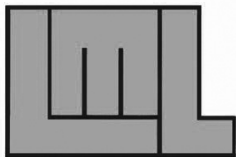


**ANNUAL REPORT
2015-2016**



**Lokesh
Machines Limited**

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BOARD OF DIRECTORS

<p>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 Mr. A. Vijay Kumar Smt. Bhavana Rao</p>	<ul style="list-style-type: none"> - Managing Director - Executive Director - Whole Time Director - Whole Time Director (CNC Machine Division) - Director - Director - Director - Director (upto 04-04-2016) - Director (From 28-06-2016) - Director
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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	Plot No D260/1 Ranjangaon Industrial Area, MIDC, Shirur, Pune, Maharashtra
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NOTICE

NOTICE is hereby given that the Thirty Second Annual General Meeting of Lokesh Machines Limited will be held on Wednesday September 28th, 2016 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 Financial Statements of the Company for the financial Year ended March 31, 2016 and the report of the Board of Directors' and the Auditors' thereon.
2. To declare dividend on equity shares of the company.
3. To appoint a Director in place of Mr K Krishna Swamy (DIN: 00840887), who retires by rotation and being eligible offers himself for re-appointment
4. To Ratification the appointment of the 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 30th 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, 2017 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. **Rivision in the Remuneration of Mr. M Lokeswararao as Managing Director of the Company :**
To Consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

in partial modification of the resolution passed by the members at the 31st Annual General Meeting of the Company held on 28th September, 2015 for the Re-appointment of Mr. M.Lokeswararao [DIN: 00989447],, as the Managing Director of the Company and the terms of remuneration payable to him and pursuant to Sections 196, 197 and other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made thereunder, as amended from time to time, read with Schedule V to the Act, the Company hereby approves with effect from 01-04-2016, the revision in the salary scale applicable to Mr M.Lokeswararao [DIN: 00989447], as detailed in the statement forming part of this notice.

"FURTHER THAT the Board of Directors be and are hereby authorized to alter or vary the scope of remuneration of Mr. M Lokeswararao (DIN No. 00989447), Managing Director including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified herein and the Companies Act, 2013."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

6. **Revision in the Remuneration of Mr. B.Kishore Babu Whole time Director of the Company:**
To Consider and if thought fit, to pass with or without modification(s) the following resolution as a Special Resolution:

RESOLVED THAT in partial modification of the resolution passed by the members at the 31st Annual General Meeting of the Company held on 28th September, 2015 for the Re-appointment of Mr. B.Kishore Babu (DIN No. 00840630) as the whole time Director of the Company and the terms of remuneration payable to him and pursuant to Sections 196, 197 and other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made thereunder, as amended from time to time, read with Schedule V to the Act, the Company hereby approves with effect from 01-04-2016, the revision in the salary scale applicable to Mr B.Kishore Babu (DIN No. 00840630), as detailed in the statement forming part of this notice.

"FURTHER THAT the Board of Directors be and are hereby authorized to alter or vary the scope of remuneration of Mr. B.Kishore Babu (DIN No. 00840630) Whole time Director including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified herein and the Companies Act, 2013."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

7. Revision in the Remuneration of Mr.M.Srinivas Whole time Director of the Company:

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

RESOLVED THAT in partial modification of the resolution passed by the members at the 31st Annual General Meeting of the Company held on 28th September, 2015 for the Re-appointment of Mr. M.Srinivas (DIN No. 00917565) as the whole time Director of the Company and the terms of remuneration payable to him and pursuant to Sections 196, 197 and other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made thereunder, as amended from time to time, read with Schedule V to the Act, the Company hereby approves with effect from 01-04-2016, the revision in the salary scale applicable to Mr M.Srinivas (DIN No. 00917565) as detailed in the statement forming part of this notice.

"FURTHER THAT the Board of Directors be and are hereby authorized to alter or vary the scope of remuneration of Mr. M.Srinivas (DIN No. 00917565) Whole time Director including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified herein and the Companies Act, 2013."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

8. Revision in the Remuneration of Mr.M.Srikrishna Whole time Director of the Company:

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

RESOLVED THAT in partial modification of the resolution passed by the members at the 31st Annual General Meeting of the Company held on 28th September, 2015 for the Re-appointment of Mr. M.Srikrishna (DIN No. 00841388) as the whole time Director of the Company and the terms of remuneration payable to him and pursuant to Sections 196, 197 and other applicable provisions of the Companies Act, 2013 ("Act") and the Rules made thereunder, as amended from time to time, read with Schedule V to the Act, the Company hereby approves with effect from 01-04-2016, the revision in the salary scale applicable to Mr M.Srikrishna (DIN No. 00841388) as detailed in the statement forming part of this notice.

"FURTHER THAT the Board of Directors be and are hereby authorized to alter or vary the scope of remuneration of Mr. M.Srikrishna (DIN No. 00841388) Whole time Director including the monetary value thereof, to the extent recommended by the Nomination and Remuneration Committee from time to time as may be considered appropriate, subject to the overall limits specified herein and the Companies Act, 2013."

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

9. Appointment of Mr. Atluri Vijay Kumar as an Independent Director

To consider and if thought fit, to pass with or without modification(s), the following Resolution as an Ordinary Resolution:

"**RESOLVED THAT** Mr. Atluri Vijay Kumar (DIN: 01655185), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 28 June, 2016 and who holds office up to the date of this Annual General Meeting of the Company in terms of Section 161 of the Companies Act, 2013 ("Act") but who is eligible for appointment and has consented to act as a Director of the Company and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act proposing his candidature for the office of Director of the Company, be and is hereby appointed a Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Act, and the Rules framed thereunder read with Schedule IV to the Act, as amended from time to time, appointment of Atluri Vijay Kumar (DIN: 01655185), (who meets the criteria for independence) as provided in Section 149(6) of the Act as an Independent Director of the Company, not liable to retire by rotation, for a term of 5 years with effect from 28th June, 2016 be and is hereby approved."

10. 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, 2017, be and is hereby approved and ratified."

11. Ratification typographical errors in the EGM (Extra Ordinary General Meeting) of Shareholders Held on 10th June, 2016

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 resolution with regard to item no.3 and its Explanatory Statement accompanying the notice to the Extraordinary General Meeting of the shareholders conducted on 10th June, 2016 and Ratification Points as follows :

1. Item No :3 Relevant date shall be read as 11th may 2016 instead of 10th May 2016
2. The Explanatory statement Item No 3 of point no. 9 shall be read as 11th may 2016 instead of 10th May 2016

By Order of the Board
For Lokesh Machines Limited

Place: Hyderabad
Date: August 12, 2016

D. Raghavendra Rao
Company Secretary

NOTES:

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Annual General Meeting is annexed hereto.
- 2) **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON POLL ON HIS / HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Pursuant to Section 105 of the Companies Act, 2013, a person can act as a Proxy on behalf of not more than fifty members holding in aggregate, not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as Proxy, who shall not act as a Proxy for any other Member. The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the meeting

A Proxy Form is annexed to this Report. Proxies submitted on behalf of the companies, societies, etc. must be supported by an appropriate resolution / authority, as applicable.
- 3) Members/Proxies should bring duly filled Attendance Slips sent herewith to attend the meeting.
- 4) The Annual Report of the company and other documents proposed to be sent through e- mail would also be made available on the Company's website
- 5) Register of Directors and key managerial personnel and their shareholding maintained under section 170 of the companies Act, 2013 will be available for inspection by the members at the meeting.
- 6) Register of contracts or arrangements in which directors and Key managerial personnel are interested Maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members at the registered office of the Company
- 7) Pursuant to the provisions of Section 91 of the Companies Act, 2013, The Register of Members and Share Transfer Books of the Company will remain closed from 24th September, 2016 to 28th September, 2016 (both days inclusive).
- 8) Pursuant to the provisions of Section 72 of the Companies Act, 2013, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in prescribed Form (which will be made available on request) to the Registrar and Share Transfer Agents.
- 9) Members must quote their Folio Number/ Demat Account number and contact details such as email address, contact number etc in all correspondence with the Company/Registrar and Share Transfer Agents.
- 10) Members who have not registered their e-mail addresses so far, are requested to register their e-mail address for receiving all communication including Annual Report, Notices, Circulars, etc. from the Company
- 11) An explanatory statement pursuant to Section 102 of the Companies Act, 2013 which sets out details relating to Special Business at the meeting, is annexed hereto in respect of business set out under item's no's 5-11.
- 12) 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.
- 13) 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 2016-17.
- 14) 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.

- 15) 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.
- 16) Members are requested to bring the duly filled attendance slip along with their copy of the annual report to the meeting.
- 17) Relevant documents and registers will be available for inspection by the members at the registered office of the company.
- 18) 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
- 19) 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.

- 20) The annual report for 2015-16 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 2015-16 are being sent by the permitted mode
- 21) 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 2016 (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 24th September, 2016 to 5 P.M. on 27th September, 2016.

- i. E-voting shall not be allowed beyond 5 p.m on 27th September 2016. During the e-voting period, shareholders of the company, holding shares either in physical form or in dematerialised form, as on 19th September,2016 may cast their vote electronically.
- ii. The Company has appointed Mr. S.Chidambaram, (Practicing CompanySecretary)Hyderabad as Scrutinizers for conducting the e-voting process for the Annual General Meeting in a fair and transparent man

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

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 :

- I. Remote e-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by Karvy Computershare Private Limited (Karvy) on all resolutions set forth in this Notice, from a place other than the venue of the Meeting (Remote e-voting).
- (A) In case a Member receives an email from Karvy [for Members whose email IDs are registered with the Company/Depository Participants (s)]:
 - i. Launch internet browser by typing the URL: <https://evoting.karvy.com>.
 - ii. Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN (E-Voting Event Number) xxxx followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.
 - iii. After entering these details appropriately, click on "LOGIN".
 - iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A- Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,\$, etc.,). The system will prompt you to change your password and update your contact details like mobile number, email ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
 - v. You need to login again with the new credentials.
 - vi. On successful login, the system will prompt you to select the "EVENT" i.e., 'Name of the Company'
 - vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
 - viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
 - ix. Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
 - x. You may then cast your vote by selecting an appropriate option and click on "Submit".
 - xi. A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).

Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutinizer at email :schid285@gmail.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format " Corporate Name_Event No."

- (B) In case of Members receiving physical copy of Notice [for Members whose email IDs are not registered with the Company/Depository Participants (s)]:
- i. E-Voting Event Number - XXXX (EVEN), User ID and Password is provided in the Attendance Slip.
 - ii. Please follow all steps from Sl. No. (i) to (xii) above to cast your vote by electronic means.
- II. Voting at AGM: The Members, who have not cast their vote through Remote e-voting can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM Venue. Members who have already cast their votes by Remote e-voting are eligible to attend the Meeting; however those Members are not entitled to cast their vote again in the Meeting.

A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.

OTHER INSTRUCTIONS

- a. In case of any query and/or grievance, in respect of voting by electronic means, Members may refer to the Help & Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.karvy.com> (Karvy Website) or contact Mr K.S.Reddy, (Unit: Lokesh Machines Ltd) of Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500 032 or at evoting@karvy.com or phone no. 040 - 6716 1500 or call Karvy's toll free No. 1-800-34-54-001 for any further clarifications.
- b. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
- c. The remote e-voting period commences on 24th September, 2016 (9.00 A.M. IST) and ends on 27th September 2016 (5.00 P.M.IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 19th September, 2016, may cast their votes electronically. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution(s) is cast by the Member, the Member shall not be allowed to change it subsequently.
- d. The voting rights of Members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date i.e. 21st September, 2016.
- e. In case a person has become a Member of the Company after dispatch of AGM Notice but on or before the cut-off date for E-voting i.e., 21st September, 2016, he/she may obtain the User ID and Password in the manner as mentioned below :
- i. If the mobile number of the member is registered against Folio No./ DP ID Client ID, the member may sendSMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399
Example for NSDL:
MYEPWD <SPACE> IN12345612345678
Example for CDSL:
MYEPWD <SPACE> 1402345612345678
Example for Physical:
MYEPWD <SPACE> XXXX1234567890
- ii. If e-mail address or mobile number of the member is registered against Folio No. / DP ID Client ID, then on the home page of <https://evoting.karvy.com>, the member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password.
- iii. Member may call Karvy's toll free number 1800-3454-001.

- iv. Member may send an e-mail request to evoting@karvy.com. However, Karvy shall endeavour to send User ID and Password to those new Members whose mail ids are available.

PROCEDURE AND INSTRUCTIONS FOR WEB CHECK-IN/ATTENDANCE REGISTRATION

2. Web Check- in / Attendance Registration: Members are requested to tender their attendance slips at the registration counters at the venue of the AGM and seek registration before entering the meeting hall. Alternatively, to facilitate hassle free and quick registration/entry at the venue of the AGM, the Company has provided a Web-Check in facility through Karvy's website. Web Check-in on the Karvy's website enables the Members to register attendance online in advance and generate Attendance Slip without going through the registration formalities at the registration counters.

Procedure of Web Check-in is as under:

- a. Log on to <https://karisma.karvy.com> and click on "Web Checkin for General Meetings (AGM/EGM/CCM)".
- b. Select the name of the company: Name of the Company
- c. Pass through the security credentials viz., DP ID/Client ID/Folio no. entry, PAN No & "CAPTCHA" as directed by the system and click on the submission button.
- d. The system will validate the credentials. Then click on the "Generate my attendance slip" button that appears on the screen.
- e. The attendance slip in PDF format will appear on the screen. Select the "PRINT" option for direct printing or download and save for the printing.
- f. A separate counter will be available for the online registered Members at the AGM Venue for faster and hassle free entry and to avoid standing in the queue.
- g. After registration, a copy will be returned to the Member.
- h. The Web Check-in (Online Registration facility) is available for AGM during e-voting Period only i.e., 24th September 2016 (9.00 A.M. IST) to 27th September 2016 (5.00 P.M. IST).
- i. The Members are requested to carry their valid photo identity along with the above attendance slip for verification purpose

By Order of the Board
For Lokesh Machines Limited

Place: Hyderabad
Date: August 12, 2016

D. Raghavendra Rao
Company Secretary

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

Item # 5:

The members of the Company at the 31st th Annual General Meeting of the Company held on 28 September, 2015, had approved the Re-appointment of Mr. M.Lokeswararao as Managing Director of the Company and the terms of remuneration payable to him for the period from 01st October,2015 to 30th September, 2018.

The members had inter alia approved, salary in the scale of Rs. 3,50,000 per month ,The monthly basic salary of Mr. M.Lokeswararao with effect from 01st October, 2015 is Rs. 3,50,000

Taking into consideration his present salary and future revisions, if any, and based on the recommendation of Nomination and Remuneration Committee, the Board of Directors on 12th August,2016 decided to revise the salary scale applicable to Mr. M.Lokeswararao from the existing Rs. 3,50,000 to Rs. 5,00,000 per month .

All other terms and conditions relating to his re-ppointment as approved earlier by the members remain unchanged.

Details of remuneration paid to Mr. M.Lokeswararao during the Financial Year 2015-16 have been disclosed in the annexure to the Directors' Report and in the Corporate Governance Report.

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	12198.20
		Operating Profit (PBIDT)	2628.81
		Finance cost	1535.87
		Depreciation and amortization expense	740.83
		Exceptional items	-
		Profit after Tax (PAT)	213.81
5.	Foreign investments or collaborations, if any.	N.A	
II	Information about the appointee		
1.	Back ground details	Mr.M Lokeswararao. He has 47 years vast experience in the machine tool industry.	
2.	Past remuneration	Rs. 60 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. 60 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, 2016, the Turnover increased by 2.48 % and the PBT has	

		increased by 37% over that of the previous year, as can be seen from the Table given below; (Rs. in lakhs)												
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		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.												
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:

The members of the Company at the 31st th Annual General Meeting of the Company held on 28 September, 2015, had approved the Re-appointment of Mr. B Kishore Babu as Whole time Director of the Company and the terms of remuneration payable to him for the period from 01st October,2015 to 30th September, 2018.

The members had inter alia approved, salary in the scale of Rs. 1,75,000 per month ,The monthly basic salary of Mr. B Kishore Babu with effect from 01st October, 2015 is Rs. 1,75,000

Taking into consideration his present salary and future revisions, if any, and based on the recommendation of Nomination and Remuneration Committee, the Board of Directors on 12th August 2016 approves remuneration from Rs. 1,75,000 to Rs. 3,25,000 per month .

All other terms and conditions relating to his re-ppointment as approved earlier by the members remain unchanged.

Details of remuneration paid to Mr. B Kishore Babu during the Financial Year 2015-16 have been disclosed in the annexure to the Directors' Report and in the Corporate Governance Report.

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>12198.20</td> </tr> <tr> <td>Operating Profit (PBIDT)</td> <td>2628.81</td> </tr> <tr> <td>Finance cost</td> <td>1535.87</td> </tr> <tr> <td>Depreciation and amortization expense</td> <td>740.83</td> </tr> <tr> <td>Exceptional items</td> <td>-</td> </tr> <tr> <td>Profit after Tax (PAT)</td> <td>213.81</td> </tr> </tbody> </table>	Particulars	Amount (Rs. in lakhs)	Total Revenue from operations	12198.20	Operating Profit (PBIDT)	2628.81	Finance cost	1535.87	Depreciation and amortization expense	740.83	Exceptional items	-	Profit after Tax (PAT)	213.81
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Total Revenue from operations	12198.20															
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Finance cost	1535.87															
Depreciation and amortization expense	740.83															
Exceptional items	-															
Profit after Tax (PAT)	213.81															
5.	Export performance and net foreign exchange collaborations.	Rs. 390.04 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 36 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 Wholetime Director, he has steered the Company with total dedication, hard work and effective leadership into diversified activities, resulting in the profitable growth of the Company's operations.												
5.	Remuneration proposed	Rs. 39 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, 2016, the Turnover increased by 2.48 % and the PBT has increased by 37% 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>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> <tr> <td>2015-16</td> <td>12198.20</td> <td>352.11</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	2013-14	11407.02	105.56	2014-15	12071.12	253.56	2015-16	12198.20	352.11
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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:

The members of the Company at the 31st th Annual General Meeting of the Company held on 28 September, 2015, had approved the Re-appointment of Mr. M.Srinivas as Whole time Director of the Company and the terms of remuneration payable to him for the period from 01st October,2015 to 30th September, 2018.

The members had inter alia approved, salary in the scale of Rs. 1,75,000 per month ,The monthly basic salary of Mr. M.Srinivas with effect from 01st October, 2015 is Rs. 1,75,000

Taking into consideration his present salary and future revisions, if any, and based on the recommendation of Nomination and Remuneration Committee, the Board of Directors on 12th August 2016 approves remuneration from Rs. 1,75,000 to Rs. 3.25,000 per month

All other terms and conditions relating to his re-ppointment as approved earlier by the members remain unchanged.

Details of remuneration paid to Mr. M.Srinivas during the Financial Year 2015-16 have been disclosed in the annexure to the Directors' Report and in the Corporate Governance Report.

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.														
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Exceptional items	-															
Profit after Tax (PAT)	213.81															
5.	Export performance and net foreign exchange collaborations.	Rs. 398.04 lakhs														
6.	Foreign investments or collaborations, if any.	N.A														
II	Information about the appointee															
1.	Back ground details vast experience in the machine tool industry.	Mr. M. Srinivas, MS. He has 20 year 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 Wholetime Director, he has steered the Company with total dedication, hard work and effective leadership into diversified activities, resulting in the profitable growth of the Company's operations.														
5.	Remuneration proposed	Rs. 39 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, 2016, the Turnover increased by 2.48 % and the PBIT has increased by 37% 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>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> <tr> <td>2015-16</td> <td>12198.20</td> <td>352.11</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	2013-14	11407.02	105.56	2014-15	12071.12	253.56	2015-16	12198.20	352.11		
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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. 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 # 8:

The members of the Company at the 31st th Annual General Meeting of the Company held on 28 September, 2015, had approved the Re-appointment of Mr. M.Srikrishna as Whole time Director of the Company and the terms of remuneration payable to him for the period from 01st October,2015 to 30th September, 2018.

The members had inter alia approved, salary in the scale of Rs. 1,75,000 per month ,The monthly basic salary of Mr. M.Srikrishna with effect from 01st October, 2015 is Rs. 1,75,000

Taking into consideration his present salary and future revisions, if any, and based on the recommendation of Nomination and Remuneration Committee, the Board of Directors on 12th August 2016 approves remuneration from Rs. 1,75,000 to Rs. 3,25,000 per month

All other terms and conditions relating to his re-Appointment as approved earlier by the members remain unchanged.

Details of remuneration paid to Mr. M.Srikrishna during the Financial Year 2015-16 have been disclosed in the annexure to the Directors' Report and in the Corporate Governance Report.

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	12198.20
		Operating Profit (PBIDT)	2628.81
		Finance cost	1535.87
		Depreciation and amortization expense	740.83
		Exceptional items	-
		Profit after Tax (PAT)	213.81
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 19 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 Wholetime Director, he has steered the Company with total dedication, hard work and effective leadership into diversified activities, resulting in the profitable growth of the Company's operations.	
5.	Remuneration proposed	Rs. 39 lakhs Per Annum	
6.	Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	Around Rs 5,00,000/- Per Month	

	(in case of expatriates the relevant details would be with respect to the country of his origin)													
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, 2016, the Turnover increased by 2.48 % and the PBIT has increased by 37% 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>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> <tr> <td>2015-16</td> <td>12198.20</td> <td>352.11</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	2013-14	11407.02	105.56	2014-15	12071.12	253.56	2015-16	12198.20	352.11
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2015-16	12198.20	352.11												
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 # 9

Mr. Atluri Vijay Kumar was accepted the request and the Board, at its meeting held on 28th June, 2016, appointed Mr. Atluri Vijay Kumar as an Additional Director of the Company as also an Independent Director, not liable to retire by rotation, with effect from 01st October, 2016 to 01th October, 2017, subject to the approval of the Members. Pursuant to the provisions of Section 161 of the Act, being an Additional Director, Mr. Atluri Vijay Kumar will hold office up to the date of the ensuing Annual General Meeting ("AGM") and is eligible to be appointed a Director of the Company. The Company has received notice in writing under Section 160 of the Act from a member along with the requisite deposit of ₹ 1,00,000/- proposing the candidature of Mr. Atluri Vijay Kumar for the office of Director.

The Company has received from Mr. Atluri Vijay Kumar (i) Consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) Intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Section 164 (2) of Act (iii) A declaration to the effect that he meets the criteria of independence as provided in Section 149 (6) of Act.

The resolution seeks the approval of the members in terms of Section 149 and other applicable provisions of the Act, read with Schedule IV of the Act and the Rules made thereunder, for appointment of Mr. Atluri Vijay Kumar as an Independent Director of the Company for a period of 5 years from 01 October, 2016.

A copy of the letter of appointment of Mr. Atluri Vijay Kumar as an independent director setting out the terms and conditions is available for inspection without any fee by the members at the Company's registered office during the normal business hours on working days up to the date of the AGM.

The profile and specific areas of expertise of Mr. Atluri Vijay Kumar is provided in annexure to this notice. The Board considers that Mr. Atluri Vijay Kumar continued association would be of immense benefit to the Company

and it is desirable to continue to avail the services of Mr. Atluri Vijay Kumar as an Independent Director.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Mr. Atluri Vijay Kumar, to whom the resolution relates, are concerned or interested in the Resolution mentioned at Item No. 9 of the Notice.

The Board recommends the resolution set forth in Item No. 9 for the approval of the Members.

Item # 10**Approval for Payment of Remuneration to the Cost Auditor to the Financial Year Ending 31st March, 2016.**

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, 2016 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. 4 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2017.

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 # 11

The shareholders at the Extra-ordinary General Meeting (EGM) held on 10th June, 2016 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**

Name	Mr M Lokeswararao	Mr. B Kishore Babu	Mr.M.Srinivas	Mr. M Srikrishna Vijay Kumar	Mr. Atluri Swamy	Mr. K.Krishna
Date of birth	11-02-1945	08-06-1956	21-06-1968	31-07-1971	08-04-1968	25-12-1940
Designation	Managing Director	Whole time Director	Whole time Director	Whole time Director	Independent Director	Non-Executive Director
Date of appointment	17/12/1983	10/05/2002	01/10/2005	01/10/2005	28/06/2016	28/07/1995
Educational Qualifications	Diploma in Mechanical Engineering	Engineering Graduate	M.S. in Industrial Engineering from New Jersey Institute of Technology, USA	B Tech From Osmania University	Masters of Science (Mechanical Engineering) University of Texas, Austin, USA.	Bachelor of Technology (Mechanical)
Areas of Experience	47 years of experience in the machine tool industry	36 years of experience in the field of Machine Tool	20 years of experience in the field of Engineering	19 years of experience in the field of Engineering	20 years of experience in overall execution of projects within cost, time quality and safety parameters along with handling diverse range of techno commercial operations such as tendering, planning, monitoring, operations, finance, etc. Has got experience in various construction sectors like Roads, Railways, Irrigation, Power etc, both as EPC or PPP agency.	Nearly 50 years experience in the field of Mechanical Division
Membership/ Chairmanship of the Committees held in the company	Nil	1.Member of Stakeholders relationship Committee	Member of Audit Committee	1.Member of Stakeholders relationship Committee	Nil	Nil
Companies in which he / she holds Directorship	M.L.R. Motors Ltd and MLR Auto Ltd Lokesh Engineering Aerospace and Defence Systems Ltd.	M.L.R. Motors Ltd and MLR Auto Ltd And Lokesh Engineering	M.L.R. Motors Ltd and MLR Auto Ltd And Lokesh Engineering	Velzone (India) Private Limited	1. Greenko Hydro Projects Privated Limited. 2. Greenko Solar Projects Private	Nil

	Indian Machine Tool Manufactures Association	Aerospace and Defence Systems Ltd.	Aerospace and Defence Systems Ltd.		Limited 3. Greenko Wind Power Projects Private Limited 4. Greenko Begewadi Wind Energies Private Limited 5. Sobra Hydro Energies Private Limited 6. Greenko Rayala Wind Power Private Limited 7. Rapum Hydro Power Private Limited 8. Kangtangshiri Hydro Power Private Limited 9. Perla Hydro Power Private Ltd. 10. Mechuka Hydro Power Private Ltd. 11. Greenko Hatkoti Energy Private Ltd. 12. Vayuputhra Energy Private Ltd. 13. Sneha Kinetic Power Projects Private Limited 14. Greenko Budhil Hydro Power	
Membership/ Chairmanship of the Committees held in other companies	Nil	Nil	Member of Audit Committee of M.L.R. Motors Ltd.	Nil	Nil	Nil
No of Shares held in the company	8,01,872	9,41,020	13,43,271	15,02,782	Nil	12,000

Directors Report

Dear Stakeholders,

Your Directors submit the 32nd Annual Report of the company along with the Audited financial Statements for the financial year ended March 31, 2016.

FINANCIAL RESULTS

Particulars	(2015-16)	(2014-15)
	Rs in Lakhs	
Net Sales	12107.33	11,814.24
Other Income	90.87	128.12
Captive Consumption	1139.61	128.75
Total Income	13337.81	12071.12
Profit before Depreciation, Interest and Taxes	2628.81	2939.24
Depreciation	740.83	867.90
Profit before Interest and Taxes	1887.98	2071.34
Interest and Finance Charges	1535.87	1817.78
Profit before Taxes	352.11	253.56
Provision for Taxes	138.30	178.95
Profits after Taxes	213.81	74.61

PERFORMANCE REVIEW:

The turnover increased by 2.48%, and The Earnings per Share increased from Rs. 0.63 in the previous year to Rs 1.45 in the year under report.

- The General Purpose machinery division could post a marginally higher sale domestically and could more on less hold on to the export sales.
- There was a substantial fall in the SPM sale due to the protracted recessionary condition and as no major project was taking off at our regular SPM customers. Typically SPM movement will start once the economy reaches a reasonable uptick unlike the GPMs which pick up at the start of growth phase itself.
- The job work revenue increased compared to the previous year due to start of new projects in the last quarter.
- The New Connecting Rod Manufacturing line had commenced production in the second half of last year further adding to the Component Division revenues.

FUTURE OUTLOOK

The current market conditions are showing signs of recovery, but not at a comfortable pace. There is still an air of cautious optimism and customers are conservative in their growth plans.

However, your directors are confident of putting in an improved performance over the previous year.

- 1) The SPM order book reflects a reasonable growth. Almost all the orders are from the existing customers only for capacity and not for any new products.
- 2) The CNC machines division is expected to post substantial growth with improving market conditions. The delivery lead times of these machines is less than 3 months and hence any improvement in the market brings in an immediate demand. However since rest of Europe and Russia continues to be in a state of recession, the exports could be same as last year. However, we hope for some improvement in the coming quarter which could reflect in increased export dispatches in the last quarter.
- 3) On the component division front, the Connecting Rod production is in a rampup mode. With a reasonable monsoons prediction, the Tractor industry in particular and the Auto sector in general are expected to do well and thereby help us increase the overall revenues.

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 2015-16, amounting to Rs 0.50/- per equity share.

The dividend on the equity shares, if declared as above, would involve an outflow of Rs.79,32,867/- towards dividend and Rs. 1615,132 /- towards dividend tax, resulting in a total outflow of Rs. 95,47,999./-.

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.

Revision in the remuneration of Directors re-appointed as on 28-09-2015 as follows :

1. Mullapudi Lokeswararao - Managing Director
2. Bollineni Kishore Babu - Whole Time Director
3. Mullapudi Srinivas - Whole Time Director
4. Mullapudi Srikrishna - Whole Time Director
5. A. Vijay Kumar - Independent 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.

AUDITORS**Statutory Auditors**

At the 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 2016-17 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 2015-16, as required under Section 204 of the Companies Act, 2013 and Rule 9 there-under. The secretarial audit report for FY 2015-16 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) 2014, is enclosed herewith as Rules, 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 4is 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.

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, 2016 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, 2016 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.

Reply to the observations of Secretarial auditor :

Your company is law abiding entity, and filed the necessary forms & returns with the authorities. However, there were few non-compliance's which the management ensures to comply the same in time in future.

OTHER DISCLOSURES:

Board Meetings

During the year under review, six Board Meetings were held on 11th May, 2015; 30th May, 2015; 12th June, 2015; 14th August, 2015; 14th November, 2015 and 13th February, 2016.

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.

Independent Directors Declaration

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013.

Evaluation of Board's Performance

Pursuant to the provisions of the Companies Act, 2013 read with the Rules issued thereunder and the Listing Regulations (including any statutory modifications or re-enactments for the time being in force), the process of valuation of the annual performance of the Directors / Board / Committees was carried out. The criteria applied in the evaluation process are detailed in the Corporate Governance report which forms part of this report.

Corporate Governance Report

Your Company has complied with the requirements of Regulation 34 of the SEBI (LODR) Regulations, 2015 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 a Vigil Mechanism for directors and employees to report genuine concerns has been established.

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)

- 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	18.17
B Kishore Babu	8.58
M Srikrishna	8.58
M Srinivas	8.58

- 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	—
M Srinivas	—
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; 363**

- 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.

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

Aggregate remuneration of key Managerial Personnel(KMP) in FY 2016 (Rs. Lakhs)	125.08
Total Revenue (Rs.Lakhs)	12198.20
Remuneration of KMP(as % of revenue)	1.03%
Profit before Tax (PBT) (Rs.Lakhs)	352.11
Remuneration of KMP(as % of PBT)	35.72%

- vii) **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 31,2016	March 31,2015	% Change
Market Capitalisation (Rs. Lakhs)	110,10,98,439	83,56,06,530	31.78%
Price Earning Ratio	108.53	112.62	(4.09)

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 31,2016	IPO Price	% Change
Market Price (BSE)	74.85	140	(53.46%)
Market Price (NSE)	75.00	140	(53.57%)

- viii) 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;
- ix) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;

	Mr M Lokeswara rao	Mr.B. Kishore Babu	Mr. M. Srinivas	Mr. M. Sriktishna	Mr. V. Sudhakara Reddy	Mr. D. Raghavendrarao
Remuneration in FY 15 (Rs. Lakhs)	42.00	21.00	21.00	21.00	15.00	4.20
Total Revenue (Rs. Lakhs)	13337.81	13337.81	13337.81	13337.81	13337.81	13337.81
Remuneration as % of Revenue	0.31	0.16	0.16	0.16	0.11	0.03
Profit Before Tax(PBT) (Rs. Lakhs)	352.10	352.10	352.10	352.10	352.10	352.10
Remuneration (as % of PBT)	11.93	5.96	5.96	5.96	4.26	1.19

- 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.

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	17/12/1983
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	50%
2.	Special Purpose Machines	359	10%
3.	Jobwork charges	374.80	40%

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

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)

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	6747156	-	6747156	57.29	8033814	-	8033814	54.61	(2.68)
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (1)	6747156	-	6747156	57.29	8033814	-	8033814	54.61	(2.68)
(2) Foreign									
a) NRI Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Any other	-	-	-	-	-	-	-	-	-
Sub Total (A) (2)	-	-	-	-	-	-	-	-	-
TOTAL(A)= A(1)+A(2)	6747156	-	6747156	57.29	8033814	-	8033814	54.61	(2.68)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	370000	-	370000	3.14	374500	-	374500	2.55	(0.60)
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	374500	-	374500	2.55	(0.60)
2. Non-Institutions									
a) Bodies Corp.	828561	-	828561	7.04	521828	-	521828	3.55	(3.49)
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	2470377	25359	2495736	21.19	3032769	23159	3054128	20.76	(0.43)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	1234837	-	1234837	10.48	2376898	-	2376898	16.16	5.68
c) Others (specify)									
- Directors	-	-	-	-	-	-	-	-	0.00
- Trust	-	-	-	-	-	-	-	-	0.00
- F.C.B.	-	-	-	-	-	-	-	-	0.00
- Non - resident Indians	60385	-	60385	0.51	60289	-	60289	0.41	(0.10)
- HUF	-	-	-	-	261260	-	261260	1.78	1.78
Clearing Members	40725	-	40725	0.35	16206	-	16206	0.11	0.11
- NBFC	-	-	-	-	10011	-	10011	0.07	0.07
Sub-total (B)(2):-	4634885	25359	4660244	39.57	6279261	21359	6302420	42.84	3.27
Total Public Shareholding (B)=(B)(1)+(B)(2)	5004885	25359	5030244	42.71	6653761	21359	6676920	45.39	2.68
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	11752041	25359	11777400	100.00	14689375	21359	14710734	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 2016			
		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	796872	6.76	0.85	801872	5.45	5.37	(1.32)
2	MULLAPUDI SRIKRISHNA	1109931	9.42	2.55	1502782	10.22	7.98	0.79
3	MULLAPUDI SRINIVAS	1135191	9.64	7.74	1343271	9.13	6.20	(0.51)
4	MULLAPUDI VIJAYALAKSHMI	1794913	15.24	12.45	1844913	12.44	12.00	(2.80)
5	MULLAPUDI KANAKADURGA	515118	4.37	2.46	700372	4.76	3.20	0.39
6	BOLLINENI KISHORE BABU	807687	6.86	2.55	941020	6.40	4.82	(0.46)
7	BOLLINENI VIJAYALAKSHMI	231169	1.96	1.47	231169	1.57	1.17	(0.39)
8	BOLLENENI SHILPA	77087	0.65	0	77087	0.52	0	(0.13)
9	AJAYKUMAR MULLAPUDI	59269	0.50	0	53269	0.36	0	(0.14)
10	MULLAPUDI LIKHITA	26404	0.22	0	340420	2.31	0	2.09
11	MULLAPUDI RAMMOHAN RAO	22043	0.19	0	22043	0.15	0	(0.04)
12	BOLLINENI SRIHARSHA	24138	0.20	0	24138	0.16	0	(0.04)
13	GANNE ANNAPURNA	16598	0.14	0	16598	0.11	0	(0.03)
14	KRISHNASWAMY K	12000	0.10	0	12000	0.08	0	(0.02)
15	MULLAPUDI VASANTHALAKSHMI	10300	0.09	0	10300	0.07	0	(0.02)
16	GUTTA SAIRAM PRASAD	8735	0.07	0	8735	0.06	0	(0.01)
17	G KAMALADEVI	7777	0.07	0	7777	0.05	0	(0.01)
18	NAGA SATYA SWAROOPA RANI	141924	1.21	0	96924	0.66	0	(0.55)
		6747156	57.29	30.07	8033814	54.61	40.76	(2.68)

(iii) Change in Promoter's Shareholding (please specify, if there is no change)

SN	Name of the Shareholder	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	796872	6.76	796872	6.76
	Allotment of Shares on 12.06.2015	50000	0.33	801872	5.45
	At the end of the year			801872	5.45
2	MULLAPUDI KRIKRISHNA				
	At the beginning of the year	1109931	9.42	1109931	9.42
	Allotment of Shares on 12.06.2015	392851	0.26	1502782	10.22
	At the end of the year			1502782	10.22
3	MULLAPUDI KRINIVAS				
	At the beginning of the year	1135191	9.64	1135191	9.64
	Allotment of Shares on 13.02.2016	208080	1.41	1343271	9.13
	At the end of the year			1343271	9.13
4	MULLAPUDI KANAKADURGA				
	At the beginning of the year	515118	4.37	515118	4.37
	Allotment of Shares on 12.06.2015	185254	1.26	700372	4.76
	At the end of the year			700372	4.76
5	MULLAPUDI LIKHITA				
	At the beginning of the year	26404	0.22	26404	0.22
	Allotment of Shares on 12.06.2015	313816	2.13	313816	2.13
	At the end of the year			34020	2.31
6	MULLAPUDI AJAY KUMAR				
	At the beginning of the year	59269	0.50	59269	0.50
	Sale of shares on 23-07-2015	(6000)	0.00	(6000)	0.00
	At the end of the year			53269	0.36
7	MULLAPUDI NAGA SATYA SWAROOPA RANI				
	At the beginning of the year	141924	1.21	141924	1.21
	Sale of shares on 23-07-2015 and 28-07-2015	(45000)	(0.30)	(45000)	(0.30)
	At the end of the year			96924	0.66
8	MULLAPUDI VIJAYA LAKSHMI				
	At the beginning of the year	1794913	15.24	1794913	15.24
	Allotment of Shares on 12.06.2015	50000	0.33	1844913	12.44
	At the end of the year			1844913	12.44

(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	0.75
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	94778	0.80	94778	0.80
	Decrease in share holding during the year(17-04-2015)	(22247)	(0.19)	72651	0.62
	Increase in share holding during the year(24-04-2015)	2600	0.02	75131	0.64
	Increase in share holding during the year (01-05-2015)	1350	0.01	76481	0.65
	Increase in share holding during the year(12-06-2015)	287	0.00	76768	0.65
	Increase in share holding during the year(19-06-2015)	1813	0.02	250.53	0.21

Decrease in share holding during the year(03-07-2015)	(18311)	(0.14)	60270	0.47
Decrease in share holding during the year(10-07-2015)	(39239)	(0.31)	21031	0.16
Decrease in share holding during the year(24-07-2015)	(4400)	(0.04)	16531	0.13
Decrease in share holding during the year(31-07-2015)	(12531)	(0.10)	4000	0.03
Increase in share holding during the year(28-08-2015)	9270	0.06	13776	0.11
Decrease in share holding during the year(31-07-2015)	(1435)	(0.02)	12341	0.10
Increase in share holding during the year(30-09-2015)	1850	0.01	14191	0.11
Decrease in share holding during the year(31-07-2015)	(14191)	(0.11)	0	0.00
Increase in share holding during the year(30-09-2015)	2887	0.02	2887	0.02
Decrease in share holding during the year(30-10-2015)	(2000)	(0.01)	887	0.01
Increase in share holding during the year(20-11-2015)	1300	0.01	2187	0.02
Increase in share holding during the year(20-11-2015)	9663	0.07	11850	0.08
Decrease in share holding during the year(25-12-2015)	(17650)	(0.14)	200	0.00
Increase in share holding during the year(31-02-2015)	88.50	0.08	9050	0.06
Decrease in share holding during the year(01-01-2016)	(8950)	(0.06)	100	0.00
Increase in share holding during the year(25-03-2016)	3315	0.02	3615	0.03
Decrease in share holding during the year(31-03-2016)	(3515)	(0.02)	100	0.00
At the end of the year			100	0.00

6	PCS SECURITIES LIMITED				
	At the beginning of the year	86324	0.73	86324	0.73
	Decrease in share holding during the year (during the period -10-04-2015 to17-04-2015)	(85888)	(0.73)	436	0.00
	Increase in share holding during the year(25-03-2016)	8500	0.10	8936	0.08
	Decrease in share holding during the year(during the period from (19-06-2015 to17-07-2015)	(8936)	(0.08)	8936	0.00
	Increase in share holding during the year (during the period from 28-08-2015	50	0.00	50	0.00
	Decrease in share holding during the year(04-09-2015)	50	0.00	0	0.00
	At the end of the year			100	0.00
7	ARUN KUMAR JAIN				
	At the beginning of the year	59000	0.50	59000	0.50
	Decrease in share holding during the year(26-06-2015)	(11431)	(0.09)	47569	0.37
	Decrease in share holding during the year(10-07-2015)	(20000)	(0.16)	27569	0.22
	Decrease in share holding during the year(30-10-2015)	(8577)	(0.06)	18992	0.14
	Decrease in share holding during the year(27-11-2015)	(18992)	(0.14)	0	0.00
	At the end of the year			0	0.00
8	SATYANARANA RAO SUNKAVALLI				
	At the beginning of the year	51050	0.43	51050	0.43
	At the end of the year			51050	0.35
9	DUNDOO AJIT KUMAR				
	At the beginning of the year				
	During the year	50143	0.41	50143	0.43
	At the end of the year			50143	0.34
10	ADROIT SHARE & STOCK BROKERS PVT LTD				
	Decrease in share holding during the year(24-04-2015)	48640 (48640)	0.41 0.41	48640 0	0.41 0.00
	At the beginning of the year			0	0.00

(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	756872	6.34	756872	6.34
	During the year allotment of shares	50000	0.34	801872	5.47
	At the end of the year			801872	5.45
2	MULLAPUDI SRIKRISHNA				
	At the beginning of the year	1109931	9.42	1109931	9.42
	During the year allotment of shares	392851	2.67	1502782	10.22
	At the end of the year	-	-	1502782	10.22
3	MULLAPUDI SRINIVAS				
	At the beginning of the year	1235191	10.49	1235191	10.49
	During the year allotment of shares	208080	1.41	1343271	9.13
	At the end of the year	-	-	1343271	9.13
4	BOLLINENI KISHORE BABU				
	At the beginning of the year	807687	6.86	807687	6.86
	During the year allotment of shares	133333	0.90	941020	6.40
	At the end of the year	-	-	941020	6.40
5	V. SUDHAKARA REDDY				
	At the beginning of the year	11000	0.09	11000	0.07
	During the year	-	-	-	-
	At the end of the year	-	-	11000	0.07
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	577547418	—	Nil	577547418
ii) Interest due but not paid	56052622	—	Nil	56052622
iii) Interest accrued but not due	—	—	Nil	—
Total (i+ii+iii)	633600040	0		633600040
Change in Indebtedness during the financial year			Nil	
* Addition	57339500	42500000		99839500
* Reduction	(212119827)	(5000000)		(217119827)
Net Change	(154780327)	37500000		(117280327)
Indebtedness at the end of the financial year				
i) Principal Amount	422767091	37500000		460267091
ii) Interest due but not paid	10669431	368383	Nil	11037814
iii) Interest accrued but not due	—	—		—
Total (i+ii+iii)	433436522	37868383		471304905

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

S. No	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount (Rs)
		M. Lokeswararao	B. Kishore Babu	M. Srikrishna	M. Srinivas	
1	Gross Salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	42.22	21.22	21.22	21.22	105.88
	(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)	42.22	21.22	21.22	21.22	105.88
	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 Smt.Bhavanarao	50,000 50,000 15,000
2	Commission	—	—
	Total		1,15,000

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	21.22	4.20	15.00	40.42
	(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	21.22	4.20	15.00	40.42

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 : 50 lakhs
 - (c) Total : 50 lakhs
 - (d) Total R & D expenditure as a percentage of total turnover: 0.41 %

Foreign Exchange Earnings and Outgo

- (i) Foreign Exchange Earnings : Rs.390.04 Lakhs
- (ii) Foreign Exchange Outgo:
 - For Capital Goods : Rs 0 Lakhs
 - For Components on FOB basis : Rs 498.99 Lakhs
 - Towards Foreign Travel : Rs. 8.90 Lakhs

Annexure 'B'

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management presents the analysis of performance of your Company for the year 2015-16 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

India stands 13th in production and 10th in the consumption of machine tools in the world as per the 2016 Gardner Business Media survey. The country is set to become a key player in the global machine tools industry and is likely to see substantial high-end machine tool manufacturing. With emphasis on Make in India and manufacturing growth, for which the machine tools sector serves as the mother industry.

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

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

Segment -wise Performance

The company has a rich experience of 32 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.

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, 2016 was 1017 (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 2.48%, and. The Earnings per Share increased from Rs. 0.63 in the previous year to Rs 1.45 in the year under report. 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

The make in India would defiantly through up opportunities. 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.

Having invested in capacity building for last three years the company is more or less ready to cater to the Growth in demand, with the current order book as it is the company is confident of an improved order book.

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, 2016 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, 2016 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;
 - (i) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- (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.

As per the information provided and declaration given by the Company there are no specific acts applicable to the Company for the type of business carried out by the Company.

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: 11.08.2016

Signature:

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

To
The Members of
Lokesh Machines Limite
Hyderabad.

My Secretarial Audit Report of even date is to be read along with this letter.

- 1 The maintenance of Secretarial records is the responsibility of the Management of the Company. Further, the Company is also responsible for devising proper systems and process to ensure the compliance of the various statutory requirements and Governance systems.
- 2 It is the responsibility of the Management of the Company to ensure that the systems and process devised for operating effectively and efficiently.
- 3 My responsibility is to express an opinion on these secretarial records based on my audit.
- 4 I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices followed provide a reasonable basis for my opinion.
- 5 Wherever required, I have obtained the Management representations about the compliance of laws, rules and regulations and happening of events etc.
- 6 The Compliance of the provisions of other applicable laws, rules and regulations is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
- 7 The secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Place: Hyderabad

Date: 11.08.2016

Signature:

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

REPORT ON CORPORATE GOVERNANCE

In compliance with SEBI(LODR) Regulations 2015, entered with the stock exchanges in India, your Company hereby provides, to the shareholders, the report on Corporate Governance.

I. Company's Philosophy on Corporate Governance:

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

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

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

II. Board of Directors

Composition of the Board:

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

The Company's Board of Directors comprises of 9 directors. Four are Executive Directors and Three Are Independent Directors and one 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, six Board Meetings were held on 11th May, 2015; 30th May, 2015; 12th June, 2015; 14th August, 2015; 14th November, 2015 and 13th February, 2016. 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	06	05	Yes	4	1	Nil
B. Kishore Babu DIN : 00840630	Promoter-Executive Director	06	06	Yes	3	1	1
M. Srinivas DIN : 00917565	Promoter-Non Executive Director	06	05	Yes	3	1	Nil
M. Srikrishna DIN : 00841388	Promoter-Executive Director	06	06	Yes	1	Nil	Nil
K. Krishna Swamy DIN : 00840887	Non- Promoter, Executive Director	06	04	Yes	Nil	Nil	Nil
B. R. Mahesh DIN : 00810019	Independent Non Executive Director	06	05	Yes	2	1	1
R. Mohan Reddy DIN : 00841038	Independent Non Executive Director	06	05	Yes	3	3	3
M Hariprasada Rao DIN : 02797630	Independent Non Executive Director	06	00	No	0	1	Nil
Smt Bhavana Rao DIN : 00956209	Independent Nominee Director	06	03	No	8	Nil	Nil

Information on Directors appointment / re-appointment as required under the SEBI (LODR) Regulations 2015 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 SEBI (LODR) Regulations 2015 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:

Independent Directors

The Company has complied with the definition of Independence as per Regulation 16 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and according to the Provisions of section 149(6) of the Companies Act, 2013. The company has also obtained declarations from all the Independent Directors pursuant to section 149(7) of the Companies Act, 2013.

Performance Evaluation of non-executive and Independent Directors

The Board evaluates the performance of Non-executive and Independent Directors every year. All the Non-executive and Independent Directors are eminent personalities having wide experience in the field of business, Industry and administration. The presence on the Board is advantageous and fruitful in taking business decisions.

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 SEBI (LODR) Regulations 2015 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 SEBI (LODR) Regulations 2015 with stock exchanges. The Committee provides the Board with additional assurance as to the adequacy of Company's internal control systems and financial disclosures.

b) Composition

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

The Committee comprises of:

1. Mr. B R Mahesh - Chairman (Independent and Non-Executive Director)
2. Mr. M Srinivas - Member (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 four Board Meetings were held on 30th May, 2015; 14th August, 2015; 14th November, 2015 and 13th February, 2016. 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. Hari prasada 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.

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	0.22	-	-	42.22
Mr. B. Kishore Babu Executive Director	21.00	0.22	-	-	21.22
Mr. M. Srinivas Whole-time Director	21.00	0.22	-	-	21.22
Mr. M. Srikrishna Whole-Time Director	21.00	0.22	-	-	21.22

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 2015-16 is given below:

Name of Director	Sitting Fees paid (Rs)
Mr. B R Mahesh	50000
Mr. R Mohan Reddy	50000
Smt. Bhavana Rao	15000

f) Shareholdings of Non Executive Directors as on March 31, 2016:

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.

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 2015, 14th Nov 2015, 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

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 10 Complaints during the year. The company resolved all of them during the year under review. There are no outstanding complaints as on 31st March, 2016.

VI General Meetings:

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

Year	AGM	Venue	Date	Time
2012-13	29 th	Jubilee Hills International Centre Near Jubilee Hills Check Post, Road No. 14,Hyderabad-500 033	29/09/2013	11:0 0 A.M.
2013-14	30 th	Jubilee Hills International Centre Near Jubilee Hills Check Post, Road No. 14,Hyderabad-500 033	29/09/2014	4:0 0 P.M.
2014-15	31 st	Jubilee Hills International Centre Near Jubilee Hills Check Post, Road No. 14,Hyderabad-500 033	28/09/2015	11:0 0 A.M.

Special resolutions

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

AGM held on	Whether special resolution passed	Summary of the resolution
28-09-2015	5	<ol style="list-style-type: none"> 1. Re- Appointment of Mr M.Lokeswararao as Managing director 2. Re- Appointment of Mr B.Kishore Babuas Executive director 3. Re- Appointment of Mr M.Srinivas Executive director 4. Re- Appointment of Mr M Srikrishna as Executive director 5. Ratification of Typo Graphical Errors in the EGM Notice
30-09-2014	3	<ol style="list-style-type: none"> 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

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

VII. Other Disclosures**Related Party Transactions**

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

Disclosure of Accounting Treatment:

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

Details of non-compliance etc

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

Whistle Blower /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 2016.

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

During the financial year ended March 31, 2016, there were proceeds from d preferential issue among other.

During the financial year 2015-16, the Company has not issued any GDRs/ADRs. However the company has issued 10,00,000 Equity shares to Non Promoters and 31,00,400 Convertible warrants to promoters and non-promoters convertible in to equal number during the Financial Year. Out of the said 31,00,4000 warrants 11,67,066 warrants are outstanding as on 31st March, 2016. The Company has not issued any other converible instruments.

However during the year the Company Allotted 10,00,000 Equity shares to Non Promoters and 31,00,400 Convertible Warrants to Promoters and Non Promoters on 11th May 2015.

Risk Management :

The company has been addressing various risks Impacting the company and the policy of the company on risk management is provided elsewhere in this annual report in Management Discussion and Analysis.

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, 2016, 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, 2016 b) Results for the quarter ending June 30, 2016: on and before 14th August, 2016 c) Results for the quarter ending September 30, 2016 : on or before 14th November, 2016 d) Results for the quarter ending December 31, 2016: on or before 14th February, 2017 e) Results for the Year ending March 31, 2017: on or before 30th May, 2017
c.	Date of Book Closure (both days inclusive)	September 24, 2016 to September 28, 2016 both days inclusive
d.	Dividend Payment Due Date (5% dividend recommended by the Board of Directors)	On or before 27.10.2016
e.	Listing on Stock Exchanges	The Bombay Stock Exchange Limited P.J.Towers, Dalal Street, Mumbai - 40000 The National Stock Exchange of India Limited Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra (E), Mumbai - 00051 Annual Listing fees have been paid for both BSE & NSE.
	Liquidity	The shares of the company are listed in the BSE and NSE and are frequently traded.
f.	Stock Code	532740 (BSE) LOKESHMACH (NSE)
g.	Dematerialisation of shares and liquidity	The Company's equity shares are available for dematerialization on both the Depositories i.e. 1. The National Securities Depository Ltd Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parle Mumbai - 400013
		2. Central Depository Services (India) Ltd Phiroze Jeejeebhoy Towers, 28th Floor Dalal Street, Mumbai - 400023 The International Securities Identification Number (ISIN) allotted to the Company's scrip is ISIN: INE397H01017. 99.9% of equity shares are held in dematerialised form as on March 31, 2015.

h.	Registered Office Address (for correspondence)	B-29, EEIE, Stage II, Balanagar, Hyderabad - 500 037
i.	Registrar and Share Transfer Agent's Contact Address	Karvy Computershare Pvt. Ltd. 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 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 2015-16, the Company has not issued any GDRs/ADRs. However the company has issued 10,00,000 Equity shares to Non Promoters and 31,00,400 Convertible warrants to promoters and non-promoters convertible in to equal number during the Financial Year. Out of the said 31,00,4000 warrants 11,67,066 warrants are outstanding as on 31st March, 2016. The Company has not issued any other convertible instruments.

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 under SEBI (LODR) Regulations, 2015 which is attached to this report.

Distribution of shareholding as on March 31, 2016

S.No	Category (Amount)	Numbers of Shareholders	% of Shareholders	Number of shares	% of shares
1.	1 to 5000	10653	98.57	2780605	18.90
2.	5001-10000	65	0.60	485162	3.30
3.	10001-20000	37	0.34	522602	3.55
4.	20001-30000	12	0.11	285558	1.94
5.	30001-40000	4	0.04	134098	0.91
6.	40001-50000	2	0.02	94219	0.64
7.	50001-100000	13	0.12	1004139	6.83
8.	100001 & Above	22	0.20	9404351	63.93
	Total	10,808	100.00	1,47,10,734	100.00

Shareholding pattern as on March 31, 2016

Category	No of shareholders	Total shares	% of Equity
Promoter & Promotor Group & HUF	36	8033814	54.61
Resident Individuals	9958	5431026	36.92
Bodies Corporate	238	523628	3.56
Indian Institutional Investors	1	370000	2.52
H U F	442	261260	1.78
Non Resident Indians	92	60289	0.41
Clearing Members	1	4500	0.03
Total	10,808	1,47,10,734	100%

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 2015-16 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 15	99.00	67.65	99.00	66.10
	May 15	88.95	70.00	89.00	70.70
	Jun 15	87.25	68.00	87.00	68.70
	July 15	118.75	78.95	118.40	79.00
	Aug 15	116.70	68.30	116.00	68.00
	Sep 15	79.25	67.20	79.00	67.25
	Oct 15	92.15	74.30	92.00	74.00
	Nov 15	97.00	70.00	97.15	71.00
	Dec 15	98.40	79.00	98.50	78.80
	Jan 16	90.40	65.50	90.00	65.50
	Feb 16	79.15	60.05	78.95	60.00
	Mar 16	76.80	61.00	76.90	60.40

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 Para D of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 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, 2016

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 2016
 - 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.Lokeswararo
Managing Director

V.Sudhakara Reddy
Chief Financial Officer

CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members of Lokesh Machines Limited

We have examined the compliants of conditions of Corporate Governance by Lokesh Machines Limited for the year ending 31st March, 2016 as stiupulated in Chaputer IV of SEBI (LODR) Regulations, 2015.

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 SEBI (LODR) Regulations 2015.

We have state that move invester grievances were pending for a period of one month against of 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: 12th August, 2016

(K. Shravan
Partner
Membership No. 215798

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, 2016, 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. 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, 2016, 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, 2016 ("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, 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, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect of adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.
 - 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 Registration No. 000513S

(K. SHRAVAN)
Partner
Membership No. 215798

Place: Hyderabad.
Date: 28.05.2016

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, 2016.,

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 physical 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.
 - c. According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the names of the Company.
 2. As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of verification is reasonable. 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, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
 - b. In view of our comments in para (a) above, Clause (III) (a), (b) and (c) of paragraph 3 of the aforesaid order are not applicable to the Company.
 4. In our opinion and according to the information and explanation given to us, the Company has not advanced any loan to any Director and no investments were made during the year as referred to in sections 185 and 186 of the Act. Therefore, the provisions of Paragraph 3(iv) of the Companies (Auditor's Report) Order 2016 are not applicable to the Company.
 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, the company is not generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, Income-tax, Sales-tax, Service tax, Duty of customs, Duty of excise, Value added tax, Cess and all other statutory dues with the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period more than six months from the date they became payable.
 - b. 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 service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute.
 8. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to any financial institutions and Banks during the year.
 9. The Company did not raise any money by way of initial public offer or further public offer (including debt instrument) during the year. In our opinion and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
 10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
-

11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
14. During the year under review, the Company during the year has made preferential allotment of Equity shares and requirements of Section 42 and other provisions of the Companies Act, 2013 have been complied with.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Companies (Auditor's Report) Order 2016 is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For BRAHMAYYA & CO
Chartered Accountants
Firm Registration No. 000513S

(K. SHRAVAN)
Partner
Membership No. 215798

Place: Hyderabad.
Date: 28.05.2016

Annexure - B to the Auditor's Report

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

We have audited the internal financial controls over financial reporting of LOKESH MACHINES LIMITED, HYDERABAD ("the Company") as of 31st March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material aspects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud and error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditure of the Company are being made only in accordance with authorisations of management and directors of the Company; and

3. provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For BRAHMAYYA & CO
Chartered Accountants
Firm Registration No. 000513S

(K. SHRAVAN)
Partner
Membership No. 215798

Place: Hyderabad.
Date: 28.05.2016

BALANCE SHEET AS AT 31 MARCH 2016

Rs. in Lakhs

PARTICULARS	Note No.	As At 31st March 2016	As At 31st March 2015
A. EQUITY AND LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	1	1,471.07	1,177.74
(b) Reserves and Surplus	2	9,876.92	8,585.26
(c) Money received against share warrants		145.88	25.00
2 Share application Money pending allotment		0.00	500.00
3 Non-Current liabilities			
(a) Long-term borrowings	3	2,712.98	3,560.93
(b) Deferred tax liabilities (Net)	4	894.03	834.48
(c) Other Long term liabilities	5	901.76	266.05
(d) Long term provisions	6	267.84	297.13
4 Current liabilities			
(a) Short-term borrowings	7	6,999.50	5,849.66
(b) Trade payables	8	2,969.16	2,617.57
(c) Other Current liabilities	9	3,009.64	4,482.81
(d) Short term provisions	10	477.91	420.25
		29,726.69	28,616.88
B ASSETS			
1 Non Current Assets			
(a) Fixed Assets			
Tangible assets	11	9,838.84	7,789.79
Intangible assets		19.01	21.59
Capital Work-in-Progress		2,913.46	4,065.85
(b) Non Current Investments	12	600.00	800.00
(c) Long term loans and advances	13	1,249.75	1,514.75
(d) Other non-current assets	14	991.04	946.52
2 Current Assets			
(a) Inventories	15	9,069.83	8,501.88
(b) Trade Receivables	16	2,960.38	2,106.86
(c) Cash and cash equivalents	17	258.62	1,116.91
(d) Short term loans and advances	18	974.48	908.85
(e) Other current assets	19	851.28	843.88
		29,726.69	28,616.88
Accounting Policies and Notes on accounts	27	-	-

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

As 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. SHRAVAN
Partner
Membership No. 215798
Place : Hyderabad
Date: 28th May, 2016

M. LOKESWARA RAO
Managing Director

B. KISHORE BABU
Executive Director

D. RAGAVENDRA RAO
Company Secretary

V. SUDHAKARA REDDY
Chief Financial Officer

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31st MARCH, 2016

Rs. in Lakhs

PARTICULARS	Note No.	For the Year Ended 31st March 2016	For the Year Ended 31st March 2015
I INCOME			
Revenue from Operations	20	12,107.33	11,814.25
Other Income	21	90.87	128.12
Total Revenue		12,198.20	11,942.37
II EXPENSES			
Cost of Material consumed	22	6,548.65	4,987.42
Changes in inventories of finished goods and work in progress	23	(382.64)	(2.24)
Employee benefits expense	24	2,479.42	2,197.52
Financial costs	25	1,535.87	1,817.78
Depreciation and amortization expenses	11	740.83	867.90
Other expenses	26	2,063.57	1,949.18
		12,985.70	11,817.56
Less : Captive consumption		1,139.61	128.75
Total Expenses		11,846.09	11,688.81
III Profit before taxes		352.11	253.56
IV Tax expenses			
- Current year IncomeTax		78.75	125.00
- Deferred Tax		59.55	53.95
		138.30	178.95
V Profit for the year after taxes		213.81	74.61
VI Earning per equity share (Amount in Rs.)			
Basic		1.45	0.63
Diluted		1.45	0.63
Notes forming part of accounts	27		

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

As 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. SHRAVAN
Partner
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M. LOKESWARA RAO
Managing Director

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Executive Director

Place : Hyderabad
Date: 28th May, 2016

D. RAGAVENDRA RAO
Company Secretary

V. SUDHAKARA REDDY
Chief Financial Officer

Notes to the Financial Statements for the year ended 31 March 2016

NOTE 1 - SHARE CAPITAL

Rs. in Lakhs

Particulars	As at 31 March 2016		As at 31 March 2015	
	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	14,710,734	1,471.07	11,777,400	1,177.74
Total	14,710,734	1,471.07	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	31.03.2016	31.03.2015
Equity shares outstanding at the beginning of the year	11,777,400	11,777,400
Issued during the year	2,933,334	-
Equity Shares redeemed/bought back during the year	-	-
Equity shares outstanding at the end of the year	14,710,734	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 2016		As at 31 March 2015	
	No of shares	% of Holding	No of shares	% of Holding
M.Lokeswara Rao	801,872	5.45	746,872	6.34
M.Vijayalakshmi	1,844,913	12.54	1,794,913	15.24
M.Srinivas	1,343,271	9.13	1,235,191	10.49
M.Srikrishna	1,502,782	10.22	1,109,931	9.42
B.Kishore babu	941,020	6.40	807,687	6.86
Ashish Kacholia	1,600,000	10.88	0	0

Notes to the financial statements for the year ended 31 March 2016 (Continued)

NOTE 2 - RESERVES AND SURPLUS

PARTICULARS	As at 31 March 2016	As at 31 March 2015
(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
Add : Current year additions by issue of shares	1,173.33	-
Closing Balance	5,508.20	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	3,660.39	3,670.30
Add: Current year transfer	213.81	74.61
	3,874.20	3,744.91
Less: Equity Dividend	79.33	70.22
Corporate Dividend Tax	16.15	14.30
Closing Balance	3,778.72	3,660.39
Total	9,876.92	8,585.26

NOTE 3 - LONG TERM BORROWINGS

Rs. In Lakhs

PARTICULARS	As at 31 March 2016	As at 31 March 2015
I Term Loans - Secured		
a) State Bank of Hyderabad -Term loan - 4	210.00	389.94
b) Punjab National Bank -Term loan - 3	561.00	1,147.50
c) Punjab National Bank -Term loan - 4	78.30	106.83
d) State Bank of India -Term loan - 2	521.04	623.99
e) Mahindra & Mahindra Finance Ltd	1,341.04	1,283.88
Total	2,711.38	3,552.14

- 1 The Loans referred at (a) 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 Medchal standing in the name of Mr. M.Lokeshwara Rao.

Notes to the financial statements for the year ended 31 March 2016 (Continued)

- 2 The Loans referred at (b) & (d) 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.
- 3 The Loans referred at (c) 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.
- 4 The Loans referred at (e) 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.

Terms of Repayments

	Sanction date	Rate of Interest	Quarterly
a) State Bank of Hyderabad -Term loan - 4	02.09.2013	14.25%	16
b) Punjab National Bank -Term loan - 3	15.11.2010	13.85%	24
c) Punjab National Bank -Term loan - 4	30.12.2014	13.85%	20
d) State Bank of India -Term loan - 2	25.07.2012	17.25%	28
II Vehicle Hire Purchase Loans		1.60	8.79
		1.60	8.79
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)		2,712.98	3,560.93

Notes to the financial statements for the year ended 31 March 2016 (Continued)

NOTE 4 - DEFERRED TAX LIABILITIES(NET)

Rs. In Lakhs

PARTICULARS	As at 31 March 2016	As at 31 March 2015
Deferred tax liability Difference between book and tax depreciation of fixed assets	982.58	948.72
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	52.62	49.62
Leave encashment provision	35.93	49.08
Provision for doubtful debts	0.00	15.54
	88.55	114.24
Total	894.03	834.48

NOTE 5 - OTHER LONG TERM LIABILITIES

Rs. In Lakhs

Creditors for Capital expenditure	284.17	87.94
Advance from customers	153.59	178.11
Advance received against sale of asset	464.00	0.00
Total	901.76	266.05

NOTE 6 - LONG TERM PROVISIONS

Rs. In Lakhs

(a) Provision for employee benefits		
Gratuity	159.17	149.38
Leave Encashment	108.67	147.75
Total	267.84	297.13

NOTE 7 - SHORT TERM BORROWINGS

Rs. In Lakhs

Secured		
(a) Loans repayable on demand from banks		
1. State Bank of Hyderabad Cash Credit	1,106.29	863.02
WCDL	960.00	960.00
2. State Bank of India Cash Credit	2,153.65	1,850.00
3. Punjab National Bank Cash Credit	471.25	294.33
WCDL	760.00	760.00
4. Indusind Bank - Cash Credit	1,169.63	1,122.31
	6,620.82	5,849.66

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, 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) Unsecured Loans

From Companies	378.68	-
	378.68	-
Total (a+b)	6,999.50	5849.66

Notes to the financial statements for the year ended 31 March 2016 (Continued)

NOTE 8 - TRADE PAYABLES

Rs. In Lakhs

PARTICULARS	As at 31 March 2016	As at 31 March 2015
Trade payables	2,969.16	2,617.57
Total	2,969.16	2,617.57

- 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 CURRENT LIABILITIES

Rs. In Lakhs

PARTICULARS	As at 31 March 2016	As at 31 March 2015
Current maturities of long-term debt		
a) State Bank of Hyderabad -Term loan - 1	-	498.41
b) State Bank of Hyderabad -Term loan - 4	180.00	120.00
c) Punjab National Bank -Term loan - 1	-	235.09
d) Punjab National Bank -Term loan - 3	-	50.00
e) Punjab National Bank -Term loan - 4	28.50	28.49
f) State Bank of India -Term loan - 1	-	160.33
g) State Bank of India -Term loan - 2	100.00	100.00
h) Non Convertible Debentures from IFCI	703.46	784.18
i) Vehicle hire purchase loans	4.22	8.02
j) Mahindra & Mahindra Finance Ltd	498.52	230.03
	1,514.70	2,214.55
a) Interest accrued and due on borrowings	106.69	560.53
b) Unpaid dividend	1.01	2.79
c) Other payables-Statutory	140.78	360.44
d) Other payables	563.42	372.44
e) Advances received against sales	683.04	972.06
	1,494.94	2,268.26
Total	3,009.64	4,482.81
(a) Interest accrued and due on borrowings has been debited by the bank on 1st April 2016.		

NOTE 10 -SHORT TERM PROVISIONS

Rs. In Lakhs

(a) Provisions for employee benefits		
Salary & Reimbursements	340.68	312.60
Bonus Payable	41.75	23.13
(b) Others (Specify nature)		
Proposed Equity Shares dividend	79.33	70.22
Corporate Dividend Tax	16.15	14.30
Total	477.91	420.25

Notes to the financial statements for the year ended 31 March 2016 (Continued)

(Rupees in Lakhs)

NOTE 11 - FIXED ASSETS

Sl. No.	PARTICULARS	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK			
		As at 1 April 2015	Additions during the year	Deletions adjustments	As at 31 March 2016	As at 31 March 2015	Charge for the year	Deletions/ adjustments	Upto 31 March 2016	As at 31 March 2016	At at 31 March 2015
A	Tangible Assets										
1)	Freehold Land	1,497.07	-	-	1,497.07	-	-	-	-	1,497.07	1,497.07
2)	Buildings	2,366.32	-	-	2,366.32	602.53	74.77	-	677.30	1,889.02	1,763.79
3)	Plant and Machinery	9,996.77	2,166.19	363.28	11,799.68	6,065.84	484.82	328.06	6,242.60	5,557.08	3,910.93
4)	Furniture & Fixtures	93.52	-	-	93.52	64.32	7.43	-	71.75	21.77	29.20
5)	Vehicles	340.54	-	-	340.54	281.15	15.82	-	296.97	43.57	59.39
6)	Misc. Equipment	1,372.36	652.38	-	2,024.74	856.36	147.77	-	1,004.13	1,020.61	516.00
7)	Office Equipment	64.84	2.90	-	67.74	55.69	5.95	-	61.64	6.10	9.15
8)	Computers	283.97	1.05	-	285.02	279.71	1.69	-	281.40	3.62	4.26
	Total	16,015.39	2,822.52	363.28	18,474.63	8,225.60	738.25	328.06	8,635.79	9,838.84	7,789.79
B	In tangible Assets										
	Computer software	60.89	-	-	60.89	39.30	2.58	-	41.88	19.01	21.59
		60.89	-	-	60.89	39.30	2.58	-	41.88	19.01	21.59
	Total	16,076.28	2,822.52	363.28	18,535.52	8,264.90	740.83	328.06	8,677.67	9,857.85	7,811.38
	March 31, 2015	17,662.43	36.27	1,622.42	16,076.28	7,787.76	867.90	390.76	8,264.90	7,811.38	
C	Capital work inpro	4,065.95	(1,152.99)	-	2,913.46		897.00			2,913.46	4,065.95

Notes to the financial statements for the year ended 31 March 2016 (Continued)

NOTE 12 - NON CURRENT INVESTMENTS

Rs. In Lakhs

PARTICULARS	As at 31 March 2016	As at 31 March 2015
(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	500.00	500.00
b) 5,00,000 Equity shares of Rs.10/- each in M/s MLR Auto Ltd	100.00	300.00
Total	600.00	800.00

NOTE 13 - LONG TERM LOANS AND ADVANCES

Rs. In Lakhs

(Un secured - considered good)		
Capital advances	1,249.75	1,514.75
Total	1,249.75	1,514.75

Capital advances includes Rs.1248.02 lakhs(Previous year Rs. 1513.02 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)	181.02	78.50
Trade Receivables	810.02	868.02
Total	991.04	946.52

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

NOTE 15 - INVENTORIES

Rs. In Lakhs

(Valued and certified by the Management)		
a) Raw Materials & Components	1,630.32	1,445.01
b) Finished Goods	526.91	516.60
c) Work-in-Progress	6,902.35	6,530.26
d) Scrap (at realisable value)	10.25	10.01
Total	9,069.83	8,501.88

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 2016 (Continued)

NOTE 16 - TRADE RECEIVABLES

Rs. In Lakhs

PARTICULARS	As at 31 March 2016	As at 31 March 2015
Receivables for a period exceeding six months		
Un secured, Considered Good	570.53	706.16
Un secured, Considered Doubtful	-	46.79
	570.53	752.95
Less: Provision for doubtful receivables	-	46.79
	570.53	706.16
Receivables for a period less than six months		
Un secured, Considered Good	2,389.85	1,400.70
Total	2,960.38	2,106.86

NOTE 17 - CASH AND BANK BALANCES

Rs. In Lakhs

a) Cash and cash equivalents		
Cash on hand	2.73	4.91
Balances with banks:		
Current accounts with Scheduled Banks	111.85	578.53
Balance with Banks against Dividend payments	1.26	3.07
b) Other bank balances		
Balance with Banks against Margin / Guarantee	142.78	228.40
c) Fixed Deposits		
(for 7days @ 4.50 % per annum)	-	302.00
Total	258.62	1,116.91

NOTE 18 - SHORT TERM LOANS AND ADVANCES

Rs. In Lakhs

(Un secured - considered good)		
Advances against materials and services	560.83	562.39
Advances for capital purchases	384.33	320.13
Other advances	29.32	26.33
Total	974.48	908.85

NOTE 19 - OTHER CURRENT ASSETS

Rs. In Lakhs

(Un secured - considered good)		
Balance with Central Excise authorities	487.38	501.02
Provision for Income Tax (Net)	289.80	278.19
Interest accrued on deposits	30.57	33.54
Prepaid expenses	43.53	31.13
Total	851.28	843.88

Notes to the financial statements for the year ended 31 March 2016 (Continued)

NOTE 20 - REVENUE FROM OPERATIONS

Rs. In Lakhs

PARTICULARS	As at	
	31 March 2016	As at 31 March 2015
Sale of Machines -Domestic	8,348.10	8,547.93
Sale of Machines -Export	398.04	378.47
Sale of Connecting Rods	581.61	-
Sale of Spares	164.96	230.81
Job work charges	5,187.41	4,794.75
Scrap Sales	70.68	116.37
	14,750.80	14,068.33
Less : Excise duty	2,643.47	2,254.08
Total	12,107.33	11,814.25

Detail of sales	2015-16		2014-15	
	Qty	Value	Qty	Value
Special Purpose Machines	9	1,368.52	14	2,628.04
General Purpose Machines (ind)	378	6,979.58	304	5,919.89
GPM Machies exports	16	398.04	17	378.47
Sale of Connecting Rods		581.61		0.00
Spares & Scrap		235.64		347.18
Jobwork charges		5,187.41		4,794.75
	403	14,750.80	335	14,068.33

NOTE 21 - OTHER INCOME

Rs. In Lakhs

PARTICULARS	As at	
	31 March 2016	As at 31 March 2015
Interest Income	16.95	27.59
Profit on sale of assets	-	43.62
Exchange variance	1.06	30.31
Miscellaneous Income	72.86	26.60
Total	90.87	128.12

NOTE 22 - COST OF MATERIAL CONSUMED

Rs. In Lakhs

Opening stock			1,445.01	1,043.36
Add: Purchase			6,733.96	5,389.07
			8,178.97	6,432.43
Less: Closing Stock			1,630.32	1,445.01
Total			6,548.65	4,987.42

	2015-16		2014-15	
	Value	%	Value	%
	Imported at landed cost	621.33	9.49	539.38
Indigenously obtained	5,927.33	90.51	4,448.04	89.19
	6,548.66	100.00	4,987.42	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 2016 (Continued)

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

PARTICULARS	Current Year 31 March 2016	Previous Year 31 March 2015
Opening 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
Closing Stock		
Finished Goods	526.91	516.60
Work-in-Progress	6,902.35	6,530.26
Scrap	10.25	10.01
	7,439.51	7,056.87
Total	(382.64)	(2.24)

NOTE 24 - EMPLOYEE BENEFITS EXPENSES

Rs. In Lakhs

Salaries, Wages and Bonus	2,306.25	2,061.95
Contribution to PF,ESI and Other Funds	100.48	69.25
Staff Welfare expenses	72.69	66.32
Total	2,479.42	2,197.52
Employee benefits expenses include managerial remuneration as detailed below:		
Salary	105.00	90.60
Provident Fund	0.86	0.49
Sitting fees	1.15	1.20
	107.01	92.29

NOTE 25 - FINANCE COSTS

Rs. In Lakhs

Interest expenses	1,451.26	1,731.31
Bank charges	84.61	86.47
Total	1,535.87	1,817.78

Notes to the financial statements for the year ended 31 March 2016 (Continued)

NOTE 26 - OTHER EXPENSES

Rs. In Lakhs

PARTICULARS	Current Year 31 March 2016	Previous Year 31 March 2015
Consumable Stores	84.19	73.12
Job works (processing charges)	245.63	332.65
Packing material	112.31	92.82
Freight and cartage	149.93	161.73
Power and fuel	591.79	510.16
Testing charges	14.40	2.26
Repairs and Maintenance - Plant and Machinery	85.19	57.97
Rent	6.93	3.36
Rates and Taxes	32.12	26.74
Insurance	20.73	10.13
Travelling and Conveyance	184.86	175.32
Printing and Stationery	24.12	28.00
Postage and Telephones	23.67	22.07
Vehicles Maintenance	45.17	56.77
Directors Sitting Fee	1.15	1.20
Sales Commission	92.83	65.39
Professional Charges	55.19	64.07
Auditor's Remuneration :		
- As Auditors	5.00	5.00
Business Promotion Expenses	9.60	14.63
Advertisement	1.46	2.60
Donations	0.80	0.85
Miscellaneous Expenses	58.33	55.56
Security Charges	50.04	49.68
Exhibition expenses	9.56	67.98
Excise duty relating to Finished Goods	10.30	2.87
Service charges	128.97	64.36
Loss on sale of investment /assets	11.49	-
Liquidity damages	-	1.89
Exchange variance	7.81	-
Total	2,063.57	1,949.18

Notes to the financial statements for the year ended 31 March 2016 (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 31.03.2016	As on 31.03.2015
1	Contingent Liabilities not provided for on account of :		
	(a) Letter of Credit	696.05	437.80
	(b) Bank Guarantees	225.87	257.22
	(c) Contracts to be executed on capital projects	200.00	50.00
2	Earnings in Foreign Exchange FOB value of Exports	398.04	378.47
3	Expenditure in Foreign Currency.		
	(a) Travel	8.90	3.64
	(b) Captial Goods	-	-
	(c) Stores & Components	498.99	430.76
4	Value of Imports calculated on CIF basis in respect of :		
	(a) Stores, Spares & Components	683.49	468.57
	(b) Captial 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.I/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 31.03.2016	As on 31.03.2015
a	Table showing changes in present value of obligations		
	Present value of obligations as at beginning of year	135.89	147.58
	Interest cost	10.87	11.80
	Current Service Cost	9.55	8.14
	Benefits Paid	-13.79	-
	Actuarial gain / (Loss) on obligations	12.34	(31.63)
	Present value of obligations as at end of year	154.86	135.89
b	Table showing changes in the fair value of plan assets		
	Fair value of plan assets at beginning of year	2.55	9.88
	Expected return on plan assets	0.40	-
	Contributions	13.95	-
	Benefits Paid	-13.79	-
	Actuarial gain / (Loss) on Plan assets	-	-
	Fair value of plan assets at the end of year	3.11	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	-0.40	-
	Contributions	-13.79	-
	Benefits Paid	-3.11	-
	Fair value of plan assets at the end of year	127.98	145.28
	Funded status	151.75	135.88
	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	14.04	1.90
Interest Cost on benefit obligation	4.92	5.43
Expected return on plan assets		
Net Actuarial (gain). Loss recognised in the year	(28.16)	(13.73)
Past service cost		
Net Benefit expense	47.12	6.39

Particulars	As on 31.03.2016	As on 31.03.2015
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	61.54	67.93
Interest Cost	4.92	5.44
Current Service cost	14.04	1.90
Benefits Paid	0.00	0.00
Actuarial (gains) / losses on obligation	28.16	(13.73)
Closing defined benefit obligation	108.66	61.54

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	5.60

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	31.03.2016	31.03.2015
M.Lokeswara Rao Managing Director	Key Management	a) Remuneration	42.00	42.00
B.Kishore Babu Executive Director	Key Management	a) Remuneration	21.00	0.42
M. Srinivas 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	0.00	6.60
MLR Auto Ltd	Entity owned or significantly influenced by key Management Personnel	Refund of advance against Purchase of Asset	265.00	19.84
		Received agains sale of goods	0.00	5.00
MLR Motors Ltd	Entity owned or significantly influenced by key Management Personnel	Purchase of Asset	0.00	0.00
		Received agains sale of goods	0.00	114.25

b) Payable as at 31.03.2016

Figures in Rs. In Lakhs

Name of the party	Relationship	Nature of transaction	31.03.2016	31.03.2015
M.Lokeswara Rao Managing Director	Key Management	a) Remuneration b) Purchase of asset	7.00 61.76	3.50 61.76
B.Kishore Babu Executive Director	Key Management	a) Remuneration	1.75	5.25
M.Srinivas Director	Key Management	a) Remuneration	1.75	0.00
M.Srikrishna Director	Key Management	a) Remuneration	1.75	1.75
K.Krishnaswamy Technical Director	Key Management	a) Remuneration	0.00	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	a) Purchase of Asset b) Sale of goods	791.83 69.08	1,056.83 69.08
MLR Motors Ltd	management personnel Entity owned or significantly influenced by key management personnel	a) Purchase of Asset b) Sale of goods	456.19 245.79	456.19 245.79

7 Segment Information

(Rs. In Lakhs)

Particulars	Machine Division	Components Division	Unallocated	Total
Revenue				
External sales	7,970.32 (8,351.04)	4,137.01 (3,463.21)	- -	12,107.33 (11,814.25)
Inter-segment sales	-	-	-	-
Total revenue	7,970.32 (8,351.04)	4,137.01 (3,463.21)	- (11,814.25)	12,107.33
Segment Results	2,017.75 (1,890.64)	466.65 (776.81)	- (2,667.45)	2,484.40
Corporate expenses			687.30 (724.23)	687.30 (724.23)
Other income				73.93 (100.53)
Interest income				16.94 (27.59)
Interest expenses				1,535.87 (1,817.78)
Profit before taxes				352.10 (253.56)
Taxes on income				138.29 (178.95)
Net profit				213.81 (74.61)
Segment Assets	19,570.25 (18,968.15)	10,135.19 (9,648.73)		29,705.44 (28,616.88)
Segment liabilities	11,547.10 (11,650.51)	6,657.50 (6,670.51)		18,204.60 (18,321.02)
Capital expenditure	107.17 (23.32)	2,715.36 (12.95)		2,822.53 (36.27)
Segment depreciation	240.90 (280.15)	499.93 (587.75)		740.83 (867.90)
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 3.29% 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 of Rs. 10/- each with a premium of Rs. 40/- to non promoters and 31,00,400 convertible warrants of Rs. 10/- each with a premium of Rs 40/- to promoters and non promoters on preferential basis in the EGM conducted on 30.03.2015 . Accordingly company has issued 10,00,000 equity shares to non promoters and 31,00,400 convertible warrants to promoters and non promoters out of which 19,33,334 warrants are converted into equity during this financial year.
- 8 In the opinion of the Board, the current assets and loans & advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
- 9 Previous year's figures have been re-grouped and/or reclassified wherever necessary to make them comparable with those of current year.

As per our report of even date attached

for **BRAHAMAYYA & CO**

Chartered Accountants

Firm's Registration No. : 000513S

For and on behalf of the Board

K. SHRAVAN

Partner

Membership No.215798

M. LOKESWARA RAO

Managing Director

B. KISHORE BABU

Executive Director

Place : Hyderabad

Date: 28th May, 2016

D. RAGAVENDRA RAO

Company Secretary

V. SUDHAKARA REDDY

Chief Financial Officer

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

(Rupees in Lakhs)

PARTICULARS	As at 31st March 2016	As at 31st March 2015
Cash flow from operating activities		
Profit before taxes	352.11	253.56
Adjusted for		
Depreciation	740.83	867.90
Financial charges	1,535.87	1,817.78
Loss on sale investments	10.00	-
Loss / (Profit) on sale of assets	1.49	(43.62)
Interest Income	(16.95)	(27.59)
Operating profit before working capital changes	2,623.35	2,868.03
Adjustment for changes in		
Decrease/(Increase) in Receivables	(962.42)	676.83
Decrease/(Increase) in Inventories	(567.95)	(403.89)
Decrease/(Increase) in Trade and other payables	686.99	(632.89)
Cash generated from operations	1,779.97	2,508.08
Direct taxes paid	(104.65)	(145.93)
Net Cash Flow from Operating Activity (A)	1,675.32	2,362.15
CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of fixed assets including CWIP and capital advances	(1,405.14)	(645.29)
Sale of assets	33.73	1,275.28
Sale of Investments	190.00	-
Interest received	19.91	37.93
Net Cash Flow from Investing Activity (B)	(1,161.50)	667.92
CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(Decrease) in Bank Borrowings	(397.96)	(882.07)
Proceeds from share application money	145.88	525.00
Increase in share capital & Share premium	941.67	-
Dividend paid	(72.00)	(59.67)
Interest paid	(1,989.70)	(1,791.14)
Net Cash Flow from Financing Activity (C)	(1,372.11)	(2,207.88)
Net Increase/(Decrease) in Cash/Cash equivalents (A+B+C)	(858.29)	822.19
Add: Cash/Cash equivalents at the beginning of the year	1,116.91	294.72
Cash/Cash equivalents at the end of the year	258.62	1,116.91

As 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. SHRAVAN

Partner

Membership No.215798

M. LOKESWARA RAO

Managing Director

B. KISHORE BABU

Executive Director

Place : Hyderabad

Date: 28th May, 2016**D. RAGAVENDRA RAO**

Company Secretary

V. SUDHAKARA REDDY

Chief Financial Officer

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 32nd Annual General Meeting of the Company to be held on Wednesday, September 28, 2016 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 thereof 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 Financial Statement For the Year ended 31st March, 2016 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 2016		
3	To appoint a Director in place of Mr K Krshna Swamy who retires by rotation and being eligible, seeks re-appointment		
4	Ratification of appointment of Statutory Auditors of the Company and fixing their remuneration		
	Special Business		
5	Rivision in the Remuneration of Mr M Lokeswararao, Managing Director of the company		
6	Rivision in the Remuneration of Mr B Kishore Babu, Wholetime Director of the company		
7	Rivision in the Remuneration of Mr M Srinivas, Wholetime Director of the company		
8	Rivision in the Remuneration of Mr M Srikrishna, Wholetime Director of the company		
9	Appointment of A. Vijay Kumar as a Independent Director		
10	Ratification of Remuneration to Cost Auditors		
11	Ratification of typo graphical errors in the EGM (Extra Ordinary General Meeting) of shareholders held on 10th June, 2016		

Signed this _____ day of _____ 2016.

Signature of member _____ Signature of proxy holder: _____

Affix
Re.1/-
Revenue
Stamp

Note:

- a. Proxy need not be a member of the Company.
- b. 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, at least 48 hours before the commencement of the meeting.
- c. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a certified copy of the Board resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.

LOKESH MACHINES LIMITED

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

THIRTYSECOND ANNUAL GENERAL MEETING

ATTENDANCE SLIP

Member's Reg. Folio No. _____

Client ID: _____

DP ID: _____

Name and Address _____

I hereby record my presence at the 32nd Annual General Meeting held at 11.00 A.M on Wednesday on September 28, 2016 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