
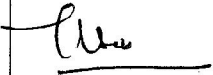




FORM-A

Pursuant to Clause 31(a) of the Listing Agreement

1.	Name of the company	Lokesh Machines Limited
2.	Annual financial statements for the year ended	31 st March, 2015
3.	Type of Audit observation	Un-qualified
4.	Frequency of observation	N.A
5.	To be signed by- <ul style="list-style-type: none">• Managing Director• CFO• Auditor of the company• Audit Committee Chairman	   

**ANNUAL REPORT
2014-2015**



**Lokesh
Machines Limited**

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BOARD OF DIRECTORS

Mr. M Lokeswara Rao
Mr. B Kishore Babu
Mr. M Srinivas
Mr. M Srikrishna
Mr. K Krishna Swamy
Mr. B R Mahesh
Mr. R Mohan Reddy
Mr. M Hariprasada Rao
Smt. Bhavana Rao

- Managing Director
 - Executive Director
 - Whole Time Director
 - Whole Time Director (CNC Machine Division)
 - Director
 - Director
 - Director
 - Director
 - Director

STATUTORY COMMITTEES

Audit Committee

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

Nomination & Remuneration Committee

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

Stakeholders Relationship Committee

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

INTERNAL AUDITORS

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

REGISTRARS & TRANSFER AGENTS

Karvy Computershare Pvt. Ltd.
 Karvy Selenium Tower B,
 Plot No.31-32, Gachibowli
 Financial District, Nanakramaguda,
 Serilingampally,
 Hyderabad - 500 008
 Phone : +91 40 67161524
 Fax : +91 40 23001153

REGISTERED OFFICE

B-29, EEIE, Stage II
 Balanagar
 Hyderabad - 500 037, Telangana, India
CIN: L29219TG1983PLC004319

WORKS

Temple Road, Bonthapally, Medak District, T.G	B - 25 & 36, EEIE, Stage II, Balanagar, Hyderabad, T.G	Ravalkol Village, Medchal Mandal, Rangareddy Dist. T.G.	Plot No 41, IDA Balanagar, Hyderabad T.G	B - 15 & 17, EEIE, Stage II, Balanagar, Hyderabad, T.G	Plot No D260/I Ranjangaon Industrial Area, MIDC, Shirur, Pune, Maharashtra
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NOTICE

NOTICE is hereby given that the Thirty-First Annual General Meeting of Lokesh Machines Limited will be held on Monday September 28th, 2015 at 11.00 A.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, 2015 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 a final dividend of Rs. 0.50 per equity share for the year ended March 31, 2015.
3. To appoint a Director in place of Mr K Krishna Swamy (DIN: 00840887), who retires by rotation and being eligible offers himself for re-appointment
4. Ratification of Appointment of Statutory Auditors of the Company and fix their Remuneration:
To Consider and if thought fit, to pass with or without modification (s), the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditor) Rules, 2014 and other applicable rules, if any (including any statutory modification(s) or re-enactment thereof for the time being in force), the Company hereby ratifies the appointment of M/s. Brahmayya & Co, Chartered Accountants, (Registration No.000513S), as Statutory Auditors of the Company, who have been appointed as a statutory auditors of the Company in the last Annual General Meeting for a period of 3 years subject to the ratification of members in every Annual General Meeting.

FURTHER RESOLVED THAT the Board of Directors be and is hereby authorized to fix the remuneration payable to them for the financial year ending March 31, 2016 as may be determined by the audit committee in consultation with the auditors, and that such remuneration may be paid on a progressive billing basis as may be agreed upon between the auditors and the Board of Directors.

SPECIAL BUSINESS:

5. Re-appointment of Mr. M Lokeswararao as Managing Director:

To Consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to the approval of Central Government or other Government authority, if any, and subject to such other approvals and consents as may be necessary, consent of the members be and is hereby accorded to re-appoint Mr.M.Lokeswararao (DIN No. 00989447) as Managing Director of the Company for a period of 3 years with effect from 1st October, 2015, on the following terms and conditions:

I. Remuneration:

Salary of Rs. 3,50,000/- (Rupees Three Lakhs Fifty Thousand only) per month.

II. He shall be entitled to receive the following:

- i. All expenses relating to telephone, mobile bills, travelling, boarding, lodging and other expenses incurred for the purpose of business of the company.
- ii. Any other allowances, benefits and perquisites, as the Board may from time to time decide in accordance with the Companies Act, 2013 & the rules made thereunder, Income Tax Act, 1961/ Rules made thereunder, FEMA Guidelines as per RBI Regulations.

"FURTHER RESOLVED THAT notwithstanding the above, in the absence of or inadequacy of profits in any financial year Mr. M. Lokeswararao 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. M. Lokeswararao functions as the Managing 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."

6. **Re-appointment of Mr. B Kishore Babu as Whole time Director:**

To Consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to the approval of Central Government or other Government authority, if any, and subject to such other approvals and consents as may be necessary, consent of the members be and is hereby accorded to re-appoint Mr. B Kishore Babu (DIN No. 00840630) as Whole time Director of the Company for a period of 3 years with effect from 1st October, 2015, on the following terms and conditions:

I. **Remuneration:**

Salary of Rs. 1,75,000/- (Rupees One Lakhs Seventy Five Thousand only) per month.

II. He shall be entitled to receive the following:

- i. All expenses relating to telephone, mobile bills, travelling, boarding, lodging and other expenses incurred for the purpose of business of the company.
- ii. Any other allowances, benefits and perquisites, as the Board may from time to time decide in accordance with the Companies Act, 2013 & the rules made thereunder, Income Tax Act, 1961/ Rules made thereunder, FEMA Guidelines as per RBI Regulations.

"FURTHER RESOLVED THAT notwithstanding the above, in the absence of or inadequacy of profits in any financial year Mr. B Kishore Babu 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. B Kishore Babu 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."

7. **Appointment of Mr. M Srinivas as Whole time Director:**

To Consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to the approval of Central Government or other Government authority, if any, and subject to such other approvals and consents as may be necessary, consent of the members be and is hereby accorded to

appoint Mr.M.Srinivas (DIN No. 00917565) as Whole time Director of the Company for a period of 3 years with effect from 1st October, 2015, on the following terms and conditions:

I. Remuneration:

Salary of Rs. 1,75,000/- (Rupees One Lakhs Seventy Five Thousand only) per month.

II. He shall be entitled to receive the following:

- i. All expenses relating to telephone, mobile bills, travelling, boarding, lodging and other expenses incurred for the purpose of business of the company.
- ii. Any other allowances, benefits and perquisites, as the Board may from time to time decide in accordance with the Companies Act, 2013 & the rules made thereunder, Income Tax Act, 1961/ Rules made thereunder, FEMA Guidelines as per RBI Regulations.

FURTHER RESOLVED THAT notwithstanding the above, in the absence of or inadequacy of profits in any financial year Mr. M Srinivas 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. M Srinivas 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."

8. Re-appointment of Mr. M Srikrishna as Whole time Director:

To Consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), read with Schedule V to the Companies Act, 2013 and subject to the approval of Central Government or other Government authority, if any, and subject to such other approvals and consents as may be necessary, consent of the members be and is hereby accorded to re-appoint Mr.M.Srikrishna (DIN No. 00841388) as Whole time Director of the Company for a period of 3 years with effect from 1st October, 2015, on the following terms and conditions:

I. Remuneration:

Salary of Rs. 1,75,000/- (Rupees One Lakhs Seventy Five Thousand only) per month.

II. He shall be entitled to receive the following:

- i. All expenses relating to telephone, mobile bills, travelling, boarding, lodging and other expenses incurred for the purpose of business of the company.
- ii. Any other allowances, benefits and perquisites, as the Board may from time to time decide in accordance with the Companies Act, 2013 & the rules made thereunder, Income Tax Act, 1961/ Rules made thereunder, FEMA Guidelines as per RBI Regulations.

FURTHER RESOLVED THAT notwithstanding the above, in the absence of or inadequacy of profits in any financial year Mr. M Srikrishna 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 M Srikrishna 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. Ratification of Remuneration to Cost Auditors:

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 other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), the remuneration of Rs. 50,000/- (Rupees Fifty Thousand only) excluding taxes as may be applicable, in addition to reimbursement of all out of pocket expenses, payable to M/s DZR&Co, Cost Accountants to audit the cost records maintained by the Company for the financial year ending March 31, 2016, be and is hereby approved and ratified."

10. Ratifications typo graphical errors in the Notice of EGM (Extra-ordinary General Meeting) of shareholders held on 30th March, 2015

To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"**RESOLVED THAT** consent of the members be and is hereby accorded to ratify the following corrections in the Notice of the Extra-ordinary General Meeting held on 30th March, 2015 as under:

1. The words "National Securities Exchange of India Limited" should be read as "National Stock Exchange of India Limited" in the first para of Resolution at Item No. 1.
2. The words "the equity shares of the Company are infrequently traded as per SEBI ICDR Regulations. The Preferential issue price has been derived after considering the book value, comparable traded companies multiples, and such other parameters as decided by the Board of Company" at the Explanatory statement para 2 of point no. 9 shall be read as "The Equity Shares of the Company are frequently traded as per SEBI ICDR Regulations. The Preferential issue price has been derived as per the Regulation 76 of SEBI ICDR Regulations".

By Order of the Board
For Lokesh Machines Limited

Place: Hyderabad
Date: August 14, 2015

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 5-10
4. The Register of Members and Share Transfer Books of the Company will remain closed from September 25, 2015 to September 28, 2015, both days inclusive, on account of the Annual General Meeting and payment of dividend.
5. Pursuant to 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. 76,254/- unclaimed and unpaid interim dividend for the year 2007-08 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, Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda Serilingampally, Hyderabad - 500 008, Phone : +91 40 67161524, Fax : +91 40 23001153.
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 2015-16.
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 2014-15 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 2014-15 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 September 21st 2015 (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 25th September, 2015 to 5 P.M. on 27th September, 2015.

16. E-voting shall not be allowed beyond 5 p.m on 27th September 2015. During the e-voting period, shareholders of the company, holding shares either in physical form or in dematerialised form, as on 21st September,2015 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 manner

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

The Company is pleased to provide e-voting facility to the shareholders of the Company to enable them to cast their votes electronically on the items mentioned in the Notice. The facility for voting by ballot or polling paper shall also be made available at the Annual General Meeting and the shareholders attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. The members who have already cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

The Company has appointed Mr. S.Chidambaram, Practising Company Secretary as the Scrutinizer for conducting the e-voting process in a fair and transparent manner. E-voting is optional. The e-voting rights of the shareholders / beneficial owners shall be reckoned on the equity shares held by them as on 21st September 2015, being the Cut-off date for the purpose. The Shareholders of the Company holding shares either in dematerialised or in physical form, as on the Cut-off date, may cast their vote electronically. A person who is not a shareholder on the Cut-off date should treat this Notice for information purposes only.

The process and manner for remote e-voting are as under:

1. The Company has entered into an arrangement with Karvy Computershare Private Limited ("Karvy") for facilitating remote e-voting for the Annual General Meeting. The instructions for remote e-voting are as under:
 - (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 Attendance Slip / Email forwarded through the electronic notice:

User-ID	For shareholder(s)/ Beneficial Owner(s) holding Shares In Demat Form:- a) For NSDL:- 8 Characters DP ID Followed By 8 Digits Client ID b) For CDSL:- 16 Digits Beneficiary ID c) For Members holding shares in Physical Form:- Folio Number registered with the Company
Password	Your Unique password is printed on the AGM Attendance Slip / sent via email forwarded through the electronic notice.
Captcha	Enter the Verification code for Security reasons, i.e., please enter the alphabets and numbers in the exact way as they are displayed.

- (iii) After entering these details appropriately, click on "LOGIN".
- (iv) 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 (like *, #, @, etc.). 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 such company opts for e-voting through Karvy's e-Voting platform. System will prompt you to change your password and update any contact details like mobile #, email ID., etc on first 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. Kindly ensure that you note down your password for future reference. In case you forget it, you will need to go through 'Forgot Password' option available on the Karvy's e-voting website to reset the same.

- (v) You need to login again with the new credentials.
 - (vi) On successful login, system will prompt to select the 'Event', i.e. 'LOKESH MACHINES LTD.
 - (vii) If you are holding shares in Demat form and had logged on to <https://evoting.karvy.com> and casted your vote earlier for any other company, then your existing login id and password are to be used.
 - (viii) 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 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 you do not want to cast a vote, you may select 'ABSTAIN'.
 - (ix) After selecting the resolution if you have decided to cast vote on the same, click on "SUBMIT" and 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.
 - (x) Once you 'CONFIRM' your vote on the resolution, you will not be allowed to modify your vote.
 - (xi) Corporate / Institutional Members (corporate / FIs / FIIs / Trust / Mutual Funds / Banks, etc.) are required to send scanned copy (PDF format) of the relevant Board resolution to the Scrutinizer through e-mail to schid285@gmail.com with a copy to evoting@karvy.com. The file scanned image / pdf file of the Board Resolution should be in the naming format "Corporate Name".
2. Once you have cast your vote on a resolution you will not be allowed to modify it subsequently. Kindly note that once you have cast your vote you cannot modify or vote on poll at the Annual General Meeting. However, you can attend the meeting and participate in the discussions, if any.
 3. The Portal will remain open for voting from: 9.00 a.m. on 25th September 2015 to 5.00 p.m. on 27th September 2015 (both days inclusive). The e-voting portal shall be disabled by Karvy thereafter.
 4. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting User Manual for shareholders available at the download section of <https://evoting.karvy.com>. In case of any grievances, you may contact Mr. K S Reddy of Karvy Computershare Private Limited at 040-67162222 or at 1800-3454-001 (toll free); email: einward.ris@karvy.com.
 5. The Scrutinizer shall within a period not later than 3 (Three) days from the conclusion of the voting at the annual general meeting, first count the votes cast at the annual general meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least 2 (Two) witnesses not in the employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer's Report of the total votes cast in favour of or against, if any, not later than 3 (Three) days after the conclusion of the annual general meeting to the Chairman of the Company. The Chairman, or any other person authorised by the Chairman, shall declare the result of the voting forthwith.
 6. The resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favour of the resolutions.
 7. The results declared along with the Scrutinizer's Report(s) will be placed on the website of the Company and on Karvy's website (<https://evoting.karvy.com>) immediately after it is declared by the Chairman, or any other person authorised by the Chairman, and the same shall be communicated to National Stock Exchange of India Limited and BSE Limited.

By Order of the Board
For Lokesh Machines Limited

Place: Hyderabad
Date: August 14, 2015

D. Raghavendra Rao
Company Secretary

Explanatory Statement

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

Item # 5:

Mr. M Lokeswara Rao (71) is a technocrat with 46 years of vast experience in the machine tool industry, promoted LML. He has started his career with KCP Limited in 1965 and after a brief period joined Hindustan Machine Tools Limited (HMT) in 1966. While working at HMT for almost a decade Mr. M. Lokeswara Rao has obtained a methodical understanding and insight of the machine tool industry. The insights into the machine tool industry supplemented with the entrepreneurial abilities prompted Mr. Rao to start LML. Mr. Rao with his sheer hard work coupled with managerial abilities built up a strong team and created good facilities.

Mr. Lokeswara Rao has been an active member of Indian Machine Tool Manufacturers' Association (IMTMA) for over a decade and served as a member of the Executive Committee for six years. He has served as Chairman of the Regional Council (South) of IMTMA and was the Vice President of the Association from 2007 to 2009. He was also the Vice President of the Auto Component Association in Hyderabad.

He has been the Managing director of the Company. He is a Director in M.L.R. Motors Ltd., MLR Auto Ltd, Indian Machine Tool Manufacturers' Association.

Mr. M. Lokeswara Rao holds 7,46,872 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.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Particulars</th> <th style="text-align: right;">Amount (Rs. in lakhs)</th> </tr> </thead> <tbody> <tr> <td>Total Revenue from operations</td> <td style="text-align: right;">11814.24</td> </tr> <tr> <td>Operating Profit (PBIDT)</td> <td style="text-align: right;">2939.24</td> </tr> <tr> <td>Finance cost</td> <td style="text-align: right;">1817.78</td> </tr> <tr> <td>Depreciation and amortization expense</td> <td style="text-align: right;">867.90</td> </tr> <tr> <td>Exceptional items</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Profit after Tax (PAT)</td> <td style="text-align: right;">74.61</td> </tr> </tbody> </table>	Particulars	Amount (Rs. in lakhs)	Total Revenue from operations	11814.24	Operating Profit (PBIDT)	2939.24	Finance cost	1817.78	Depreciation and amortization expense	867.90	Exceptional items	-	Profit after Tax (PAT)	74.61
Particulars	Amount (Rs. in lakhs)															
Total Revenue from operations	11814.24															
Operating Profit (PBIDT)	2939.24															
Finance cost	1817.78															
Depreciation and amortization expense	867.90															
Exceptional items	-															
Profit after Tax (PAT)	74.61															
5.	Foreign investments or collaborations, if any.	N.A														
II	Information about the appointee															
1.	Back ground details	Mr.M Lokeswararao. He has 46 years vast experience in the machine tool industry.														
2.	Past remuneration	Rs.42 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 Managing 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. 42 lakhs Per Annum														
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Around Rs 5,00,000/- Per Month														
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Promoter Director														

III	Other information													
1.	Reasons of loss or inadequate profits	<p>The Company's total Income during the year ended 31st March, 2015, the Turnover increased by 6 % and the PBT has increased by 140% 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>PBT</th> </tr> </thead> <tbody> <tr> <td>2012-13</td> <td>14362.74</td> <td>150.62</td> </tr> <tr> <td>2013-14</td> <td>11407.02</td> <td>105.56</td> </tr> <tr> <td>2014-15</td> <td>12071.12</td> <td>253.56</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	PBT	2012-13	14362.74	150.62	2013-14	11407.02	105.56	2014-15	12071.12	253.56
	Total Income	PBT												
2012-13	14362.74	150.62												
2013-14	11407.02	105.56												
2014-15	12071.12	253.56												
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.												

Accordingly, Board recommends the resolution for your approval as a Special Resolution. Except Mr. M. Lokeswara Rao, Mr. M. Srinivas and Mr. M. Srikrishna, none of the Directors, Key Managerial Persons or their relatives, in any way, concerned or interested in the said resolution.

Item # 6:

Mr. B. Kishore Babu

Mr. B Kishore Babu (59) is a Graduate Engineer with over 35 years' experience in the field of Machine Tool Industry. He has started his career in Hindustan Machine Tools (HMT) as Trainee Engineer and later joined Lokesh Machines Ltd. as a Promoter. He has acquired all-round exposure and experience with various aspects of operations of the company right from shop floor, designs, planning, production, assembly, purchase and application engineering for the past 29 years. As Executive Director, he is the operational head for all the divisions.

He has been the executive director of the Company and has also been the member of the Stakeholders Relationship Committee of the Board. He is a director in M.L.R.Motors Limited and MLR Auto Ltd.

Mr. B. Kishore Babu holds 807687 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.	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount (Rs. in lakhs)</th> </tr> </thead> <tbody> <tr> <td>Total Revenue from operations</td> <td>11814.24</td> </tr> <tr> <td>Operating Profit (PBIDT)</td> <td>2939.24</td> </tr> <tr> <td>Finance cost</td> <td>1817.78</td> </tr> <tr> <td>Depreciation and amortization expense</td> <td>867.90</td> </tr> <tr> <td>Exceptional items</td> <td>-</td> </tr> <tr> <td>Profit after Tax (PAT)</td> <td>74.61</td> </tr> </tbody> </table>	Particulars	Amount (Rs. in lakhs)	Total Revenue from operations	11814.24	Operating Profit (PBIDT)	2939.24	Finance cost	1817.78	Depreciation and amortization expense	867.90	Exceptional items	-	Profit after Tax (PAT)	74.61
Particulars	Amount (Rs. in lakhs)															
Total Revenue from operations	11814.24															
Operating Profit (PBIDT)	2939.24															
Finance cost	1817.78															
Depreciation and amortization expense	867.90															
Exceptional items	-															
Profit after Tax (PAT)	74.61															

5.	Export performance and net foreign exchange collaborations.	Rs. 378.47 lakhs												
6.	Foreign investments or collaborations, if any.	N.A												
II Information about the appointee														
1.	Back ground details	Mr. B. Kishore Babu, Engineering Graduate, He has 35 years vast experience in the machine tool industry.												
2.	Past remuneration	Rs. 21 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 Managing 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. 21 lakhs Per Annum												
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Around Rs 5,00,000/- Per Month												
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Promoter Director												
III Other information														
1.	Reasons of loss or inadequate profits	The Company's total Income during the year ended 31st March, 2015, the Turnover increased by 6 % and the PBT has increased by 140% over that of the previous year, as can be seen from the Table given below; (Rs. in lakhs) <table style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th>Total Income</th> <th>PBT</th> </tr> </thead> <tbody> <tr> <td>2012-13</td> <td>14362.74</td> <td>150.62</td> </tr> <tr> <td>2013-14</td> <td>11407.02</td> <td>105.56</td> </tr> <tr> <td>2014-15</td> <td>12071.12</td> <td>253.56</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	PBT	2012-13	14362.74	150.62	2013-14	11407.02	105.56	2014-15	12071.12	253.56
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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.												

Accordingly, Board recommends the resolution for your approval as a Special Resolution. Except Mr.B.Kishore Babu, none of the Directors, Key Managerial Persons or their relatives, in any way, concerned or interested in the said resolution.

Item # 7:

Mr. M. Srinivas

Mr. M. Srinivas (47) has 19 years experience in the field of Engineering and has been with Lokesh Machines Limited for the past 19 years having joined immediately on completion of M S in industrial Engineering (Manufacturing) at New Jersey institute of technology. New Jersey, USA. Underwent training initially in the Designs and Manufacturing of Special Purpose Machines.

He has been the wholtime director of the Company and has also been the member of the Audit Committee of the Board and He is a director in M.L.R.Motors Limited and MLR Auto Ltd.

Mr. M. Srinivas holds 1135191 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.	<table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount (Rs. in lakhs)</th> </tr> </thead> <tbody> <tr> <td>Total Revenue from operations</td> <td>11814.24</td> </tr> <tr> <td>Operating Profit (PBIDT)</td> <td>2939.24</td> </tr> <tr> <td>Finance cost</td> <td>1817.78</td> </tr> <tr> <td>Depreciation and amortization expense</td> <td>867.90</td> </tr> <tr> <td>Exceptional items</td> <td>-</td> </tr> <tr> <td>Profit after Tax (PAT)</td> <td>74.61</td> </tr> </tbody> </table>	Particulars	Amount (Rs. in lakhs)	Total Revenue from operations	11814.24	Operating Profit (PBIDT)	2939.24	Finance cost	1817.78	Depreciation and amortization expense	867.90	Exceptional items	-	Profit after Tax (PAT)	74.61
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Finance cost	1817.78															
Depreciation and amortization expense	867.90															
Exceptional items	-															
Profit after Tax (PAT)	74.61															
5.	Export performance and net foreign exchange collaborations.	Rs. 378.47 lakhs														
6.	Foreign investments or collaborations, if any.	N.A														
II	Information about the appointee															
1.	Back ground details	Mr. M. Srinivas, MS in Industrial Engineering, He has 19 years vast experience in the machine tool industry.														
2.	Past remuneration	Rs. 21 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 Managing 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. 21 lakhs Per Annum														
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Around Rs 5,00,000/- Per Month														
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Promoter Director														
III	Other information															
1.	Reasons of loss or inadequate profits	<p>The Company's total Income during the year ended 31st March, 2015, the Turnover increased by 6 % and the PBT has increased by 140% 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>PBT</th> </tr> </thead> <tbody> <tr> <td>2012-13</td> <td>14362.74</td> <td>150.62</td> </tr> <tr> <td>2013-14</td> <td>11407.02</td> <td>105.56</td> </tr> <tr> <td>2014-15</td> <td>12071.12</td> <td>253.56</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	PBT	2012-13	14362.74	150.62	2013-14	11407.02	105.56	2014-15	12071.12	253.56		
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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 # 8:**Mr. M. Srikrishna**

Mr. M. Srikrishna (44) has 18 years experience in the field of Mechanical Engineering and has been with Lokesh Machines Limited for the past 18 years since completion of Bachelor of Engineering at Osmania University and has undergone training initially in the designs and manufacture of General Purpose Machines. He is presently heading the Computerised Numerical Control (CNC) Machines Division of Lokesh Machines Limited.

He has been the wholetime director of the Company and has also been the member of the Stakeholders Relationship Committee of the Board. He is a director in Velzone (India) Private Limited.

Mr. M. Srikrishna holds 1109931 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	11814.24
		Operating Profit (PBIDT)	2939.24
		Finance cost	1817.78
		Depreciation and amortization expense	867.90
		Exceptional items	-
		Profit after Tax (PAT)	74.61
5.	Foreign investments or collaborations, if any.	N.A	
II	Information about the appointee		
1.	Back ground details	Mr. M. Srikrishna. Bachelor of Engineering, has undergone training initially in the designs and manufacture of General Purpose Machines. He has 18 years vast experience in machine tool industry.	
2.	Past remuneration	Rs. 21 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 Managing 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. 21 lakhs Per Annum	
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)	Around Rs 5,00,000/- Per Month	
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	Promoter Director	

III	Other information													
1.	Reasons of loss or inadequate profits	<p>The Company's total Income during the year ended 31st March, 2015, the Turnover increased by 6 % and the PBT has increased by 140% 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>PBT</th> </tr> </thead> <tbody> <tr> <td>2012-13</td> <td>14362.74</td> <td>150.62</td> </tr> <tr> <td>2013-14</td> <td>11407.02</td> <td>105.56</td> </tr> <tr> <td>2014-15</td> <td>12071.12</td> <td>253.56</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	PBT	2012-13	14362.74	150.62	2013-14	11407.02	105.56	2014-15	12071.12	253.56
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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 # 9

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 50000/- as audit fee, and 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, 2016.

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.

Item # 10

The shareholders at the Extra-ordinary General Meeting (EGM) held on 30th March, 2015 have approved the preferential allotment of shares and convertible warrants to promoters and non-promoters. In the notice calling the said EGM some typo-graphical errors have cropped as specified in the resolution.

With a view to bring to notice of the shareholders about the typo graphical errors the Board of Directors recommends the ratification of corrections to the notice calling the said EGM.

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:

Name	Mr K. Krishna Swamy	Mr M Lokeswararao	Mr. B Kishore Babu	Mr.M.Srinivas	Mr. M Srikrishna
Date of birth	25-12-1940	11-02-1945	08-06-1956	21-06-1968	31-07-1971
Designation	Non Executive Director	Managing Director	Whole time Director	Whole time Director	Whole time Director
Date of appointment	28/07/1995	17/12/1983	10/05/2002	01/10/2005	01/10/2005
Educational Qualifications	Bachelor of Technology (Mechanical)	Diploma in Mechanical Engineering	Engineering Graduate	M.S. in Industrial Engineering from New Jersey Institute of Technology, USA	B Tech From Osmania University Areas of Experience
Areas of Experience	Nearly 49 years of experience in the field of Mechanical Division.	46 years of experience in the machine tool industry	35 years of experience in the field of Machine Tool	19 years of experience in the field of Engineering	18 years of experience in the field of Engineering
Membership/ Chairmanship of the Committees held in the company	Nil	Nil	1.Member of Stakeholders relationship Committee	Member of Audit Committee	1.Member of Stakeholders relationship Committee
Companies in which he / she holds Directorship	Nil	M.L.R. Motors Ltd and MLR Auto Ltd Indian Machine Tool Manufactures Association	M.L.R. Motors Ltd and MLR Auto Ltd	M.L.R. Motors Ltd and MLR Auto Ltd	Velzone (India) Private Limited
Membership/ Chairmanship of the Committees held in other companies	Nil	Nil	Nil	Member of Audit Committee of M.L.R. Motors Ltd	Nil
No of Shares held in the company	12,000	7,46,872	8,07,687	11,35,191	11,09,931

31st Report of the Board of Directors

Dear Stakeholders,

Your Directors submit the 31st Annual Report of the company along with the Audited financial Statements for the financial year ended March 31, 2015.

FINANCIAL RESULTS

Particulars	Rs in Lakhs	
	(2014-15)	(2013-14)
Net Sales	11,814.25	11,179.90
Other Income	128.12	86.52
Captive Consumption	128.75	140.60
Total Income	12071.12	11407.02
Profit before Depreciation, Interest and Taxes	2939.24	2907.66
Depreciation	867.90	897.00
Profit before Interest and Taxes	2071.34	2010.66
Interest and Finance Charges	1817.78	1905.10
Profit before Taxes	253.56	105.56
Provision for Taxes	178.95	59.86
Profits after Taxes	74.61	45.70

PERFORMANCE REVIEW:

The turnover increased by 6%, and the Profit before Interest and Taxes increased by 1% compared to the previous year. The Earnings per Share increased from Rs. 0.39 in the previous year to Rs 0.63 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 Job Work Charges, the General Purpose machinery division could hold on to a respectable sale although it was Higher 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

- 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 5% on equity shares of the company for the financial year 2014-15, amounting to Rs 0.50/- per equity share.

The dividend on the equity shares, if declared as above, would involve an outflow of Rs.7,022,034/- towards dividend and Rs. 14,29,521/- towards dividend tax, resulting in a total outflow of Rs. 84,51,555/-.

TRANSFER TO GENERAL RESERVE

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

DIRECTORS

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

The following Directors are proposed to be appointed / re-appointed as Directors of the company under Companies act 2013

1. Mullapudi Lokeswararao - Managing Director
2. Bollineni Kishore Babu - Whole time director
3. Mullapudi Srinivas - Whole time director
4. Mullapudi Srikrishna - Whole time director

The detailed profile of the above directors are given at Notice calling the Annual General Meeting.

All Independent Directors have given declaration that they meet the criteria of independence as laid under section 149(6) of the Companies Act 2013 and clause 49 of the Listing Agreement.

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.

AUDITORS**Statutory Auditors**

At the Annual General Meeting(AGM) held on September 30, 2014, M/s. Brahmayya & Co, Chartered Accountants, were appointed as Statutory Auditor of the Company to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2017. In terms of the first proviso to Section 139 of the Companies Act, 2013, the appointment of the auditor shall be placed for ratification at every Annual General Meeting. Accordingly, the appointment of M/s. Brahmayya & Co, Chartered Accountants, as statutory auditors of the Company, is placed for ratification by the shareholders. In this regard, the Company has received a certificate from the auditors to the effect that if they are reappointed, it would be in accordance with the provisions of Section 141 of the Companies Act, 2013.

Cost Auditors:

The Board has appointed M/s. DZR&Co, Cost Accountants for conducting the audit of cost records of the Company for various segments for the financial year 2015-16 as recommended by the Audit Committee. As required under section 148 and Rule 14 of the Companies (Audit and Auditors) Rules, 2014 a resolution is being placed at the ensuing AGM for ratification of remuneration payable to said Cost Auditors.

Secretarial Auditors:

M/s. S Chidambaram, Practicing Company Secretaries, was appointed to conduct the Secretarial Audit of the Company for the financial year 2014-15, as required under Section 204 of the Companies Act, 2013 and Rule 9 there-under. The secretarial audit report for FY 2014-15 forms part of this Report as Annexure- C.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE OUTGO

Information required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is enclosed herewith as Annexure - A

DEVELOPEMNT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY

The Company has been addressing various risks impacting the company policy of the company on risk management is provided elsewhere in this Annual Report in Management Discussion and Analysis.

The Company has developed and implemented a risk management policy for the company including identification therein of elements of risk, which in the opinion of the Board may threaten the existence of the company.

NOMINATION AND REMUENRATION POLICY

On the recommendation of the Nomination and Remuneration Committee the Board of Directors has formulated a policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a director and other matters and to frame proper systems for identification, appointment of Directors & KMPs, Payment of Remuneration to them and Evaluation of their performance.

FORMAL ANNUAL EVALUATION MADE BY THE BOARD OF ITS OWN PERFORMANCE AND OF ITS COMMITTEES AND INDIVIDUAL DIRECTORS

As required under the provisions of Schedule IV of the Companies Act, 2013 the performance evaluation of independent directors has been done by the entire Board of Directors, excluding the director being evaluated. The evaluation of all the directors and the Board as a whole was conducted based on the criteria and framework adopted by the Board. The Board approved the evaluation results as collated by the nomination and remuneration committee.

None of the independent directors are due for re-appointment

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

Pursuant to Section 134 (5) of the Companies Act, 2013 Your Directors' confirm that:

In preparation of annual accounts for the financial year ended 31st March, 2015 the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company at the end of the financial year ended 31st March, 2015 and of the profit and loss of the Company for the financial year;

The Directors have taken proper and sufficient care for their maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- i. The Directors had prepared the annual accounts on a 'going concern' basis;
- ii. The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- iii. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

OTHER DISCLOSURES:**Board Meetings**

During the year under review, five Board Meetings were held on 30th May, 2014; 14th August, 2014; 14th November, 2014 and 14th February, 2015 and 04th March 2015.

Committees of Board

Your company has the following committees namely:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders Relationship Committee

The constitution of all the committees are as per the Companies Act, 2013 and Listing Agreement with Stock Exchanges. The details of the Constitution are mentioned in Corporate Governance Report, which forms part of this Annual Report.

Corporate Governance Report

Your Company has complied with the requirements of Clause 49 of the Listing Agreement entered with the Stock Exchanges and provisions of the Companies Act, 2013, Report on Corporate Governance including Auditor's Certificate on compliance with the code of Corporate Governance.

Management Discussion and Analysis

A brief note on the Management discussion and analysis for the year is enclosed as Annexure B to this report

Vigil Mechanism:

In pursuant to the provisions of section 177 of the Companies Act, 2013 and Clause 49 of the Listing Agreement a Vigil Mechanism for directors and employees to report genuine concerns has been established.

Particulars of Employees

The information required under section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below :

- i) **The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:**

Name of the Director	Ratio to Median remuneration
M Lokeswararao	20.04
B Kishore Babu	10.02
M Srikrishna	10.02
K Krishna Swamy	3.15

- ii) **The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;**

Name of the Director/Chief Financial Officer/Chief Executive Officer /Company Secretary/Manager	Percentage of increase in remuneration
M Lokeswararao	—
B Kishore Babu	—
M Srikrishna	—
K Krishna Swamy	—
V Sudhakara Reddy	—
D Raghavendrarao	—

- iii) **The percentage increase in the median remuneration of employees in the financial year; 5%**
 iv) **The number of permanent employees on the rolls of company; 378**
 v) **The explanation on the relationship between average increase in remuneration and company performance;**

On an average, employees received an annual increase of 5%. The individual increments varied from 5% to 15% based on individual performance

In order to ensure that remuneration reflects Company performance, the performance pay is also linked to organization performance, apart from an individual's performance.

- vii) **Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;**

Aggregate remuneration of key Managerial Personnel(KMP) in FY 2015 (Rs. Lakhs)	109.80
Total Revenue (Rs.Lakhs)	12071.12
Remuneration of KMP(as % of revenue)	0.91%
Profit before Tax (PBT) (Rs.Lakhs)	253.56
Remuneration of KMP(as % of PBT)	43.30%

- viii) **Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year:**

Particulars	March 31,2015	March 31,2014	% Change
Market Capitalisation (Rs. Lakhs)	83,56,06,530	27,67,68,900	201.91%
Price Earning Ratio	112.62	71.21	58.15

Percentage increase over decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer:

Particulars	March 31,2015	IPO Price	% Change
Market Price (BSE)	70.95	140	50.68%
Market Price (NSE)	70.90	140	50.68%

- ix) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;**

- x) **Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;**

	Mr M Lokeswara rao	Mr.M. Srikrishna	Mr.B. Kishore Babu	M.K Krishna Swamy	Mr. V. Sudhakara Reddy	Mr. D. Raghavendrarao
Remuneration in FY 15 (Rs. Lakhs)	42.00	21.00	21.00	6.60	15.00	4.20
Total Revenue (Rs. Lakhs)	12071.12	12071.12	12071.12	12071.12	12071.12	12071.12
Remuneration as % of Revenue	0.35	0.17	0.17	0.05	0.12	0.03
Profit Before Tax(PBT) (Rs. Lakhs)	253.56	253.56	253.56	253.56	253.56	253.56
Remuneration (as % of PBT)	16.56	8.28	8.28	2.60	5.92	1.66

- x) **The key parameters for any variable component of remuneration availed by the directors;**
None
- xi) **The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;**
None
- xii) **Affirmation that the remuneration is as per the remuneration policy of the company:**
The Company affirms that the remuneration is as per the remuneration policy of the Company.

SUBSIDIARY COMPANY:

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

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Details of the Loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 are given in the notes to the financial statements pertaining to the year under review.

PUBLIC DEPOSITS:

The Company has not accepted any deposits from the public.

RELATED PARTY TRANSACTIONS:

Related party transactions entered during the financial year under review are disclosed in Note No.27 of the Financial Statements of the Company for the financial year ended 31st March, 2015. These transactions entered were at an arm's length basis and in the ordinary course of business. There were no materially significant related party transactions with the Company's Promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the Company.

The Company has not entered into any related party transactions covered under Section 188(1) of the Companies Act, 2013.

ACKNOWLEDGEMENTS

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

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

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

B Kishore Babu
(Executive Director)

M Lokeswara Rao
(Managing Director)

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31-03-2015

(Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies
(Management and Administration) Rules, 2014]

I. REGISTRATION & OTHER DETAILS:

1	CIN	L29219TG1983PLC004319
2	Registration Date	17/12/1987
3	Name of the Company	LOKESH MACHINES LIMITED
4	Category/Sub-category of the Company	Company Limited by Shares/ Indian Non-Government Company
5	Address of the Registered Office & contact details	B-29 EEIE STAGE, 2, BALANAGAR, HYDERABAD-500037.
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot No.31-32,Gachibowli Financial District, Nanakramguda, Serilingampally, Hyderabad - 500 008
8.	Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	General Purpose Machines	356	45%
2.	Special Purpose Machines	359	34%
3.	Jobwork charges	374.80	18%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	N.A.				
2	N.A				

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	6873362	-	6873362	58.36	6747156	-	6747156	57.29	(1.07)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)	6873362	-	6873362	58.36	6747156	-	6747156	57.29	(1.07)
(2) Foreign									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
TOTAL(A)= A(1)+A(2)	6873362	-	6873362	58.36	6747156	-	6747156	57.29	(1.07)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	370000	-	370000	3.14	370000	-	370000	3.14	0
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)									
Sub-total (B)(1):-	370000	-	370000	3.14	370000	-	370000	3.14	0
2. Non-Institutions									
a) Bodies Corp.	477402	-	477402	4.05	828561	-	828561	7.04	2.99
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2694830	25359	2720189	23.10	2470377	25359	2495736	21.19	(1.91)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1243079	-	1243079	10.55	1234837	-	1234837	10.48	(0.07)
c) Others (specify)									
- Directors	-	-	-	-	-	-	-	-	-
- Trust	1	-	1	0	0	-	0	0	0
- Non - resident Indians	81968	-	81968	0.70	60385	-	60385	0.51	(0.19)
- HUF	-	-	-	-	-	-	-	-	-
Clearing Members	11399	-	11399	0.10	40725	-	40725	0.35	0.25
Sub-total (B)(2):-	4534038	25359	4508679	38.50	4660244	25359	4634885	39.57	1.07
Total Public Shareholding (B)=(B)(1)+(B)(2)	4904038	25359	4878679	41.64	5030244	25359	5004885	42.71	1.07
C. Shares held by Custodian for GDRs & ADRs									
-	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	11752041	25359	11777400	100.00	11752041	25359	11777400	100.00	-

(ii) Shareholding of Promoter

SN	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year March 2015			
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares shareholding encumbered to total shares	% change in shareholding during the year
1	MULLAPUDI LOKESWARARAO	746872	6.34	4.21	746872	6.34	0.85	0
2	MULLAPUDI SRIKRISHNA	1109931	9.42	7.37	1109931	9.42	2.55	0
3	MULLAPUDI SRINIVAS	1235191	10.49	7.74	1135191	9.64	7.74	(0.85)
4	MULLAPUDI VIJAYALAKSHMI	1794913	15.24	9.70	1794913	15.24	12.45	0
5	MULLAPUDI KANAKADURGA	515118	4.37	1.27	515118	4.37	2.46	0
6	BOLLINENI KISHORE BABU	807687	6.86	6.71	807687	6.86	2.55	0
7	BOLLINENI VIJAYALAKSHMI	231169	1.96	1.47	231169	1.96	1.47	0
8	BOLLENENI SHILPA	77087	0.65	0	77087	0.65	0	0
9	AJAYKUMAR MULLAPUDI	59269	0.50	0	59269	0.50	0	0
10	GANNE ESWARARAO	27076	0.23	0	0	0.00	0	(0.22)
11	MULLAPUDI LIKHITA	26404	0.22	0	26404	0.22	0	0
12	MULLAPUDI RAMMOHAN RAO	22043	0.19	0	22043	0.19	0	0
13	BOLLINENI SRIHARSHA	23268	0.20	0	24138	0.20	0	0
14	GANNE ANNAPURNA	16598	0.14	0	16598	0.14	0	0
15	KRISHNASWAMY K	12000	0.10	0	12000	0.10	0	0
16	MULLAPUDI VASANTHALAKSHMI	10300	0.09	0	10300	0.09	0	0
17	GUTTA SAIRAM PRASAD	8735	0.07	0	8735	0.07	0	0
18	G KAMALADEVI	7777	0.07	0	7777	0.07	0	0
19	NAGA SATYA SWAROOPA RANI	141924	1.21	141924	1.21	0	---	
		6873362	58.36	0	6747156	57.29	30.07	(1.07)

(iii) Change in Promoters' Shareholding:

(Please specify, if there is no change)

SN	Name of the shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year	6873362	58.36	6873362	58.36
	1. Invocation of Shares of MULLAPUDI SRINIVAS on 03.02.2015	(100000)	(0.85)	(100000)	(0.85)
	2. Shares Sale By GANNE ESWARA RAO on 23.05.2014	(27076)	(0.22)	(27076)	(0.22)
	3. Shares Buy by B. Sriharsha On 12.08.2014	870	0.00	870	0.00
	At the end of the year			6747156	57.29

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

SN	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	the end of year	No. of shares	% of total shares of the company
1	UNITED INDIA INSURANCE COMPANY LIMITED				
	At the beginning of the year	370000	3.14	370000	3.14
	Increase/ Decrease shareholding during the year	-	-	-	-
	At the end of the year			370000	3.14
2	JAHNAVI SRI DHANYA S				
	At the beginning of the year	-	-	-	-
	Increase in the share holding during the year (Purchase on 05-09-2014)	110000	0.93	110000	0.93
	At the end of the year			110000	0.93
3	CHERUKURI SAI KIRAN				
	At the beginning of the year	-	-	-	-
	Increase in the share holding during the year (during the period 23-01-2015)	100000	0.85	100000	0.85
	At the end of the year			100000	0.85
4	RAJA RAMA MOHAN RAO JASTI				
	At the beginning of the year	96093	0.82	96096	0.82
	Increase/ Decrease shareholding during the year	-	-	-	-
	At the end of the year			96096	0.82
5	INDIANIVESH SECURITIES PRIVATE LIMITED				
	At the beginning of the year	125	0.00	125	0.00
	Increase in share holding during the year(05-09-2014)	375	0.00	500	0.00
	Increase in share holding during the year(16-01-2015)	27112	0.23	27612	0.23
	Decrease in share holding during the year(23-01-2015)	(1559)	(0.01)	26053	0.22
	Decrease in share holding during the year(30-01-2015)	(1000)	(0.01)	25053	0.21
	Decrease in share holding during the year(27-02-2015)	(628)	(0.01)	24425	0.21
	Increase in share holding during the year(6-03-2015)	41575	0.35	66000	0.56
	Increase in share holding during the year(13-03-2015)	28778	0.24	94778	0.80
	At the end of the year			94778	0.80

6.	PCS SECURITIES LIMITED At the beginning of the year	180928	1.54	180928	1.54
	Decrease in share holding during the year(04-04-2014)	(1000)	(0.01)	179928	1.53
	Decrease in share holding during the year(13-06-2014)	(142205)	(1.21)	37723	0.32
	Increase in share holding during the year(during the period from 04-07-2014 to12-09-2014)	158204	1.34	195927	1.66
	Decrease in share holding during the year(12-09-2014)	(20894)	(0.18)	175033	1.49
	Increase in the share holding during the year(during the period 30-09-2014 to 03-10-2014)	32758	0.28	207791	1.76
	Decrease in the share holding during the year(during the period 10-10-2014 to 14-11-2014)	(12140)	(0.10)	195651	1.66
	Increase in the share holding during the year(21-11-2014)	100	0.00	195751	1.66
	Decrease in the share holding during the year(During the period from 21-11-2014 to 05-12-2014)	(180518)	(1.53)	15233	0.13
	Increase in the share holding during the year(During the period from 02-01-2015 to 06-02-2015)	222236	1.89	237469	2.02
	Decrease in the share holding during the year(06-02-2015)	(297)	(0.00)	237172	2.01
	Increase in the share holding during the year(13-02-2015)	601	0.01	237773	2.02
	Decrease in the share holding during the year(20-02-2015)	(500)	(0.00)	237273	2.01
	Increase in the share holding during the year(during the period from 27-02-2015 to 06-03-2015)	29900	0.25	267173	2.27
	Decrease in the share holding during the year(during the period from 06-03-2015 to 20-03-2015)	(194313)	(1.65)	72860	0.62
	Increase in the share holding during the year(27-03-2015)	14464	0.12	87324	0.74
	Decrease in the share holding during the year(31-03-2015)	(1000)	(0.01)	86324	0.73
	At the end of the year			86324	0.73
7	ARUN KUMAR JAIN At the beginning of the year	59000	0.50	59000	0.50
	Increase / decrease share holding during the year	-	-	-	-
	At the end of the year			59000	0.50
8	SATYANARANA RAO SUNKAVALLI At the beginning of the year	51000	0.43	51000	0.43
	Increase / decrease share holding during the year	-	-	-	-
	At the end of the year			51000	0.43
9	DUNDOO AJIT KUMAR At the beginning of the year	50143	0.43	50143	0.43
	Increase / decrease share holding during the year	-	-	-	-
	At the end of the year			50143	0.43
10	ADROIT SHARE & STOCK BROKERS PVT LTD At the beginning of the year	48640	0.41	48640	0.41
	Increase / decrease share holding during the year	-	-	-	-
	At the end of the year			48640	0.41

(v) Shareholding of Directors and Key Managerial Personnel:

S No.	Name of the Director / Key Managerial Personnel (KMP)	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	MULLAPUDI LOKESWARARAO				
	At the beginning of the year	746872	6.34	746872	6.34
	During the year	-	-	-	-
	At the end of the year	-	-	746872	6.34
2	MULLAPUDI SRIKRISHNA				
	At the beginning of the year	1109931	9.42	1109931	9.42
	During the year	-	-	-	-
	At the end of the year	-	-	1109931	9.42
3	K. KRISHNA SWAMY				
	At the beginning of the year	12000	0.10	12000	0.10
	During the year	-	-	-	-
	At the end of the year	-	-	12000	0.10
4	BOLLINENI KISHORE BABU				
	At the beginning of the year	807687	6.86	807687	6.86
	During the year	-	-	-	-
	At the end of the year	-	-	807687	6.86
5	V. SUDHAKARA REDDY				
	At the beginning of the year	11000	0.09	11000	0.09
	During the year	-	-	-	-
	At the end of the year	-	-	11000	0.09
6	D. RAGHAVENDRA RAO				
	At the beginning of the year	-	-	-	-
	During the year	-	-	-	-
	At the end of the year	-	-	-	-

IV. INDEBTEDNESS

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

(Amt. RS.)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	415413318		Nil	415413318
ii) Interest due but not paid	37148715		Nil	37148715
iii) Interest accrued but not due	16240405		Nil	16240405
Total (i+ii+iii)	468802438			468802438
Change in Indebtedness during the financial year			Nil	
* Addition	111296187			111296187
* Reduction	170616670			170616670
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	356092835			356092835
ii) Interest due but not paid	56052622		Nil	56052622
iii) Interest accrued but not due	—			—
Total (i+ii+iii)	412145457			412145457

IV. INDEBTEDNESS**B. Remuneration to other Directors**

S. No	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount (Rs)
1	Gross Salary	M. Lokeswararao	B. Kishore Babu	M. Srikrishna	K. Krishna Swamy	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	42.17	21.17	21.17	6.60	91.11
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-	-
2.	Stock Option	-	-	-	-	-
3.	Sweat Equity	-	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-	-
5.	Others, please specify	-	-	-	-	-
	Total (A)	42.17	21.17	21.17	6.60	91.11
	Ceiling as per the Act	60.00	60.00	60.00	60.00	240.00

B. Remuneration to Other Directors

S No	Particulars of Remuneration	Name of Directors	Total Amount(Rupees)
1	Fee for attending Board Meeting /Committee Meeting of Independent Directors and Non Executive Director	Mr. B.R.Mahesh Mr.R.Mohan Reddy Mr.M.Srinivas Smt.Bhavanarao	40,000 40,000 30,000 10,000
2	Commission	—	—
	Total		1,20,000

C. Remuneration to Key Managerial Personnel Other Than MD / Manager / WTD

S. No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total Rs. Lakhs
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	21.17	4.20	15.00	40.37
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total	21.17	4.20	15.00	40.37

VI. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—
OTHER OFFICERS IN DEFAULT					
Penalty	—	—	—	—	—
Punishment	—	—	—	—	—
Compounding	—	—	—	—	—

Annexure 'A'

The particulars as prescribed under Sub-section (3)(m) of Section 134 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, are as under.

A. Conservation of Energy

- (i) the steps taken or impact on conservation of energy: It is our continuous endeavor to implement the best practices in areas of energy conservation.
- (ii) the steps taken by the company for utilising alternate sources of energy; NA
- (iii) the capital investment on energy conservation equipments; NA

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 : 34.50 lakhs
 - (c) Total : 34.50 lakhs
 - (d) Total R & D expenditure as a percentage of total turnover: 0.31 %

Foreign Exchange Earnings and Outgo

- (i) Foreign Exchange Earnings : Rs.378.47 Lakhs
- (ii) Foreign Exchange Outgo:
 - For Capital Goods : Rs 0 Lakhs
 - For Components on FOB basis : Rs 468.57 Lakhs
 - Towards Foreign Travel : Rs. 3.64 Lakhs

Annexure 'B'

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management presents the analysis of performance of your Company for the year 2014-15 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

Machine tools production in India has reached to Rs. 2075 Cr. during Apr- Sept-14 compared to Rs.1613 Cr during Apr- Sept -13 registering the growth of 29%. 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 Metalforming Machines.

Machine tools imports to India has reached Rs.2482 Cr during Apr- Sept-14 compared to Rs. 2222 Cr during Apr-Sept-13 registering growth of 12%. All types of machines CNC, non CNC, metal cutting, metal forming, used and new machines are imported to India from various countries.

Machine tools consumption has reached Rs.4421 Cr during Apr- Sept-14 compared to Rs.3678 Cr during Apr-Sept-13 registering growth of 20%. All types of machines CNC, non CNC, metal cutting, metal forming, are consumed in India. The year 2014-15 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.

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.

Segment -wise Performance

The company has a rich experience of 31 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 31st March, 2015 was 1020 (including trainees, employees on contract).

Financial Overview during the Year:

During the year under review the Company had maintain an all round growth in the operations. The turnover increased by 6%, and the Profit before Interest and Taxes increased by 1% compared to the previous year. The Earnings per Share increased from Rs. 0.39 in the previous year to Rs 0.63 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 2014-15.

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.

Annexure - C**SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015**

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

To,
The Members,
Lokesh Machines Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Lokesh Machines Limited. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided and declarations made by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2015 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended on 31st March, 2015 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
 - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

- (vi) Employees' State Insurance Act, 1948 and Employees' State Insurance (General) Regulations, 1950;
- (vii) The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and The Employees' Provident Funds Scheme, 1952;
- (viii) The Payment of Bonus Act, 1965 and the Payment of Bonus Rules, 1965;
- (ix) The Contract Labour (Regulation and Abolition) Act, 1970 and the Contract Labour (Regulation and Abolition) Central Rules, 1971;
- (x) A.P. Shops and Establishment Act, 1988;
- (xi) Income Tax Act, 1961 and rules made there under;
- (xii) Service Tax Act, 1994 and rules made there under.

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange of India Limited and National Stock Exchange of India Limited;

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

I further report that The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place: Hyderabad

Date: 13.08.2015

Signature:

S. Chidambaram
Practicing Company Secretary
FCS No. 3935
C P No. 2286

COMPLIANCE REPORT ON 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:

2. 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 Three are Independent Non-Executive Directors and one Non-Independent Non-Executive Director, one Nomine Director.

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

During the year under review, Five Board Meetings were held on 30th May, 2014; 14th August, 2014; 14th November, 2014 and 14th February, 2015 and 04th March 2015. 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	Designation & Category	Attendance Particulars			No of other Directorships and Committee memberships / Chairmanships held		
		Board Meetings during his Directorship		Last AGM	Other Directorships	Committee memberships	Committee chairmanships
		Held	Attended				
M. Lokeswara Rao DIN : 00989447	Managing Director and Promoter Executive Director	05	04	Yes	3	1	Nil
B. Kishore Babu DIN : 00840630	Promoter-Executive Director	05	05	Yes	2	1	1
M. Srinivas DIN : 00917565	Promoter-Non Executive Director	05	03	Yes	2	1	Nil
M. Srikrishna DIN : 00841388	Promoter-Executive Director	05	05	Yes	1	Nil	Nil
K. Krishna Swamy DIN : 00840887	Non- Promoter, Executive Director	05	03	Yes	Nil	Nil	Nil
B. R. Mahesh DIN : 00810019	Independent Non Executive Director	05	04	Yes	2	1	1
R. Mohan Reddy DIN : 00841038	Independent Non Executive Director	05	04	Yes	3	3	3
M Hariprasada Rao DIN : 02797630	Independent Non Executive Director	05	01	No	0	1	Nil
Smt Bhavana Rao DIN : 00956209	Independent Nominee Director	05	02	No	8	Nil	Nil

Information on Directors appointment / re-appointment as required under 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, 2013; 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 the Listing Agreements with the Stock Exchanges as well as the Companies Act, 2013.

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 Chief Financial Officer 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 (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 30th May, 2014; 14th August, 2014; 14th November, 2014 and 14th February, 2015. 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 held during the tenure	Number of meetings attended	Numbers of meetings
1	Mr. B R Mahesh	4	4
2	Mr. R Mohan Reddy	4	3
3	Mr. M Srinivas	4	3

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 Nomination and Remuneration Committee comprises of three Independent Directors as follows:

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

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, 2013.

d) Remuneration paid to Executive Directors

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

(Rs .In Lakhs)

Name of the Director	Salary	P.F	Other Allowance	Commission	Total
Mr. M. Lokeswara Rao (Managing Director)	42.00	0.17	-	-	42.17
Mr. B. Kishore Babu Executive Director	21.00	0.17	-	-	21.17
Mr. K. Krishna Swamy Whole-time Director	6.60	--	-	-	6.60
Mr. M. Srikrishna Whole-Time Director	21.00	0.17	-	-	21.17

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 2014-15 is given below:

Name of Director	Sitting Fees paid (Rs)
Mr. B R Mahesh	40000
Mr. R Mohan Reddy	40000
Mr. M Srinivas	30000
Smt. Bhavana Rao	10000

f) Shareholdings of Non Executive Directors as on March 31, 2015:

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 1,135,191 equity shares.

V. Stakeholders Relationship Committee

The Stakeholders Relationship committee consists of three members namely:

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

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 Two Shareholders Grievance Committee Meetings were held on 30th May 2014, 14th Nov 2014, 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	2	2
2	Mr. M Srikrishna	2	2
3	Mr. B Kishore Babu	2	2

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 13 Complaints during the year. The company resolved all of them during the year under review. There are no outstanding complaints as on 31st March, 2015.

VI General Meetings:

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

Year	AGM	Venue	Date	Time
2011-12	28th	Jubilee Hills International Centre Near Jubilee Hills Check Post, Road No. 14, Hyderabad-500 033	29/09/2012	04:0 0 P.M.
2012-13	29th	Jubilee Hills International Centre Near Jubilee Hills Check Post, Road No. 14,Hyderabad-500 033	28/09/2013	11:0 0 A.M.
2013-14	30th	Jubilee Hills International Centre Near Jubilee Hills Check Post, Road No. 14,Hyderabad-500 033	30/09/2014	4:0 0 P.M.

Special resolutions passed in the last Three Annual General Meetings

AGM held on	Whether special resolution passed	Summary of the resolution
30-09-2014	3	1. Re- Appointment of Mr K Krishna Swamy as a whole time director 2. Section 180(1)(A) 3. Section 180(1)(C)
28-09-2013	Nil	Nil
29-09-2012	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 applicable accounting standards 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 /Vigil Mechanism:

The Company has established a whistle Blower /Vigil Mechanism through its Directors Employees and stakeholders can report their genuine concerns about unethical behaviours, actual or suspected fraud or violation of the company's code of conduct or ethics policy. The said policy provides for adequate safeguards against victimization and also direct access to the higher levels of supervisors.

The E-Mail ID for reporting genuine concerns is: cosecy@lokeshmachines.com

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 2015.

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

During the financial year ended March 31, 2015, there were no proceeds from public issues, right issues, and preferential issue among other.

However during the year the Shareholders at the Extra-ordinary General Meeting held on 30th March, 2015 approved the preferential allotment of Equity Shares to Non Promoters and Convertible Warrants to Promoters and Non Promoters. However the allotment of the same was made on 11th May, 2015.

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 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 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 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.

IX General Shareholder Information

a. Annual General Meeting	
Date, time and venue of Annual General Meeting	September 28th, 2015, at 11.00 AM 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 a) Annual General Meeting : September 28, 2015 b) Results for the quarter ending June 30, 2015: on and before 14th August, 2015

	<p>c) Results for the quarter ending September 30, 2015 : on or before 14th November, 2015</p> <p>d) Results for the quarter ending December 31, 2015: on or before 14th February, 2016</p> <p>e) Results for the Year ending March 31, 2016: on or before 30th May, 2016</p>
c. Date of Book Closure (both days inclusive)	September 25, 2015 to September 28, 2015 both days inclusive
d. Dividend Payment Due Date (5% dividend recommended by the Board of Directors)	On or before 27-10-2015
e. Listing on Stock Exchanges	<p>The Bombay Stock Exchange Limited P.J.Towers, Dalal Street, Mumbai - 40000</p> <p>The National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 00051</p> <p>Annual Listing fees have been paid for both BSE & NSE.</p>
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	<p>The Company's equity shares are available for dematerialization on both the Depositories i.e.</p> <ol style="list-style-type: none"> 1. The National Securities Depository Ltd Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parle Mumbai - 400013 2. Central Depository Services (India) Ltd Phiroze Jeejeebhoy Towers, 28th Floor Dalal Street, Mumbai - 400023 <p>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, 2015.</p>
h. Registered Office Address (for correspondence)	B-29, EEIE, Stage II, Balanagar, Hyderabad - 500 037
i. Registrar and Share Transfer Agent's Contact Address	<p>Karvy Computershare Pvt. Ltd. Karvy Selenium Tower B, Plot No.31-32,Gachibowli Financial District, Nanakramaguda, Serilingampally, Hyderabad - 500 008 Phone : +91 40 67161524 Fax : +91 40 23001153 E-mail: einward.ris@karvy.com Web Site: www.karvy.com</p>

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

During the financial year 2014-15, the Company has not issued any GDRs/ADRs and there are no outstanding warrants as on 31st March, 2015.

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, 2015

S.No	Category (Amount)	Numbers of Shareholders	% of Shareholders	Number of shares	% of shares
1.	1 to 5000	8873	89.36	999780	8.49
2.	5001-10000	496	4.99	417342	3.54
3.	10001-20000	218	2.20	340030	2.89
4.	20001-30000	97	0.98	255049	2.17
5.	30001-40000	50	0.50	177681	1.51
6.	40001-50000	36	0.36	172506	1.46
7.	50001-100000	63	0.63	466085	3.96
8.	100001 & Above	97	0.98	8948927	75.98
	Total	9930	100.00	1,17,77,400	100.00

Shareholding pattern as on March 31, 2015

Category	No of shareholders	Total shares	% of Equity
Promoter & Promotor Group & HUF	36	6747156	57.29
Resident Individuals	9154	3545254	30.10
Bodies Corporate	225	828661	7.04
Indian Institutional Investors	1	370000	3.14
H U F	388	185319	1.57
Non Resident Indians	73	60385	0.51
Clearing Members	53	40725	0.35
Total	9930	1,17,77,400	100.00

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 2014-15 were as follows:

Market Price and Index Data High, Low during each month in Last financial year	Months	Lokesh Machines (BSE)		Lokesh Machines (NSE)	
		High	Low	High	Low
	Apr 14	29.65	22.40	29.00	22.00
	May 14	34.75	23.50	36.45	24.00
	Jun 14	37.40	29.70	36.90	30.40
	July 14	37.00	29.40	36.50	29.55
	Aug 14	39.25	31.80	39.10	30.60
	Sep 14	49.60	32.00	49.70	32.00
	Oct 14	41.25	35.30	41.50	35.00
	Nov 14	35.50	47.25	48.00	36.00
	Dec 14	42.00	32.35	42.70	33.00
	Jan 15	46.60	35.60	46.00	32.00
	Feb 15	61.70	34.00	61.05	33.65
	Mar 15	82.80	61.50	83.00	61.20

DECLARATION FOR CODE OF CONDUCT

A Code of Conduct for the Directors and Senior Management Personnel has already been approved by the Board of Directors of the Company. As stipulated under the provisions of sub-clause (II) E of Clause 49 of the Listing Agreement with stock exchanges, all the Directors and the designated personnel in the Senior Management of the Company have affirmed compliance with the aforesaid Code of Conduct as applicable to them for the financial year ended March 31, 2015

For Lokesh Machines Limited

Place: Hyderabad
Date: 14th August, 2015

M. Lokeswara Rao
Managing Director

CEO AND CFO CERTIFICATION

To
The Board of Directors
Lokesh Machines Ltd
Hyderabad

We, M.Lokeswararao, Managing Director and V.Sudhakara Reddy Chief Financial Officer of Lokesh Machines Ltd, to the Best of Our Knowledge and belief ,Certify:

- a. We have reviewed the financial statements and the cash flow statements for the year and that to the best of our knowledge and belief.
 - i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading
 - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of Company's code of conduct.
- c. Appropriate internal controls for financial Reporting in place which are Reasonably expected to safeguard assets of the Company and there are no deficiencies in the design or operation of internal Controls, of which we are aware.
- d. During the Financial Year ended 31 st March
 - i. no Significant changes in internal control over financial reporting:
 - ii. no Significant changes in accounting policies:
 - iii. no instances of fraud of which we have become aware

M.Lokeswararao
Managing Director

V.Sudhakara Reddy
Chief Financial Officer

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, 2015, 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

Place: Hyderabad.
Date: 14th August, 2015

(K. S. Rao)
Partner
Membership No. 015850

INDEPENDENT AUDITOR'S 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, ("the Company"), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2015, and its Profit and its 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, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For BRAHMAYYA & CO
Chartered Accountants
Firm's Regn. No. 000513S

(K. S. Rao)
Partner
Membership No. 015850

Place: Hyderabad.
Date: 30.05.2015

Annexure to the Auditor's Report

The Annexure referred to in Para 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our report of even date, to the members of LOKESH MACHINES LIMITED, HYDERABAD, for the year ended March 31, 2015.,

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 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. No discrepancies were noticed on such verification.
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. a. During the year, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
b. In view of our comment in paragraph (a) above, Clause (III) (a) and (b) of paragraph 3 of the aforesaid order are not applicable to the Company.
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 for the 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. The Company has not accepted any deposits from the public. Hence the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013, and the rules framed there under, do not apply to this Company.
6. We have broadly reviewed the cost records maintained by the Company pursuant to sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prime facie the prescribed accounts and records have been made and maintained. We have however not made a detailed examination of the cost records with a view to determine whether they are accurate or Complete.
7. a. According to the records of the Company, the company is not regular in depositing undisputed statutory dues including provident fund, employees' state insurance, Income-tax, Sales-tax, Wealth tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and any other statutory dues with the appropriate authorities.
b. According to the records of the Company, no undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.
c. According to the records of the Company and the information and explanations given to us, there were no dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess have not been deposited on account of any dispute.

- d. According to the records of the Company, there were no amounts which were required to be transferred to Investor Education and Protection Fund. Therefore, the provisions of clause 3 (vii) (c) of the Companies (Auditor's Report) Order, 2015 are not applicable to the Company.
8. The Company has no accumulated losses as at the end of the financial year. The Company has not incurred cash losses during the year covered by our audit and also in the immediately preceding financial year.
9. In our opinion and according to the information and explanations given to us, the Company as on Balance Sheet date has not repaid an amount of Rs. 1230.45 lacs against secured non convertible debentures (NCD's) towards Principal and Interest thereon. But according to the information given to us, the Company sought for reschedulement of repayment and debenture holders consented for the same in principal.
10. The Company has not given any guarantee for the loans taken by others from banks and financial institutions.
11. In our opinion and according to the information and explanations given to us, the term loans have been applied for the purposes for which they were obtained.
12. 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's Regn. No. 000513S

Place: Hyderabad.
Date: 30.05.2015

(K. S. Rao)
Partner
Membership No. 015

BALANCE SHEET AS AT 31 MARCH 2015

Rs. in Lakhs

PARTICULARS	Note No.	As At 31st March 2015	As At 31st March 2014
A. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	1	1,177.74	1,177.74
(b) Reserves and Surplus	2	8,585.26	8,595.17
(c) Money received against share warrants		25.00	-
2 Share application Money pending allotment		500.00	-
3 Non-Current liabilities			
(a) Long-term borrowings	3	3,560.93	4,154.13
(b) Deferred tax liabilities (Net)	4	834.48	780.52
(c) Other Long term liabilities	5	266.05	1,208.07
(d) Long term provisions	6	297.13	315.59
4 Current liabilities			
(a) Short-term borrowings	7	5,849.66	5,884.06
(b) Trade payables	8	2,617.57	2,234.50
(c) Other Current liabilities	9	4,482.81	4,860.28
(d) Short term provisions	10	420.25	311.25
		28,616.88	29,521.31
B ASSETS			
1 Non Current Assets			
(a) Fixed Assets			
Tangible assets	11	7,789.79	9,842.79
Intangible assets		21.59	31.88
Capital Work-in-Progress		4,065.85	3,476.67
(b) Non Current Investments	12	800.00	800.00
(c) Long term loans and advances	13	1,514.75	1,494.91
(d) Other non-current assets	14	946.52	1,064.15
2 Current Assets			
(a) Inventories	15	8,501.88	8,097.99
(b) Trade Receivables	16	2,106.86	2,342.82
(c) Cash and cash equivalents	17	1,116.91	294.72
(d) Short term loans and advances	18	908.85	1,139.86
(e) Other current assets	19	843.88	935.52
		28,616.88	29,521.31
Accounting Policies and Notes on accounts	27		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **BRAHAMAYYA & CO**

Chartered Accountants

Firm's Registration No. : 000513S

K.S. RAO

Partner

Membership No. 015850

Place : Hyderabad

Date: 30th May, 2015

M. LOKESWARA RAO

Managing Director

V. SUDHAKARA REDDY

Chief Financial Officer

B. KISHORE BABU

Executive Director

D. RAGAVENDRA RAO

Company Secretary

For and on behalf of the Board

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2015

Rs. in Lakhs

PARTICULARS	Note No.	For the Year Ended 31st March 2015	For the Year Ended 31st March 2014
I INCOME			
Revenue from Operations	20	11,814.25	11,179.90
Other Income	21	128.12	86.52
Capitive consumption		128.75	140.60
Total Revenue		12,071.12	11,407.02
II EXPENSES			
Cost of Material consumed	22	4,987.42	5,130.19
Changes in inventories of finished goods and work in progress	23	(2.24)	(866.79)
Employee benefits expense	24	2,197.52	2,308.30
Financial costs	25	1,817.78	1,905.10
Depreciation and amortization expenses	11	867.90	897.00
Other expenses	26	1,949.18	1,927.66
Total Expenses		11,817.56	11,301.46
III Profit before taxes		253.56	105.56
IV Tax expenses			
- Current year IncomeTax		125.00	63.00
- Deferred Tax		53.95	(3.14)
		178.95	59.86
V Profit for the year after taxes		74.61	45.70
VI Earning per equity share (Amount in Rs.)			
Basic		0.63	0.39
Diluted		0.63	0.39
Notes forming part of accounts	27		

The notes referred to above form an integral part of the financial statements

As per our report of even date attached

for **BRAHAMAYYA & CO**

Chartered Accountants

Firm's Registration No. : 000513S

K.S. RAO

Partner

Membership No. 015850

Place : Hyderabad

Date: 30th May, 2015

M. LOKESWARA RAO

Managing Director

V. SUDHAKARA REDDY

Chief Financial Officer

For and on behalf of the Board

B. KISHORE BABU

Executive Director

D. RAGAVENDRA RAO

Company Secretary

Notes to the Financial Statements for the year ended 31 March 2015

NOTE 1 - SHARE CAPITAL

Rs. in Lakhs

Particulars	As at 31 March 2015		As at 31 March 2014	
	Number	Amount	Number	Amount
Authorised				
Equity Shares of Rs.10 each	17,500,000	1,750.00	17,500,000	1,750.00
	17,500,000	1,750.00	17,500,000	1,750.00
Issued, Subscribed and Paid-Up				
Equity Shares of Rs.10 each	11,777,400	1,177.74	11,777,400	1,177.74
Total	11,777,400	1,177.74	11,777,400	1,177.74

(a) Disclosure pursuant to Note 6(A)(d) of Part 1 of Schedule III to the Companies Act, 2013

Particulars	31.03.2015	31.03.2014
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

All the equity shares carry equal rights and obligations including for dividend and with respect to voting.

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

Particulars	As at 31 March 2015		As at 31 March 2014	
	No of shares	% of Holding	No of shares	% of Holding
M.Lokeswara Rao	746,872	6.34	746,872	6.34
M.Vijayalakshmi	1,794,913	15.24	1,794,913	15.24
M.Srinivas	1,135,191	9.64	1,235,191	10.49
M.Srikrishna	1,109,931	9.42	1,109,931	9.42
B.Kishore babu	807,687	6.86	807,687	6.86

Notes to the financial statements for the year ended 31 March 2015 (Continued)

NOTE 2 - RESERVES AND SURPLUS

PARTICULARS	As at 31 March 2015	As at 31 March 2014
(a) Capital Reserve (Central Subsidy)		
At the Commencement of the year	15.00	15.00
Closing Balance	15.00	15.00
(b) Capital Redemption Reserve		
At the Commencement of the year	150.00	150.00
Closing Balance	150.00	150.00
(c) Securities Premium Reserve		
At the Commencement of the year	4,334.87	4,334.87
Closing Balance	4,334.87	4,334.87
(d) General Reserve		
At the Commencement of the year	425.00	425.00
Add: Current year transfer	-	-
Closing Balance	425.00	425.00
(e) Surplus		
At the Commencement of the year	3,670.30	3,693.24
Add: Current year transfer	74.61	45.96
	3,744.91	3,739.20
Less: Equity Dividend	70.22	58.89
Corporate Dividend Tax	14.30	10.01
Closing Balance	3,660.39	3,670.30
Total	8,585.26	8,595.17

NOTE 3 - LONG TERM BORROWINGS

Rs. In Lakhs

PARTICULARS	As at 31 March 2015	As at 31 March 2014
I Term Loans - Secured		
a) State Bank of Hyderabad -Term loan - 1	-	473.57
b) State Bank of Hyderabad -Term loan - 2	-	127.99
c) State Bank of Hyderabad -Term loan - 3	-	189.74
d) State Bank of Hyderabad -Term loan - 4	389.94	480.00
e) Punjab National Bank -Term loan - 1	-	266.96
f) Punjab National Bank -Term loan - 2	-	111.88
g) Punjab National Bank -Term loan - 3	1,147.50	1,185.00
h) State Bank of India -Term loan - 1	-	160.00
i) State Bank of India -Term loan - 2	623.99	717.29
j) Punjab National Bank -Term loan - 4	106.83	0.00
k) Mahindra & Mahindra Finance Ltd	1,283.88	277.75
l) Intec Capital	-	153.25
Total	3,552.14	4,143.43

Notes to the financial statements for the year ended 31 March 2015 (Continued)

- 1 The Loans referred at (a), (e), (h) 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 (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.Lokeswara Rao.
- 3 The Loans referred at (g) & (i) 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
- 4 The Loans referred at (j) above are secured by 1st pari-passu charge by hypothecation Plant & Machinery, created out of bank finance 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 (k) above are secured by 1st pari-passu charge by hypothecation of movable fixed assets (Plant & Machinery), created out of finance and guaranteed by Managing Director and Director.

PARTICULARS	As at		
	31 March 2015	As at 31 March 2014	
	Sanction date	Rate of Interest	Quarterly
Terms of Repayments			
a) State Bank of Hyderabad -Term loan - 1	18.06.2009	13.70%	20
b) State Bank of Hyderabad -Term loan - 4	02.09.2013	14.70%	16
c) Punjab National Bank -Term loan - 1	19.10.2009	14.50%	20
d) Punjab National Bank -Term loan - 3	15.11.2010	14.50%	24
e) Punjab National Bank -Term loan - 4	30.12.2014	14.50%	20
f) State Bank of India -Term loan - 1	26.06.2009	17.20%	20
g) State Bank of India -Term loan - 2	25.07.2012	17.20%	28
II Vehicle Hire Purchase Loans		8.79	10.70
		8.79	10.70

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

2 Terms of Repayment : Monthly Installments.

Total (I+II)

3,560.93	4,154.13
----------	----------

b) During the financial year, company has paid an amount of Rs.173.02 lacs on due date out of Rs.1403.47 lacs payable against Secured Non Convertible Debentures (NCD's) with interest due to the slow down in business. However the company has submitted its reschedulement proposal for revised repayment schedule and debenture holders consented for the same in principle.

Notes to the financial statements for the year ended 31 March 2015 (Continued)

NOTE 4 - DEFERRED TAX LIABILITIES(NET)

Rs. In Lakhs

PARTICULARS	As at 31 March 2015	As at 31 March 2014
Deferred tax liability Difference between book and tax depreciation of fixed assets	948.72	900.89
Deferred tax asset On account of provisions charged to the statement of profit and loss but not allowed as per Income tax Act.		
Gratuity provision	49.62	50.95
Leave encashment provision	49.08	53.88
Provision for doubtful debts	15.54	15.54
	114.24	120.37
Total	834.48	780.52

NOTE 5 - OTHER LONG TERM LIABILITIES

Rs. In Lakhs

Creditors for Capital expenditure	87.94	540.04
Advance from customers	178.11	668.03
Total	266.05	1,208.07

NOTE 6 - LONG TERM PROVISIONS

Rs. In Lakhs

(a) Provision for employee benefits		
Gratuity	149.38	153.37
Leave Encashment	147.75	162.22
Total	297.13	315.59

NOTE 7 - SHORT TERM BORROWINGS

Rs. In Lakhs

Secured

(a) Loans repayable on demand from banks		
1. State Bank of Hyderabad Cash Credit	863.02	764.90
WCDL	960.00	960.00
2. State Bank of India WCDL	1,850.00	2,046.59
3. Punjab National Bank Cash Credit	294.33	186.79
WCDL	760.00	760.00
4. Indusind Bank - Cash Credit	1,122.31	1,148.46
	5,849.66	5,866.74

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
	-	17.32
Total (a+b)	5,849.66	5,884.06

Notes to the financial statements for the year ended 31 March 2015 (Continued)

NOTE 8 - TRADE PAYABLES

Rs. In Lakhs

PARTICULARS	As at 31 March 2015	As at 31 March 2014
Trade payables	2,617.57	2,234.50
Total	2,617.57	2,234.50

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

NOTE 9 - OTHER SHORT TERM LIABILITIES

Rs. In Lakhs

PARTICULARS	As at 31 March 2015	As at 31 March 2014
(a) Current maturities of long-term debt		
a) State Bank of Hyderabad -Term loan - 1	498.41	381.52
b) State Bank of Hyderabad -Term loan - 2	-	106.68
c) State Bank of Hyderabad -Term loan - 3	-	140.00
d) State Bank of Hyderabad -Term loan - 4	120.00	120.00
e) State Bank of Hyderabad -Term loan - WCDL	-	35.83
f) Punjab National Bank -Term loan - 1	235.09	178.52
g) Punjab National Bank -Term loan - 2	-	93.32
h) Punjab National Bank -Term loan - 3	50.00	50.00
i) Punjab National Bank -Term loan - 4	28.49	-
j) State Bank of India -Term loan - 1	160.33	140.00
k) State Bank of India -Term loan - 2	100.00	85.00
l) Non Convertible Debentures from IFCI	784.18	897.07
m) Intec capital	-	203.32
n) Vehicle hire purchase loans	8.02	15.51
o) Mahindra & Mahindra Finance Ltd	230.03	22.25
	2,214.55	2,469.02
(a) Interest accrued and due on borrowings	560.53	371.49
(b) Interest accrued but not due on NCD's	-	162.40
(c) Unpaid dividend	2.79	3.57
(d) Other payables-Statutory	360.44	142.04
(e) Other payables	372.44	286.84
(f) Advances received against sales	972.06	1,424.92
	2,268.26	2,391.26
Total	4,482.81	4,860.28
(a) Interest accrued and due on borrowings has been debited by the bank on 1st April 2015.		

NOTE 10 -SHORT TERM PROVISIONS

Rs. In Lakhs

(a) Provisions for employee benefits		
Salary & Reimbursements	312.60	216.42
Bonus Payable	23.13	25.93
(b) Others (Specify nature)		
Proposed Equity Shares dividend	70.22	58.89
Corporate Dividend Tax	14.03	10.01
Total	420.25	311.25

Notes to the financial statements for the year ended 31 March 2015 (Continued)

(Rupees in Lakhs)

NOTE 11 - FIXED ASSETS

PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION				NET BLOCK		
	As at 1 April 2014	Additions during the year	Deletions adjustments	As at 31 March 2015	As at 31 March 2014	Charge for the year	Deletions/ adjustments	As at 31 March 2015	As at 31 March 2015	At at 31 March 2014
A Tangible Assets										
1) Freehold Land	1,631.53	-	134.46	1,497.07	-	-	-	1,497.07	1,631.53	
2) Buildings	2,477.05	2.04	112.77	2,366.32	546.67	75.56	19.70	602.53	1,763.79	1,930.38
3) Plant and Machinery	11,118.80	-	1,122.03	9,996.77	5,846.75	490.08	250.99	6,085.84	3,910.93	5,272.05
4) Furniture & Fixtures	93.52	-	-	93.52	47.31	17.01	-	64.32	29.20	46.21
5) Vehicles	335.96	8.08	3.50	340.54	250.73	32.63	2.21	281.15	59.39	85.23
6) Misc. Equipment	1,598.83	23.19	249.66	1,372.36	762.96	211.26	117.86	856.36	516.00	835.87
7) Office Equipment	64.12	0.72	-	64.84	32.48	23.21	-	55.69	9.15	31.64
8) Computers	281.78	2.19	-	283.97	271.90	7.81	-	279.71	4.26	9.88
Total	17,601.59	36.22	1,622.42	16,015.39	7,756.80	857.56	390.76	8,225.60	7,789.79	9,842.79
B In tangible Assets										
Computer software	60.84	0.05	-	60.89	28.96	10.34	-	39.30	21.59	31.88
Total	17,662.43	36.27	1,622.42	16,076.28	7,785.76	867.90	390.76	8,264.90	7,811.38	9,874.67
March 31, 2014	17,423.59	238.84	17,662.43	6,890.76	897.00	7,787.76	9,874.67		4,065.85	3,476.67
C Capital work inpro	3,476.67	589.18		4,065.85						

Notes to the financial statements for the year ended 31 March 2015 (Continued)

NOTE 12 - NON CURRENT INVESTMENTS

Rs. In Lakhs

PARTICULARS	As at 31 March 2015	As at 31 March 2014
(At Cost, Non Trade, Long term) 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
Total	800.00	800.00

NOTE 13 - LONG TERM LOANS AND ADVANCES

Rs. In Lakhs

(Un secured - considered good)		
Capital advances	1,514.75	1,494.91
Total	1,514.75	1,494.91

Capital advances includes Rs.1513.02 lakhs(Previous year Rs. 1493.18 lakhs) given to the group companies towards purchase of Land and Machinery.

NOTE 14 - OTHER NON CURRENT ASSETS

Rs. In Lakhs

(Un secured - considered good)		
Deposits (APSEB Electricit, Telephone, Tenders etc)	78.50	227.76
Trade Receivables	868.02	836.39
Total	946.52	1,064.15

1 Trade receivables include Rs.314.87 Lakhs (Previous Year Rs. 434.12 Lakhs) due from Group companies.

NOTE 15 - INVENTORIES

Rs. In Lakhs

(Valued and certified by the Management)		
a) Raw Materials & Components	1,445.01	1,043.36
b) Finished Goods	516.60	485.85
c) Work-in-Progress	6,530.26	6,561.64
d) Scrap (at realisable value)	10.01	7.14
Total	8,501.88	8,097.99

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

Notes to the financial statements for the year ended 31 March 2015 (Continued)

NOTE 16 - TRADE RECEIVABLES

Rs. In Lakhs

PARTICULARS	As at 31 March 2015	As at 31 March 2014
Receivables for a period exceeding six months		
Un secured, Considered Good	706.16	515.37
Un secured, Considered Doubtful	46.79	46.79
	752.95	562.16
Less: Provision for doubtful receivables	46.79	46.79
	706.16	515.37
Receivables for a period less than six months		
Un secured, Considered Good	1,400.70	1,827.45
Total	2,106.86	2,342.82

NOTE 17 - CASH AND BANK BALANCES

Rs. In Lakhs

a) Cash and cash equivalents		
Cash on hand	4.91	2.32
Balances with banks:		
Current accounts with Scheduled Banks	578.53	42.39
Balance with Banks against Dividend payments	3.07	3.83
b) Other bank balances		
Balance with Banks against Margin / Guarantee	228.40	246.18
c) Fixed Deposits	302.00	-
(for 7days @ 4.50 % per annum)		
Total	1,116.91	294.72

NOTE 18 - SHORT TERM LOANS AND ADVANCES

Rs. In Lakhs

(Un secured - considered good)		
Advances against materials and services	562.39	645.37
Advances for capital purchases	320.13	466.89
Other advances	26.33	27.60
Total	908.85	1,139.86

NOTE 19 - OTHER CURRENT ASSETS

Rs. In Lakhs

(Un secured - considered good)		
Balance with Central Excise authorities	501.02	598.95
Provision for Income Tax (Net)	278.19	267.26
Interest accrued on deposits	33.54	43.88
Prepaid expenses	31.13	25.43
Total	843.88	935.52

Notes to the financial statements for the year ended 31 March 2015 (Continued)

NOTE 20 - REVENUE FROM OPERATIONS

Rs. In Lakhs

PARTICULARS		As at 31 March 2015	As at 31 March 2014	
Sale of Machines -Domestic		8,547.93	6,302.87	
Sale of Machines -Export		378.47	808.83	
Sale of Spares		230.81	279.89	
Job work charges		4,794.75	6,186.89	
Scrap Sales		116.37	56.84	
		14,068.33	13,635.32	
Less : Excise duty		2,254.08	2,455.42	
Total		11,814.25	11,179.90	
Detail of sales	2014-15		2013-14	
	Qty	Value	Qty	Value
Special Purpose Machines	14	2,628.04	8	1,306.19
General Purpose Machines (ind)	304	5,919.89	261	4,996.68
GPM Machies exports	17	378.47	29	808.83
Spares & Scrap		347.18		336.73
Jobwork charges		4,794.75		6,186.89
	335	14,068.33	298	13,635.32

NOTE 21 - OTHER INCOME

Rs. In Lakhs

PARTICULARS	As at 31 March 2015	As at 31 March 2014
Interest Income	27.59	39.36
Profit on sale of assets	43.62	-
Exchange variance	30.31	-
Miscellaneous Income	26.60	47.16
Total	128.12	86.52

NOTE 22 - COST OF MATERIAL CONSUMED

Rs. In Lakhs

Opening stock			1,043.36	910.20
Add: Purchase			5,389.07	5,263.35
			6,432.43	6,173.55
Less: Closing Stock			1,445.01	1,043.36
Total			4,987.42	5,130.19
Value of imported and Indigenious Material consumed				
	2014-15		2013-14	
	Value	%	Value	%
Imported at landed cost	539.38	10.81	1,003.49	19.56
Indigenously obtained	4,448.04	89.19	4,126.70	80.44
	4,987.42	100.00	5,130.19	100.00

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

Notes to the financial statements for the year ended 31 March 2015 (Continued)

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

PARTICULARS	Current Year 31 March 2015	Previous Year 31 March 2014
Opening Stock		
Finished Goods	485.85	522.73
Work-in-Progress	6,561.64	5,658.94
Scrap	7.14	6.17
	7,054.63	6,187.84
Closing Stock		
Finished Goods	516.60	485.85
Work-in-Progress	6,530.26	6,561.64
Scrap	10.01	7.14
	7,056.87	7,054.63
Total	(2.24)	(866.79)

NOTE 24 - EMPLOYEE BENEFITS EXPENSES

Rs. In Lakhs

Salaries, Wages and Bonus	2,061.95	2,142.90
Contribution to PF,ESI and Other Funds	69.25	95.69
Staff Welfare expenses	66.32	69.71
Total	2,197.52	2,308.30
Employee benefits expenses include managerial remuneration as detailed below:		
Salary	90.60	90.60
Provident Fund	0.49	0.28
Sitting fees	1.20	1.30
	92.29	92.18

NOTE 25 - FINANCE COSTS

Rs. In Lakhs

Interest expenses	1,731.31	1,800.79
Bank charges	86.47	104.31
Total	1,817.78	1,905.10

Notes to the financial statements for the year ended 31 March 2015 (Continued)

NOTE 26 - OTHER EXPENSES

Rs. In Lakhs

PARTICULARS	Current Year 31 March 2015	Previous Year 31 March 2014
Consumable Stores	73.12	67.25
Job works (processing charges)	332.65	287.22
Packing material	92.82	95.81
Freight and cartage	161.73	131.04
Power and fuel	510.16	632.01
Testing charges	2.26	1.05
Repairs and Maintenance - Plant and Machinery	57.97	49.66
Rent	3.36	14.51
Rates and Taxes	26.74	37.93
Insurance	10.13	16.87
Travelling and Conveyance	175.32	199.08
Printing and Stationery	28.00	25.24
Postage and Telephones	22.07	22.97
Vehicles Maintenance	56.77	63.18
Directors Sitting Fee	1.20	1.30
Sales Commission	65.39	42.23
Professional Charges	64.07	56.32
Auditor's Remuneration :		
- As Auditors	5.00	5.00
Business Promotion Expenses	14.63	18.11
Advertisement	2.60	3.07
Donations	0.85	1.10
Miscellaneous Expenses	55.56	55.98
Security Charges	49.68	53.01
Exhibition expenses	67.98	11.70
Excise duty relating to Finished Goods	2.87	(12.13)
Service charges	64.36	40.29
Liquidity damages	1.89	6.19
Exchange variance	-	1.67
Total	1,949.18	1,927.66

Notes to the financial statements for the year ended 31 March 2015 (Continued)**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 Schedule II of the Companies Act, 2013 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 and 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.

Figures in Rs. Lakhs

Particulars		As on 31.03.2015	As on 31.03.2014
1	Contingent Liabilities not provided for on account of :		
	(a) Letter of Credit	437.80	595.99
	(b) Bank Guarantees	257.22	1,016.74
	(c) Contracts to be executed on capital projects	50.00	10.25
2	Earnings in Foreign Exchange FOB value of Exports	378.47	808.83
3	Expenditure in Foreign Currency.		
	(a) Travel	3.64	4.86
	(b) Capital Goods	-	418.00
	(c) Stores & Components	430.76	615.62
4	Value of Imports calculated on CIF basis in respect of :		
	(a) Stores, Spares & Components	468.57	842.69
	(b) Capital Goods	-	-

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.

Figures in Rs. Lakhs

Particulars		As on 31.03.2015	As on 31.03.2014
a	Table showing changes in present value of obligations		
	Present value of obligations as at beginning of year	147.58	145.29
	Interest cost	11.80	11.62
	Current Service Cost	8.14	9.59
	Benefits Paid	-	-
	Actuarial gain / (Loss) on obligations	(31.63)	(18.92)
	Present value of obligations as at end of year	135.89	147.58
b	Table showing changes in the fair value of plan assets		
	Fair value of plan assets at beginning of year	9.88	9.88
	Expected return on plan assets	-	-
	Contributions	-	-
	Benefits Paid	-	-
	Actuarial gain / (Loss) on Plan assets	-	-
	Fair value of plan assets at the end of year	9.88	9.88
c	Table showing fair value of plan assets		
	Fair value of plan assets at beginning of year	145.28	145.28
	Actual return on plan assets	-	-
	Contributions	-	-
	Benefits Paid	-	-
	Fair value of plan assets at the end of year	145.28	145.28
	Funded status	135.88	137.70
	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
d	Assumptions		
	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.

Profit & Loss Account		
Current Service cost	1.90	9.58
Interest Cost on benefit obligation	5.43	11.62
Expected return on plan assets		
Net Actuarial (gain). Loss recognised in the year	(13.73)	(18.92)
Past service cost		
Net Benefit expense	6.39	2.28

Particulars	As on 31.03.2015	As on 31.03.2014
Actual return on Plan assets		
Balance Sheet		
Details of provision for Leave		
Change in the present value of the defined benefit obligation are as follows :		
Opening defined benefit obligation	67.93	57.45
Interest Cost	5.44	4.60
Current Service cost	1.90	3.12
Benefits Paid	0.00	0.00
Actuarial (gains) / losses on obligation	(13.73)	2.76
Closing defined benefit obligation	61.54	67.93

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

Assumptions	%	%
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

Figures in Rs. In Lakhs

Name of the party	Relationship	Nature of transaction	31.03.2015	31.03.2014
M.Lokeswara Rao Managing Director	Key Management	a) Remuneration	42.00	42.00
B.Kishore Babu Executive Director	Key Management	a) Remuneration	21.00	21.00
M.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	a) Purchase of Asset b) Sale of goods	19.84 (5.00)	134.23 0.00
MLR Motors Ltd	Entity owned or significantly influenced by key Management Personnel	a) Purchase of Asset b) Sale of goods	0.00 (114.25)	65.55 0.00

b) Payable as at 31.03.2015

Figures in Rs. In Lakhs

Name of the party	Relationship	Nature of transaction	31.03.2015	31.03.2014
M.Lokeswara Rao Managing Director	Key Management	a) Remuneration b) Purchase of asset	3.50 61.76	3.50 205.51
B.Kishore Babu Executive Director	Key Management	a) Remuneration	5.25	5.25
M.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	1,056.83 69.08	1,036.99 74.08
MLR Motors Ltd	Entity owned or significantly influenced by key management personnel	a) Purchase of Asset b) Sale of goods	456.19 245.79	456.19 360.04

7 Segment Information

(Rs. In Lakhs)

Particulars	Machine Division	Components Division	Unallocated	Total
Revenue				
External sales	8,351.04 (6,805.43)	3,463.21 (4,374.47)	- -	11,814.25 (11,179.90)
Inter-segment sales	-	-	-	-
Total revenue	8,351.04 (6,805.43)	3,463.21 (4,374.47)	-	11,814.25 (11,179.90)
Segment Results	1,890.64 (1,486.83)	776.81 (1,159.89)	-	2,667.45 (2,646.72)
Corporate expenses			724.23 (722.58)	724.23 (722.58)
Other income				100.53 (47.16)
Interest income				27.59 (39.36)
Interest expenses				1,817.78 (1,905.10)
Profit before taxes				253.56 (105.56)
Taxes on income				178.95 (59.60)
Net profit				74.61 (45.96)
Segment Assets	18,968.15 (19,346.87)	9,648.73 (10,174.44)		28,616.88 (29,521.31)
Segment liabilities	11,650.51 (12,471.38)	6,670.51 (7,208.12)		18,321.02 (19,679.50)
Capital expenditure	23.32 (45.58)	12.95 (193.25)		36.27 (238.83)
Segment depreciation	280.15 (310.62)	587.75 (586.38)		867.90 (897.00)
Non-cash expenses other than depreciation			0.00	0.00

(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 3.20% of its annual net sales. The management views the Indian market and export market as distinct geographical segments.

Segment revenue and results

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

Segment assets and liabilities

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

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

Inter segment transfers

There were no inter-segment transfers during the year.

- 7 The Company has decided to issue 10,00,000 equity shares to non promoters and 31,00,400 convertible warrants to promoters and non promoters on preferential basis in the EGM conducted on 30.03.2015 . Accordingly company has received an amount of Rs. 500 lakhs against equity shares and Rs. 25 lakhs against convertible warrants.
- 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 **BRAHAMAYYA & CO**

Chartered Accountants

Firm's Registration No. : 000513S

K.S. RAO

Partner

Membership No. 015850

Place : Hyderabad

Date: 30th May, 2015

For and on behalf of the Board

M. LOKESWARA RAO

Managing Director

B. KISHORE BABU

Executive Director

V. SUDHAKARA REDDY

Chief Financial Officer

D. RAGAVENDRA RAO

Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2015

(Rupees in Lakhs)

PARTICULARS	As at 31st March 2015	As at 31st March 2014
Cash flow from operating activities		
Profit before taxes	253.56	105.56
Adjusted for		
Depreciation	867.90	897.00
Financial charges	1,817.78	1,905.10
Profit on sale of assets, net	(43.62)	-
Interest Income	(27.59)	(39.36)
Operating profit before working capital changes	2,868.03	2,868.30
Adjustment for changes in		
Decrease/(Increase) in Receivables	676.83	856.78
Decrease/(Increase) in Inventories	(403.89)	(999.96)
Decrease/(Increase) in Trade and other payables	(632.89)	454.62
Cash generated from operations	2,508.08	3,179.74
Direct taxes paid	(145.93)	(150.95)
Net Cash Flow from Operating Activity (A)	2,362.15	3,028.79
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including CWIP and capital advances	(645.29)	(1,440.06)
Sale of fixed assets	1,275.28	-
Interest received	37.93	20.56
Net Cash Flow from Investing Activity (B)	667.92	(1,419.50)
CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Bank Borrowings	(882.07)	198.50
Proceeds from share application money and share warrants	525.00	-
Dividend paid	(59.67)	(88.10)
Interest paid	(1,791.14)	(1,698.49)
Net Cash Flow from Financing Activity (C)	(2,207.88)	(1,588.09)
Net Increase/(Decrease) in Cash/Cash equivalents (A+B+C)	822.19	21.20
Add: Cash/Cash equivalents at the beginning of the year	294.72	273.52
Cash/Cash equivalents at the end of the year	1,116.91	294.72

AAs per our report of even date attached

for **BRAHAMAYYA & 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. KISHORE BABU

Executive Director

Place : Hyderabad

Date: 30th May, 2015**V. SUDHAKARA REDDY**

Chief Financial Officer

D. RAGAVENDRA RAO

Company Secretary

LOKESH MACHINES LIMITED

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

THIRTY FIRST ANNUAL GENERAL MEETING

Form No: MGT 11

PROXY FORM

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

Name of the Shareholder(s): _____

Registered Address:_____

E-mail ID: _____ Folio No./ClientID:_____

DPID: _____

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 31st Annual General Meeting of the Company to be held on Monday, September 28, 2015 at 11.00 a.m. at Jubilee Hills International Centre, Near Jubilee Hills Check Post, Road No. 14, Hyderabad -500 033 Telangana. and at any adjournment ther of in respect of such resolutions as are indicated below:

Resolution No	Resolution(s)	For	Against
	Ordinary Business		
1	To receive, consider and adopt the Audited Balance Sheet as at March 31, 2015 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 2015		
3	To appoint a Director in place of MrK Krshna Swamy who retires by rotation and being eligible, seeks re-appointment		
4	Ratification of appointment of M/ s. M/s.Brahmayya & Co, Chartered Accountants, as Statutory Auditors of the Company and fixing their remuneration		
	Special Business		
5	Re-appointment of Mr M Lokeswararao, Managing Director of the company for a period of 3 years		
6	Re-appointment of Mr B Kishore Babu, Wholetime Director of the company for a period of 3 years		
7	Appointment of Mr M Srinivas, Wholetime Director of the company for a period of 3 years		
8	Re-appointment of Mr M Srikrishna, Wholetime Director of the company for a period of 3 years		
9	Approval of the remuneration of the Cost Auditors for the financial year 2015-16.		
10	Ratification of typo graphical errors in the EGM (Extra Ordinary General Meeting) held on 30-03-2015		

Signed this _____ day of _____ 2015.

Signature of member _____ Signature of proxy holder: _____

Affix
Re.1/-
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.

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

THIRTY FIRST ANNUAL GENERAL MEETING

ATTENDANCE SLIP

Member's Reg. Folio No. _____

Client ID: _____

DP ID: _____

Name and Address _____

I hereby record my presence at the 31st Annual General Meeting held at 11.00 A.M on Monday on September 28, 2015 at Jubilee Hills International Centre, Near Jubilee Hills Check P41 ost, Road No. 14, Hyderabad -500 033

Signature of the shareholder / proxy

Notes:

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



PRINTED MATTER

If undelivered, please return to:

LOKESH MACHINES LIMITED

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

Hyderabad - 500 037, Telangana

CIN : L29219TG1983PLC004319