Maintenance - Plant and Machinery	49.66	64.23
Rent	14.51	1.92

**NOTE 26 - OTHER EXPENSES (Contd...)**

<b>Particulars</b>	<b>Current year 31.03.2014</b>	<b>Previous year 31.03.2013</b>
Rates and Taxes	37.93	31.53
Insurance	16.87	12.66
Travelling and Conveyance	199.08	234.47
Printing and Stationery	25.24	24.97
Postage and Telephones	22.97	26.44
Vehicles Maintenance	63.18	58.94
Directors Sitting Fee	1.30	2.00
Sales Commission	42.23	49.48
Professional Charges	56.32	64.92
Auditor's Remuneration :		
- As Auditors	5.00	5.00
Business Promotion Expenses	18.11	14.18
Advertisement	3.07	4.26
Donations	1.10	0.24
Miscellaneous Expenses	55.98	58.56
Security Charges	53.01	52.65
Exhibition expenses	11.70	8.72
Excise duty relating to Finished Goods	(12.13)	(2.15)
Service charges	40.29	75.36
Liquidity damages	6.19	18.73
Bad debts written off	-	5.66
Exchange variance	1.67	39.70
<b>Total</b>	<b>1,927.66</b>	<b>2,610.99</b>

## **NOTE 27 - NOTES FORMING PART OF ACCOUNTS**

### **A SIGNIFICANT ACCOUNTING POLICES**

#### **1 Basis of Accounting**

The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis. The accounts are prepared on historical cost convention and in accordance with 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 net of accumulated depreciation. Expenditure during construction period including interest on borrowings for new major projects are capitalized till the commencement of commercial production.

(b) Depreciation is provided at the rates specified under section 205 read with Schedule XIV of the Companies Act, 1956 as follows:

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

Other fixed Assets : Written down value method

#### **3 Inventories**

(a) Raw Materials, 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 or net realizable value on full absorption cost basis.

#### **4 Foreign Currency Transactions**

Foreign currency transactions are recorded at the rates prevailing on the date of the transactions. Monetary assets and liabilities in foreign currency are translated at year end rate or at the rates of exchange fixed under contractual arrangements. Exchange differences arising on settlement of transaction and translation of monetary items are recognized as income or expense.

#### **5 Contingent Liabilities**

No liability is provided in respect of contingent liabilities, but only mentioned by way of note to accounts.

#### **6 Retirement Benefits**

Company's contribution to Provident fund determined under the relevant statute are charged to revenue. The gratuity contribution has been made on the basis of actuarial valuation under AS 15 given by Life Insurance Company. The liability for leave encashment is provided for on the basis of accrued leaves at the end of the year.

#### **7 Accounting For Income Tax**

Current tax represents the amount that otherwise would have been payable under the Income tax Act 1961, had the financial year been reckoned as the basis for computation of tax payable under the prevailing tax laws.

#### **8 Deferred Income tax**

Deferred Tax being tax on timing difference between taxable income and accounting income that originate in one year and capable of reversal in one or more subsequent years has been recognized.



Deferred tax asset is recognized only if there is reasonable that it will be realized and will be reviewed for the appropriateness of its respective carrying value at each balance sheet date.

## 9 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.

## 10 Sales

Sales represent the amount realised or realisable for goods sold including excise duty.

## B NOTES TO ACCOUNTS ANNEXED TO AND FORMING PART OF THE ACCOUNTS.

Particulars	Rs. Lakhs	
	31.03.2014	31.03.2013
<b>1 Contingent Liabilities not provided for on account of :</b>		
(a) Letter of Credit	595.99	778.84
(b) Bank Guarantees	1,016.74	825.37
(c) Contracts to be executed on capital projects	10.25	587.87
<b>2 Earnings in Foreign Exchange FOB value of Exports</b>	808.83	744.88
<b>3 Expenditure in Foreign Currency.</b>		
(a) Travel	4.86	8.07
(b) Capital Goods	418.00	544.84
(c) Stores & Components	615.62	622.18
<b>4 Value of Imports calculated on CIF basis in respect of :</b>		
(a) Stores, Spares & Components	842.69	696.35
(b) Capital Goods	-	544.84

## 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.

The Company has created a Trust namely LML Employees Group Gratuity Trust vide Trust dated 01.03.1997 and obtained approvals from Income Tax Authorities vide letter No H.Qrs./GF/98-99 dated 23.03.1999. LIC has been appointed for management of the Trust fund for the benefits of the employees. The following tables summarize the components of net benefits.

**Rs. In lakhs**

<b>Particulars</b>	<b>As on 31.03.2014</b>	<b>As on 31.03.2013</b>
<b>a Table showing changes in present value of obligations</b>		
Present value of obligations as at beginning of year	145.29	129.15
Interest cost	11.62	10.33
Current Service Cost	9.59	9.47
Benefits Paid	-	(16.98)
Actuarial gain / (Loss) on obligations	(18.92)	13.32
<b>Present value of obligations as at end of year</b>	<b>147.58</b>	<b>145.29</b>
<b>b Table showing changes in the fair value of plan assets</b>		
Fair value of plan assets at beginning of year	9.88	25.00
Expected return on plan assets	-	1.86
Contributions	-	0.00
Benefits Paid	-	(16.98)
Actuarial gain / (Loss) on Plan assets	-	0.00
<b>Fair value of plan assets at the end of year</b>	<b>9.88</b>	<b>9.88</b>
<b>c Table showing fair value of plan assets</b>		
Fair value of plan assets at beginning of year	145.28	129.15
Actual return on plan assets	-	1.86
Contributions	-	0.00
Benefits Paid	-	-16.98
Fair value of plan assets at the end of year	145.28	145.28
Funded status	137.70	135.41
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.

**Rs. In Lakhs**

<b>Particulars</b>	<b>31.03.2014</b>	<b>31.03.2013</b>
<b>Profit &amp; Loss Account</b>		
Current Service cost	9.58	3.68
Interest Cost on benefit obligation	11.62	3.61
Expected return on plan assets		
Net Actuarial gain / (Loss) recognised in the year	(18.92)	5.06
Past service cost		
Net Benefit expense	2.28	12.35
<b>Actual return on Plan assets</b>		
Balance Sheet		
Details of provision for Leave		
<b>Change in the present value of the defined benefit obligation are as follows :</b>		
Opening defined benefit obligation	57.45	45.10
Interest Cost	4.60	3.61
Current Service cost	3.12	3.68
Benefits Paid	0.00	0.00
Actuarial (gains) / losses on obligation	2.76	5.06
Closing defined benefit obligation	67.93	57.45
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	4.00	4.00
Discount rate	8.00	8.00
Attrition Rate	5.60	1.00

**6 Related party disclosure as required by AS -18 are given under :**
**a) Transactions during the year**
**Rs. In Lakhs**

Name of the party	Relationship	Nature of transaction	31.03.2014	31.03.2013
M.Lokeswara Rao Managing Director	Key Management	a) Remuneration b) Commission	42.00 -	42.00 0.00
B.Kishore Babu Executive Director	Key Management	a) Remuneration	21.00	21.00
B.Srikrishna Director	Key Management	a) Remuneration	21.00	21.00
K.Krishnaswamy Technical Director	Key Management	a) Remuneration	6.60	6.60
MLR Auto Ltd	Entity owned or significantly influenced by key Management Personnel	Purchase of Asset	134.23	82.92
MLR Motors Ltd	Entity owned or significantly influenced by key Management Personnel	Purchase of Asset	65.55	86.05

**b) Payable as at 31.03.2014**
**Rs. In Lakhs**

Name of the party	Relationship	Nature of transaction	31.03.2014	31.03.2013
M.Lokeswara Rao Managing Director	Key Management	a) Remuneration b) Purchase of asset	3.50 205.51	10.50 205.51
B.Kishore Babu Executive Director	Key Management	a) Remuneration	5.25	1.75
B.Srikrishna Director	Key Management	a) Remuneration	1.75	1.75
K.Krishnaswamy Technical Director	Key Management	a) Remuneration	0.55	0.55
C.Srirekha	D/o of M.Lokeswara Rao	a) Purchase of Asset	14.76	14.76
MLR Auto Ltd	Entity owned or significantly influenced by key management personnel	a) Purchase of Asset b) Sale of goods	1,036.99 74.08	902.76 74.08
MLR Motors Ltd	Entity owned or significantly influenced by key management personnel	a) Purchase of Asset b) Sale of goods	456.19 360.04	390.60 360.04

**7 Segment Information**
**[Rs. In Lakhs]**

<i>Particulars</i>	<i>Machine Division</i>	<i>Components Division</i>	<i>Unallocated</i>	<i>Total</i>
<b>Revenue</b>				
External sales	<b>6,805.43</b> <i>(8,669.41)</i>	<b>4,374.47</b> <i>(5,357.12)</i>	- -	<b>11,179.90</b> <i>(14,026.53)</i>
Inter-segment sales	-	-	-	-
Total revenue	<b>6,805.43</b> <i>(8,669.41)</i>	<b>4,374.47</b> <i>(5,357.12)</i>	-	<b>11,179.90</b> <i>(14,026.53)</i>
<b>Segment Results</b>	<b>1,486.83</b> <i>(1,451.12)</i>	<b>1,159.89</b> <i>(1,597.39)</i>	-	<b>2,646.72</b> <i>(3,048.51)</i>
Corporate expenses			<b>722.58</b> <i>(860.06)</i>	<b>722.58</b> <i>(860.06)</i>
Other income				<b>47.16</b> <i>(13.36)</i>
Interest income				<b>39.36</b> <i>(32.73)</i>
Interest expenses				<b>1,905.10</b> <i>(2,083.92)</i>
<b>Profit before taxes</b>				<b>105.56</b> <i>(150.62)</i>
Taxes on income				<b>59.60</b> <i>(44.34)</i>
<b>Net profit</b>				<b>45.96</b> <i>(106.28)</i>
Segment Assets	<b>17,988.83</b> <i>(18,145.56)</i>	<b>11,532.48</b> <i>(10,576.58)</i>		<b>29,521.31</b> <i>(28,722.14)</i>
Segment liabilities	<b>12,471.38</b> <i>(12,427.30)</i>	<b>7,208.12</b> <i>(6,498.99)</i>		<b>19,679.50</b> <i>(18,926.29)</i>
Capital expenditure	<b>45.58</b> <i>(730.15)</i>	<b>193.25</b> <i>(867.53)</i>		<b>238.83</b> <i>(1,597.68)</i>
Segment depreciation	<b>310.62</b> <i>(304.01)</i>	<b>586.38</b> <i>(657.14)</i>		<b>897.00</b> <i>(961.15)</i>
Non-cash expenses other than depreciation			<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 7.23% 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.

- 8 In the opinion of the Board, the current assets and loans & advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
- 9 Previous year's figures have been re-grouped and/or reclassified wherever necessary to make them comparable with those of current year.

As per our report of even date attached

For **BRAHMAYYA & CO**  
Chartered Accountants  
Firm's Registration No : 000513S

**K.S.RAO**  
Partner  
Membership No. 015850

FOR AND ON BEHALF OF THE BOARD

**M. LOKESWARA RAO**  
Managing Director

**B.KISHOREBABU**  
Executive Director

**D.RAGHAVENDRA RAO**  
Company Secretary

Place: Hyderabad  
Date: May 30, 2014

<b>CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2014</b>		<b>Rs. in Lakhs</b>
<b>Particulars</b>	<b>Year ended 31.03.2014</b>	<b>Year ended 31.03.2013</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before taxes	105.56	150.62
<b>Adjusted for</b>		
Depreciation	897.00	961.15
Financial charges	1,905.10	2,083.92
Interest Income	(39.35)	(32.73)
<b>Operating profit before working capital changes</b>	<b>2,868.31</b>	<b>3,162.96</b>
<b>Adjustment for changes in</b>		
Decrease/(Increase) in Receivables	856.78	148.55
Decrease/(Increase) in Inventories	(999.96)	(353.68)
Decrease/(Increase) in Trade and other payables	454.62	(31.14)
<b>Cash generated from operations</b>	<b>3,179.75</b>	<b>2,926.69</b>
Direct taxes paid	(150.95)	(210.95)
<b>Net Cash Flow from Operating Activity (A)</b>	<b>3,028.80</b>	<b>2,715.74</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of fixed assets including CWIP and capital advances	(1,440.06)	(1,721.40)
Interest received	20.56	40.27
<b>Net Cash Flow from Investing Activity (B)</b>	<b>(1,419.50)</b>	<b>(1,681.13)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Increase/(Decrease) in Bank Borrowings	198.50	810.47
Dividend paid	(88.11)	(58.58)
Interest paid	(1,698.49)	(1,867.33)
<b>Net Cash Flow from Financing Activity (C)</b>	<b>(1,588.10)</b>	<b>(1,115.44)</b>
<b>Net Increase/(Decrease) in Cash/Cash equivalents (A+B+C)</b>	<b>21.20</b>	<b>(80.83)</b>
<b>Add: Cash/Cash equivalents at the beginning of the year</b>	<b>273.52</b>	<b>354.35</b>
<b>Cash/Cash equivalents at the end of the year</b>	<b>294.72</b>	<b>273.52</b>

The Notes referred to above, form an integral part of these financial Statements

As per our report of even date attached

For **BRAHMAYYA & CO**  
Chartered Accountants  
Firm's Registration No : 000513S

FOR AND ON BEHALF OF THE BOARD

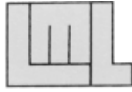
**K.S.RAO**  
Partner  
Membership No. 015850

**M. LOKESWARA RAO**  
Managing Director

**B.KISHOREBABU**  
Executive Director

**D. RAGHAVENDRA RAO**  
Company Secretary

Place: Hyderabad  
Date: May 30, 2014



Lokesh  
Machines Limited

## LOKESH MACHINES LIMITED

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

CIN: L29219TG1983PLC004319

### THIRTIETH ANNUAL GENERAL MEETING

#### PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies(Management and Administration) Rules, 2014]

Name of the Shareholder (s) : \_\_\_\_\_

Registered Address \_\_\_\_\_

E-mail : \_\_\_\_\_ FolioNo /ClientID : \_\_\_\_\_

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

I/We,being member (s) of Lokesh Machines Limited holding \_\_\_\_\_ shares of the Company, hereby appoint:

1. Name \_\_\_\_\_

Address \_\_\_\_\_

E-mail ID \_\_\_\_\_ Signature \_\_\_\_\_

Or failing him/her

2. Name \_\_\_\_\_

Address \_\_\_\_\_

E-mail ID \_\_\_\_\_ Signature \_\_\_\_\_

Or failing him/her

3. Name \_\_\_\_\_

Address \_\_\_\_\_

E-mail ID \_\_\_\_\_ Signature \_\_\_\_\_

as my/ our proxy to attend and vote (on poll) for me/ us, on my/ our behalf at the 30th Annual General Meeting of the Company to be held on Tuesday, September 30,2014 at 4.00 p.m. at Jubilee Hills International Centre,Near Jubilee Hills Check Post, Road No. 14, Hyderabad -500 033 Telangana.and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Resolution(s)	For	Against
1	<b>Ordinary Business</b>		
	To receive, consider and adopt the Audited Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date and the Report of the Board of Directors and the Auditors thereon.		
2	TO Declare Dividend on Equity Share of the Company for the year ended 31st March 2014		
3	To appoint a Director in place of Mr. M. Srinivas who retires by rotation and being eligible, seeks re-appointment		
4	Appointment of M/ s. M/s.Brahmayya & Co, Chartered Accountants, as Statutory Auditors of the Company andfixing their remuneration		



Resolution No	Resolution(s)	For	Against
	<b>Special Business</b>		
5	Appointment of Mr. B.R Mahesh as an Independent Director		
6	Appointment of Mr. R.Mohan Reddy as an Independent Director		
7	Appointment of Mr. M. Hariprasada Rao as an Independent Director		
8	Re-appointment of Mr K.Krishna Swamy, While time Director of the company for a period of 3 years		
9	To create charge/mortgage assets and undertakings of the Company under Section 180(1)(a) of the Companies Act,2013.		
10	To limit the borrowings up to Rs. 100 Crores under Section 180(1)(c) of the Companies Act,2013		
11	Approval of the remuneration of the Cost Auditors for the financial year 2014-15.		

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2014

Signature of member \_\_\_\_\_ Signature of proxy holder \_\_\_\_\_

Revenue Stamp

Note:

- Proxy need not be a member of the Company.
- The Proxy Form duly filled in and signed by the Member(s) across the revenue stamp should reach the Company's Registered Office: B-29, EEIE, Stage-II, Balanagar, Hyderabad -500037, Telangana, Hyderabad 500 038 at least 48 hours before the commencement of the meeting.
- Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.



Lokesh  
Machines Limited

**LOKESH MACHINES LIMITED**

B-29, EEIE, Stage-II, Balanagar, Hyderabad -500037, Telangana  
CIN: L29219TG1983PLC004319

**THIRTIETH ANNUAL GENERAL MEETING**

**ATTENDANCE SLIP**

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

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

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

I hereby record my presence at the 30th Annual General Meeting held at 4.00 P.M on Tuesday on September 30, 2014 at Jubilee Hills International Centre, Near Jubilee Hills Check Post, Road No. 14, Hyderabad -500 033


\_\_\_\_\_  
**Signature of the shareholder / proxy**

**Notes:**

- Shareholder/Proxy intending to attend the meeting must bring the duly signed Attendance Slip to the Meeting and handover at the entrance
- Shareholder/Proxy should bring his/her copy of the Annual Report.

## FORM A

Format of covering letter of the annual audit report to be filed with the Stock Exchange

1.	Name of the company	Lokesh Machines Limited
2.	Annual financial statements for the year ended	31 <sup>st</sup> March 2014
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A
5.	To be signed by-	
	<ul style="list-style-type: none"> <li>• Managing Director</li> <li>• CFO</li> <li>• Auditor of the company</li> <li>• Audit Committee Chairman</li> </ul>	<div style="text-align: right; margin-bottom: 10px;">  </div> <p style="margin-bottom: 10px;"><i>[Handwritten signature]</i></p> <p style="margin-bottom: 10px;"><i>[Handwritten signature]</i></p> <p style="margin-bottom: 10px;"><i>[Handwritten signature]</i></p> <p><i>[Handwritten signature]</i></p>